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GOME RETAIL HOLDINGS LIMITED
國美零售控股有限公司 *

Incorporated in Bermuda with limited liability

Stock Code : 493

2024
Annual Report

* For identification purpose only


Gome

CONTENT

GOME at a Glance

GOME Retail Holdings Limited has been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since July 2004 (stock code: 493). Founded in China in 1987 with the brand proposition of "Better homes and lifestyles through GOME", GOME dedicated to building a respected and sustainable leading retail enterprise. GOME has always focused on the retail industry, deepening its presence in the "Home • Living" sector. It has taken the retail of home appliances and consumer electronics products as its core business, and has continued to grow and develop into a "Home • Living" overall solution provider, service solution provider and supply chain exporter, using home appliances, home decoration, home furnishings, and home services as touchpoints to achieve all-round and in-depth interaction with users.

By leveraging self-operated and an expanding network of franchised and quasi-franchised retail models, we provide strong empowerment for all channels and offer consumers good products at low prices. GOME will continue to adhere to the deep integration of user-centric thinking, technology-driven thinking, and platform-oriented thinking. It empowers retail through technology, reshape value with ecosystems, and steadfastly supports the high-quality development of the real economy, creating a new vision of smart living for Chinese families.

Five Year Financial Summary

	Year ended 31 December 2024 RMB' 000	Year ended 31 December 2023 RMB' 000	Year ended 31 December 2022 RMB' 000	Year ended 31 December 2021 RMB' 000	Year ended 31 December 2020 RMB' 000
Revenue	**473,816**	646,904	17,444,480	46,483,804	44,119,113
Loss attributable to owners of the parent	**(11,629,391)**	(10,057,243)	(19,955,982)	(4,402,037)	(6,993,816)
Total assets	**21,129,353**	29,977,652	42,584,449	80,922,859	70,494,181
Total liabilities	**41,750,053**	39,237,174	42,091,143	63,337,977	69,226,535
Non-controlling interests	**(4,377,308)**	(4,303,703)	(4,269,922)	(4,019,601)	(3,648,703)
Net (liabilities) assets	**(20,620,700)**	(9,259,522)	493,306	17,584,882	1,267,646

"Home · Living" : GOME owns First Mover Advantages in Tapping into Larger Market With Long-term Deployment

China's largest omni-retail digital platform in "Home · Living" Sector

2018

GOME was the first in the industry both to promote "**Home · Living**" strategy and introduce home service scenarios to home decoration businesses

2019

Shaped the prototype of the online and offline omni-retail ecosystem by integrating social e-commerce, GOME stores as well as traffic of GOME App, and converging the home appliance business and the non-home appliance business

2020

Continued to implement "**Home · Living**" strategy and develop into a sci-tech local retail enterprise driven by online and offline dual platforms encompassing scenes of **online, in-store, in-home and to-home**

2021

Completed the construction of the basic infrastructure of the omni-retail ecological sharing platform with the concept of "omni-scenario, omni-channel, omni-service and omni-mode", and ignited the new development phase at full speed

2022

Based on the strategy of the "Home • Living", strengthened technology empowerment, focused on the retail of home appliances and consumer electronics products as the main business, and formed a business model with exhibition (offline display experience), sales (online and offline omni-channel self-operated stores + sharing supply chain), integrated solutions for home electronics products, home appliance extended products and value-added services (delivery and installation, after-sales services, extended warranty, paid membership management, etc.) as main profit drivers.

2023

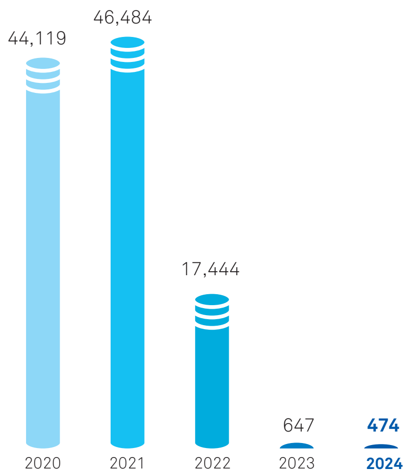
GOME has focused on a closed-loop comprehensive ecology of "Home • Living", with the retail of home appliances and consumer electronics products as its main business. In addition, it operates various vertical businesses of consumer products. Riding on various retail models, including self-operated and franchise, GOME provides strong empowerment for all channels, and offers consumers with low-priced products, becoming the best buyer for consumers, and consolidating its leading position in various vertical businesses with its low pricing strategy.

2024

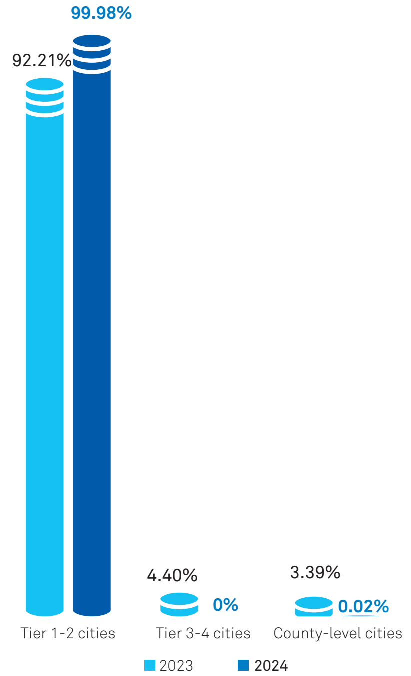
Focusing on its core business, GOME actively promotes a light-asset operation model centered on franchising and quasi-franchising, building an open, empowering franchising platform. It expands into full-category franchising, creates a comprehensive business environment, and drives supply chain innovation, structural optimisation, and brand value enhancement. Additionally, GOME is strategically expanding into the automotive distribution sector.

Financial and Operational Highlights

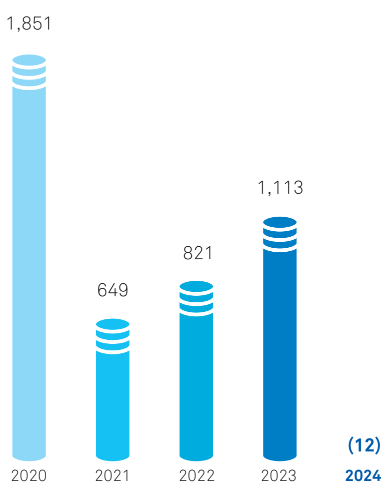
REVENUE
(RMB million)



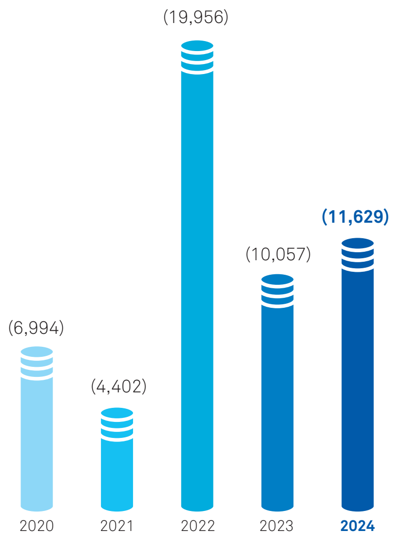
REVENUE BY TIERS OF CITIES



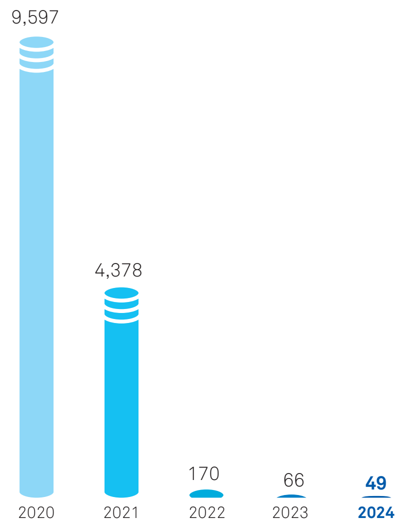
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES
(RMB million)



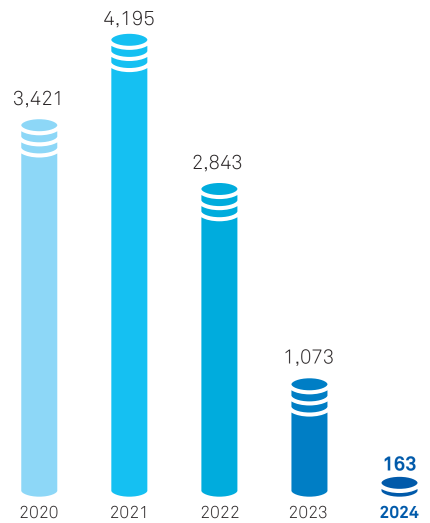
LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT
(RMB million)



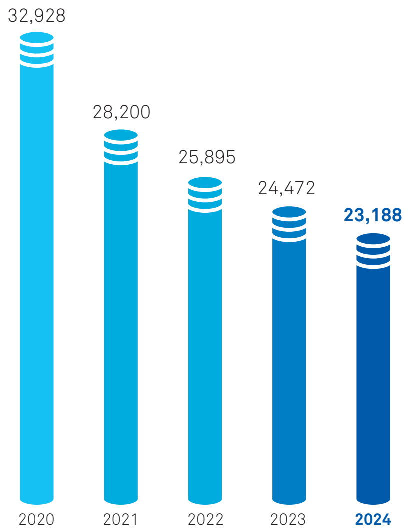
CASH AND CASH EQUIVALENTS
(RMB million)



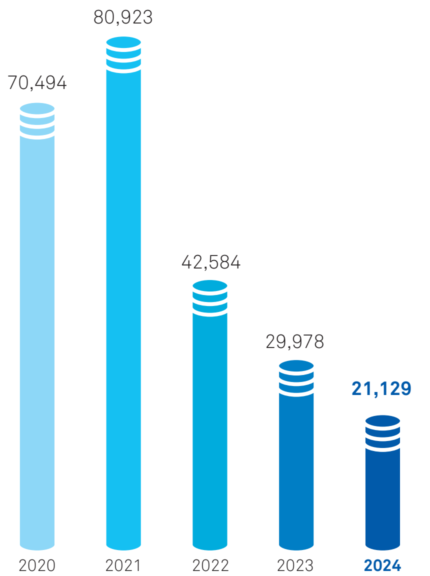
NUMBER OF STORES AT YEAR END



INTEREST-BEARING BANK AND OTHER BORROWINGS
(RMB million)



TOTAL ASSETS
(RMB million)



The Group's nationwide retail network

As at 31 December 2024

"on 31 December 2024, the total number of stores operating under the Group reached 163 and spanned 141 cities and towns."

Store Network Profile

	Total	GOME	China Paradise	Dazhong
City display stores	4	4	–	–
Flagship stores	3	1	2	–
Boutique stores	1	–	1	-
New retail stores	155	149	5	1
Total	**163**	**154**	**8**	**1**
Net (decrease) in store number	(910)			
Number of cities and towns accessed	141*			
Among them:				
Primary market	13*			
Secondary market	7*			
Tier 3-6 cities	121*			

* based on the generally accepted city classification in 2024.

Chairman's Statement

In the coming year, the Group will continue to actively resolve its debt issues, accelerate the expansion of the light-asset model and continue to focus on new growth drivers. Moving forward, the Group will continue to persevere, work hard, strive to turn the situation around and overcome difficulties. With the implementation of intensified domestic demand stimulus policies, the Group is expected to gradually return to the track of stable operation.

Dear Shareholders,

After 37 years of relentless perseverance, GOME has consistently demonstrated resilience against adversity! Particularly over the past five years since the onset of the pandemic, GOME has weathered countless storms and even faced critical challenges. However, our team has remained undeterred, striving courageously and forging a path of self-rescue after financial constraints started to emerge at the end of 2022, overcoming obstacles and breaking through difficulties.

Over the past year, external risks driven by China-US conflicts, coupled with weak domestic demand amid economic and policy cycles, have stalled China's economic recovery. The brief rebound in 2023 did not sustain and economic growth slowed throughout the first three quarters of 2024. Related industries such as real estate have declined significantly, while retail sectors like home appliances remain in a slump. GOME's external operating environment has been extremely challenging, compounded by lingering internal debt issues. As a result, our traditional home appliance business has yet to emerge from its difficulties and overall revenue continues to decline. It is fair to say that for GOME, adversity has been the defining theme of 2024 and the past several years. However, we have never backed down. Our entire team has refused to give up, persistently advancing both debt resolution and strategic transformation, tenaciously confronting all unfavorable conditions and striving to add light to the darkness.

In terms of debt resolution, we have repaid approximately RMB1.2 billion this year through the sale and disposal of non-core assets such as logistics bases, as well as debt-to-equity swaps and other measures. We have maintained active communication and negotiation with major creditors to expedite the implementation of debt resolution plans. The restoration of supply chain cooperation is also underway and our operational fundamentals are gradually improving. Additionally, by strengthening financial management and optimising capital allocation, we have further enhanced capital efficiency, ensuring the continuity of our operations despite the challenges.

In terms of strategic transformation and upgrading, beyond persisting with new marketing models such as short videos and live streaming, we are accelerating the adoption of new models like franchising and quasi-franchising, centered on "light assets, strong operations and high technology". We are building a closed-loop system of "brand licensing + supply chain empowerment + digital platform", transitioning from appliance franchising to full-category investment, covering major e-commerce platforms and traffic pools like Douyin and Kuaishou online and rapidly establishing a diverse network of franchisees across different scales and formats offline. Our goal is to become a leading integrated service provider in the industry, combining "offline and online franchise networks + supply chain + capital chain + industrial chain + service chain".

Moreover, we have made significant progress in new business ventures. At the end of 2024, GOME held a strategic launch event in Beijing, officially announced its strategic layout in the field of automobile distribution. Leveraging our nationwide channel network and commercial expertise, we aim to address the pain points of the automotive distribution industry and capture the historic opportunities in the automotive sector, striving to create a new, collaborative ecosystem for automotive distribution. Currently, our first smart automotive experience center, located in the prime Xibahe area of Beijing, is ready to launch. It will feature around 30 new energy vehicle brands, offering a comprehensive, large-scale automotive consumption experience integrating display, experience, sales and delivery. Moving forward, GOME's automotive strategy will unfold in three phases: Phase 1 focuses on completing the first pilot integrated automotive marketplace, establishing a live commerce center for automotive sales and developing an online auction platform for used car exports. Phase 2 will expand offline service formats for used car exports, creating an integrated domestic and international automotive trading chain and replicating the Beijing marketplace model and online customer acquisition strategies in other key regional cities, building a three-tier network of "flagship, backbone and satellite stores". Phase 3 will explore after-sales services such as automotive battery recycling, develop financial solutions for vehicle asset management and engage in cross-industry and multi-format operations, further transforming the physical automotive market into a benchmark trading and service complex.

Hardships are temporary and our relentless efforts have finally been met with a glimmer of policy hope. In the fourth quarter of 2024, national policies shifted decisively toward stimulus, marking the return of a "dual easing of fiscal and monetary policies" unseen in over a decade. Specifically, policies such as "old-for-new initiatives" and "equipment renewal" have significantly boosted consumption, with above-quota home appliance retail sales surging 30% year-on-year in the fourth quarter, signaling a dawn for the industry. Considering the anticipated changes in the internal and external environment in 2025, our management is cautiously optimistic that broader and more forceful stimulus policies will be introduced to support domestic demand recovery. The retail sector is expected to bottom out and rebound, potentially improving our external operating environment. We will closely monitor and capture this opportunity window, continuing to refine management, integrate resources and synergise operations, while resolving debt issues and consolidating the successes of our strategic transformation. We will actively advance new business developments and look forward to collaborating with more partners, empowering each other and jointly driving the wave of retail industry upgrading to meet Chinese families' aspirations for a better life.

Finally, I extend my heartfelt gratitude and highest respect to all our colleagues for their hard work over the past year. I also sincerely thank our partners and the broader community for their support and trust. Over 37 years of trials and tribulations, GOME has faced countless challenges and lows, but these experiences have only made us stronger and more mature. Looking ahead, we will continue to uphold our customer-centric philosophy, striving to help Chinese families transition from quality living to a better life. We are confident that, with the collective efforts of our team and the strong support of society, we will overcome difficulties, turn the tide, create greater value for our shareholders and make greater contributions to society.

Zhang Da Zhong
Chairman

Management Discussion and Analysis

During the reporting period, GOME continued to advance its strategic transformation and actively explore new business opportunities. At the end of 2024, the Chinese government introduced a series of new consumption stimulating policies. Seizing this opportunity, the Group intensified its efforts in business model transformation and innovation, particularly in franchise operations and GOME Auto. Additionally, the Group gradually restoring its supply chain capabilities by actively promoted debt resolution plans with creditors,

OVERVIEW

During the twelve months ended 31 December 2024 (the "Reporting Period"), GOME Retail Holdings Limited (the "Company") and its subsidiaries (the "Group" or "GOME") adhered to the mission and vision of "Better homes and lifestyles through GOME" focusing on the retail and home services sectors. Through parallel efforts in debt resolution, strategic transformation, and the implementation of new businesses, the Group gradually restored its growth momentum.

During the Reporting Period, the domestic economic recovery followed a winding path, with a severe and complex external international environment compounded by domestic economic and policy cycle factors. Domestic demand remained sluggish, directly impacting the industry to which the Group belongs, which continued to experience a downturn. Additionally, the negative effects of the Company's debt issues persisted, leading to a continued decline in the Group's revenue during the Reporting Period. However, in the fourth quarter of 2024, the government introduced several significant stimulus policies, resulting in a V-shaped economic recovery by year-end. Seizing this opportunity, the Group intensified efforts in model transformation and business innovations which achieving significant progress, such as franchise and quasi-franchise models and automotive experience centers. Debt resolution and restructure also gradually advanced, laying the groundwork for future recovery.

In 2024, the Group recorded sales revenue of RMB474 million, decreased by 26.74% as compared with RMB647 million for the corresponding period last year. The gross profit margin was 15.61%, down 11.28 percentage points as compared with 26.89% for the corresponding period last year. The operating expenses (including selling and distribution expenses and administrative expenses) amounted to RMB1,472 million, as compared with RMB3,151 million for the corresponding period last year. Net finance costs were RMB1,983 million, remaining relatively stable compared with RMB2,772 million for the corresponding period last year. Taking into account the above factors, the Group's loss attributable to owners of the parent during the Reporting Period was RMB11,629 million, increased by 15.63% as compared with RMB10,057 million for the corresponding period last year, by excluding non-operating items, the loss would become RMB1,238 million, decreased by 59.69% as compared with RMB3,071 million for the corresponding period last year.

In 2024, despite the domestic economic downturn, signs of recovery driven by continuous policy efforts emerged towards the year end. Stimulus measures such as trade-in programs and equipment upgrades significantly boosted consumption, with durable goods like home appliances experiencing a year-on-year growth rate of over 30% during the fourth quarter, indicating a potential industry bottoming out. The Group captured this policy window by actively promoted the resolution of debt issues, accelerated the transformation and upgrading of the asset-light model, and simultaneously promoted the implementation of new businesses.

BUSINESS ENVIRONMENT

At the macro level, the global economy recovered unevenly during the Reporting Period, geopolitical conflicts were frequent in the context of the US election year, the China-US conflicts intensified, and the external demand environment deteriorated. In terms of domestic demand, affected by cyclical and policy factors, the downturn in the real estate industry continued to drag down demand recovery. The economy declined significantly in the first three quarters. Fortunately, the policy turned positive in the fourth quarter which stimulate domestic demand. According to the National Bureau of Statistics, China's 2024 GDP reached RMB134.9 trillion, a year-on-year growth of 5.0% at constant prices, with the growth rate in the fourth quarter reached 5.4%, compared with 4.7% and 4.6% in the second and third quarters, and higher than the 5.3% for the first quarter, demonstrating a V-shaped recovery. However, with Donald Trump elected as the new US president, the risk of heightened US tariffs on China and escalating the China-US conflict remains a major uncertainty for future recovery.

At the industry level, consumption remained sluggish throughout the year. According to the National Bureau of Statistics, the 2024 total national consumer goods retail sales growth rate dropped significantly from 7.2% for the corresponding period last year to 3.5%. Fortunately, the policy shift during the fourth quarter yielded positive results, with the old-for-new initiatives and other stimulus measures driving a recovery. In the fourth quarter, total retail sales of consumer goods increased by 3.8% year-on-year, with categories such as home appliances, furniture, automobiles and building materials contributing approximately 1 percentage point to the overall growth. Durable goods, particularly home appliances, saw a significant improvement, with an average growth rates exceeding 30% in the fourth quarter.

At the policy level, the importance of domestic demand to the Chinese economy has become increasingly evident, and policy stimulus to expand domestic demand has gradually intensified and implemented in the context of the intensifying China-US conflicts. The year-end Politburo meeting and Central Economic Work Conference both emphasised that expanding domestic demand and promoting consumption would be the top priorities for economic policy in 2025. Stimulus measures such as old-for-new initiatives and consumption vouchers that have been effective in 2024 will be continued, and their scale and scope will be further enhanced. A new round of consumer subsidies covering electronics such as smartphones and new energy vehicles was launched on 20 January 2025, while more consumption-boosting policies are expected to be introduced after the "Two Sessions" in March. Real estate policies have also shifted that local governments become actively encouraging and supporting home purchases. A potential recovery in the real estate sector could also drive a rebound in related consumer goods such as home appliances, and the industry will be able to get out of the trough.

In general, the external operating environment and internal debt issues posed significant challenges for the Group's business operations for the majority of the Reporting Period, but the policy shift towards the year end has brought hope for future recovery. With the intensive introduction of stimulus policies such as old-for-new initiatives to cover electronic products and new energy vehicles, 40% year-on-year increase on consumption vouchers to be issued in the final year of the 14th Five-Year Plan, management is cautiously optimistic that the retail industry will usher in a structural rebound, especially high-priced categories such as home appliances and automobiles are expected to benefit significantly.

BUSINESS REVIEW

During the Reporting Period, the group focused on the following three aspects and made substantial progress: (1) debt resolution and supply chain restoration; (2) expansion of franchise and quasi-franchise model to enhance core business focus and upgrades; and (3) accelerating the implementation of new businesses such as GOME Auto to quickly identify new growth drivers.

1. Debt Resolution and Supply Chain Restoration

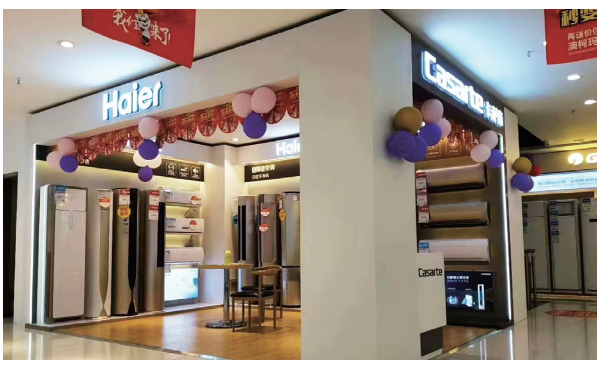
During the Reporting Period, the management actively promoted debt reduction and gradually reduced the debt burden through such as debt-to-equity swap negotiations, franchise expansion, bank loan refinancing negotiations, disposal of non-core assets and sale of logistics bases. During the Reporting Period, the Group has repaid convertible bonds of RMB250 million and reached a preliminary consensus with a number of major suppliers and service providers on debt resolution. Suppliers and service providers that had suspended cooperation due to debt issues will gradually resume business relationships following debt resolutions and will give a major push to the reboot of the Group's relevant businesses.

2. Expansion of Franchise and Quasi-franchise Ecosystem

To rapidly shift away from the traditional "heavy-asset" operating model, the Group actively promoted a light-asset model based on franchise and quasi-franchise, building an empowered franchising open platform, creating a comprehensive business environment that meets the needs of different enterprises and promoting supply chain innovation, structural optimisation and brand value enhancement.

In terms of franchising, the Group fully opened its brand licensing to franchisees, focusing on supply chain innovation and transitioning from appliance franchising to a full-range business model, quickly establishing a diverse network of franchisees across different scales and sectors. In terms of quasi-franchise, the Group emphasised equity-based partnerships, particularly focus on "single-store", "light-asset", "operation-oriented" and "micromanagement" franchise models. These models are centered around "city experience halls", creating an online-offline ecosystem and peripheral franchise network for home appliances and related products. During the Reporting Period, these initiatives entered the substantive operation stage and achieved rapid development. The effectiveness of the light-asset strategy has gradually become apparent and the single-store franchise model has completed the "brand licensing + supply chain empowerment + digital platform" closed loop.

By the end of the Reporting Period, over 100 franchise agreements had been signed, which will drive a substantive improvement to gross profit margin.



3. **New Business Layout and Progress**

While advancing the transformation and upgrade of existing business, the Group continued to seek and explore new growth opportunities proactively. After years of market research and preparation, the group held a strategic launch event for GOME Auto in Beijing at the end of the Reporting Period, officially announcing its strategic layout in the automotive distribution sector. The group aims to create a new leading industry benchmark for a collaborative and synergistic automotive distribution ecosystem by integrating the automotive industrial chain with the mega offline comprehensive automotive trade centers.

GOME Auto will build a three-level automobile sales network of "flagship store, backbone store and satellite store" with offline automobile experience halls as the core, forming an intensive sales model that integrates display, experience, sales, and delivery, and achieving the goal of reducing costs, reducing links, improving efficiency, and increasing profits in the existing circulation model. The group will systematically develop a high-tech "four-in-one" physical market: online-to-offline integration, new and used car integration, domestic and international integration, and physical-financial integration simultaneously. This will reshape the automotive distribution supply chain, turning each of the Group's automotive trade centers into the hub that connects "people", "goods", "places", "media", "sales" and "cloud". Leveraging on this, the Group will integrate new and used car businesses, connect the online media matrices, attract online users, expand off-site broker team, export used cars, aggregate and manage users, ultimately form a comprehensive automotive distribution network.

By the end of the Reporting Period, the first GOME smart auto experience center, located in a prime area in Beijing's Xibahe district, was ready to launch. It will soon feature around 30 new energy vehicle brands to create a large-scale, comprehensive automobile consumption scene integrating display, experience, sales and delivery, offering consumers a "one-stop" experience from car selection and test drives to purchase and after-sales service.

CORPORATE GOVERNANCE

The Group strives to continuously improve its corporate governance. Currently, the board of directors of the Company (the "Board") consists of three executive directors, one non-executive directors and three independent non-executive directors. This Board structure complies with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") that at least one-third of the directors should be independent directors to ensure the independence of the Board. Therefore, shareholder opinions are thoroughly reviewed by the Board in a constructive manner before reaching consensus.

The Group has adopted its corporate governance policy in accordance with the code provisions of the Corporate Governance Code in the Listing Rules. The Group has implemented all the requirements under the code provisions to further enhance its corporate governance.

ESTABLISHMENT OF THE CORPORATE CULTURE

During the Reporting Period, guided by the "Home • Living" strategy, the Group upheld the "Trust" culture and continued to promote the "GOME Leadership Principles." By leveraging technology to enhance efficiency and wisdom to create a better life, the Group found its greatest joy in serving customers. In line with this cultural philosophy, the Group consistently aligned its activities with strategic and business development directions, organising various initiatives to strengthen employees' sense of participation and belonging in the Group's growth.

HUMAN RESOURCES

During the Reporting Period, the Group's human resources efforts were fundamentally aimed at supporting strategic focus. The Group optimised recruitment strategies and channels, conducted multi-dimensional training programs, and enhanced operational efficiency by leveraging talent, thereby solidifying the implementation of its strategy.

New employees were paired with "dual-mentor" guides ("雙領帶"導師) and participated in "strategic briefing sessions" (戰略宣講) to help them integrate into the group culture. Online learning platforms enabled new hires to quickly familiarise themselves with the Group's strategic developments, essential system operations, and corporate management policies.

To meet the needs of strategic and new business implementation, the Group launched foundational training programs such as "Full-Service Shopping Guide Standards Training Program" (全程導購服務標準培訓項目), "General and Electrical Products Knowledge Training Program" (百貨與電器商品知識培訓項目), "Training for Community Management, Livestreaming and One Store One Webpage" (社群、直播和一店一頁運營技能培養項目) and "Quick Learning – Case Study of Store Marketing" (快學快用－門店自主營銷案例學習活動) to enhance the overall working efficiency of frontline staff. For mid and junior level talent development, the Group organised the "Challenge Head Coach" (挑戰主教練) leadership online competition for director-level managers and conducted the "Leadership Triangle – Team Leadership Skills for On-Field Captains" (領導力三角色－場上隊長的團隊領導能力) training program to further enhance the management capabilities and talent reserves of store managers and mid-level managers.

FINANCIAL REVIEW

Revenue

During the Reporting Period, as a result of the suspension of supply of goods from certain major suppliers as a result of the debt issues of the Group, the change in the Group's strategies by focusing on its core business and the streamlining of its business operations and the sluggish economic conditions in the PRC, sales revenue decreased by 26.74% to RMB474 million during the Reporting Period, as compared with RMB647 million for the corresponding period last year.

Cost of sales and gross profit

During the Reporting Period, cost of sales for the Group was RMB400 million, accounting for 84.39% of the total sales revenue, as compared with 73.11% for the corresponding period last year. The Group's gross profit was RMB74 million, decreased by 57.47% as compared with RMB174 million for the corresponding period last year. Gross profit margin was 15.61%, decreased by 11.28 percentage points as compared with 26.89% for the corresponding period last year. The increase in gross profit margin was mainly due to different product mix during the Reporting Period.

* Gross profit margin = gross profit/revenue

Other income and gains

During the Reporting Period, the Group recorded other income and gains of RMB1,055 million, representing an increase of 75.83% as compared with RMB600 million for the corresponding period last year, mainly due to, among others, the increase in gains on debt restructuring and gains from disposal of properties and equipment, certain subsidiaries and right-of-use assets during the Reporting Period.

Selling and distribution expenses

During the Reporting Period, the Group's total selling and distribution expenses amounted to RMB283 million, decreased by 83.10% as compared with RMB1,675 million for the corresponding period last year. The decrease in selling and distribution expenses was mainly due to rental expenses decreased from RMB353 million for the corresponding period last year to RMB6 million; salaries decreased from RMB366 million for the corresponding period last year to RMB78 million; depreciation decreased from RMB837 million for the corresponding period last year to RMB163 million; utility charges decreased from RMB45 million for the corresponding period last year to RMB2 million; payment processing expenses decreased from RMB15 million for the corresponding period last year to RMB4 million.

Administrative expenses

During the Reporting Period, administrative expenses of the Group were RMB1,189 million, decreased by 19.44% as compared with RMB1,476 million for the corresponding period last year. Among which, staff expenses decreased from RMB258 million for the corresponding period last year to RMB100 million, mainly as a result of the decreased in head count; depreciation decreased from RMB902 million for the corresponding period last year to RMB789 million.

Impairment loss on goodwill

During the Reporting Period, the Group recorded impairment loss on goodwill of RMB62 million as compared with RMB841 million for the corresponding period last year. The significant decrease was due to substantial portion of goodwill was impaired in previous year. The board of directors determined that the remaining goodwill had become fully impaired due to recurring losses and unfavorable changes in market conditions affecting their recoverable amounts.

Impairment losses on financial assets

During the Reporting Period, the Group recorded impairment losses on financial assets of RMB1,343 million, increased by 63.78% as compared with RMB820 million for the corresponding period last year.

Among which, the Group recognised an impairment loss reversal of RMB3 million, and impairment losses of RMB390 million, RMB71 million, RMB579 million and RMB305 million for trade receivables, other receivables, amounts due from related companies, insignificant individual receivable from suppliers, and receivables from liquidated subsidiaries, based on historical credit loss rates derived from past settlement records, overdue status, and current economic conditions, respectively.

Impairment loss on right-of-use assets

During the Reporting Period, the Group recorded impairment loss on right-of-use assets of RMB3,685 million increased by 138.98% as compared with RMB1,542 million for the corresponding period last year.

As affected by the overall domestic economic situation, the downward pressure on the leasehold property market is getting serious. Taking into consideration of above factors and cashflow position of the Group, the management revisited the future assumptions for GOME Commercial Capital, No. 9 Xiangjiang and Pengrun Building (collectively, the "Properties"). The Group has engaged independent external valuers to prepare the valuation reports for the Properties. The key parameters used in valuation are as follows: the pre-tax discount rate applied to the cash flow projections was 7% (2023: ranging from 6.82% to 7.04%). The growth rate used to extrapolate the cash flows of the cash generating unit is 1.6% (2023: 1.8%). There was no change of valuation method during the Reporting Period. In this connection, the Group made impairment of RMB3,685 million for these Properties.

Impairment loss on Interests in associates

During the Reporting Period, the Group made an impairment loss on interests in associates of RMB202 million with reference to latest underlying performance and its quoted market price, as compared with RMB163 million for the corresponding period last year.

Other expenses and losses

During the Reporting Period, the Group recorded other expenses and losses of RMB4,190 million, increased by 174.04% as compared with RMB1,529 million for the corresponding period last year.

Among which, based on the valuation reports prepared by an independent external valuer, impairment of RMB448 million was recognised for certain property and equipment, and a fair value loss of RMB1,159 million was recognised for investment properties. The recoverable amounts were determined as the higher of fair value less costs of disposal and value in use, calculated based on cash flow projections derived from management-approved financial budgets. Additionally, during the reporting period, the provision for financial guarantee for bankrupted subsidiaries of RMB1,992 million, losses on financial assets at fair value through profit or loss of RMB447 million and litigation expenses of RMB68 million.

Net finance (costs) income

During the Reporting Period, the Group's net finance costs (finance income less finance costs) were RMB1,983 million, as compared with RMB2,772 million for the corresponding period last year.

Income tax credit (charge)

During the Reporting Period, the Group's income tax credit amounted to RMB126 million, as compared with RMB8 million of income tax charge for the corresponding period last year.

Loss for the period and loss per share attributable to owners of the parent

During the Reporting Period, the Group's loss attributable to owners of the parent was RMB11,629 million, increased by 15.63% as compared with a loss of RMB10,057 million for the corresponding period last year. During the Reporting Period, the Group's basic loss per share was RMB24.6 fen, as compared with basic loss per share of RMB22.3 fen for the corresponding period last year.

Cash and cash equivalents

As at the end of the Reporting Period, cash and cash equivalents held by the Group were RMB49 million, which was mainly denominated in Renminbi and the rest in HK dollars and other currencies, as compared with RMB66 million as at the end of 2023. The decrease in the cash and cash equivalents position was mainly due to repayment of bank and other borrowings, offset by proceeds from disposal of subsidiaries and property and equipment during the Reporting Period.

Inventories

As at the end of the reporting Period, the Group's inventories amounted to RMB120 million, down 40.59% as compared with RMB202 million as at the end of 2023. As a result of the decrease in inventories, inventory turnover days decreased by 98 days from 245 days for the corresponding period last year to 147 days.

Prepayments, other receivables and other assets (current)

As at the end of the Reporting Period, prepayments, other receivables and other assets (current) of the Group amounted to RMB2,420 million, down 22.54% from RMB3,124 million as at the end of 2023. The decrease was mainly due to increase in deposits and other receivables and impairment allowance, offset by the decrease in advances to suppliers during the Reporting Period. These amounts included trade balances with related companies which are subject to agreed credit terms.

Trade payables

As at the end of the Reporting Period, trade payables of the Group amounted to RMB5,107 million, increased by 5.06% as compared with RMB4,861 million as at the end of 2023. As a result of the increase in trade payable amount and reduce in cost of sales during the Reporting Period, turnover days of trade payables increased by 409 days from 4,150 days for the corresponding period last year to 4,559 days.

Capital expenditure

During the Reporting Period, capital expenditure (relating to property and equipment) incurred by the Group amounted to RMB3 million, representing an 92.68% decrease as compared with RMB41 million for the corresponding period last year.

Cash flows

During the Reporting Period, mainly due to, among others, the changes in inventories, prepayments, other receivables and other assets, amounts due from related companies and trade payables, the Group's net cash flows used in operating activities was RMB12 million, as compared with net cash flows generated of RMB1,113 million for the corresponding period last year.

As a result of the disposal of property and equipment and subsidiaries, net cash flows from investing activities were RMB253 million, as compared with RMB373 million generated for the corresponding period last year.

During the Reporting Period, net cash outflows used in financing activities amounted to RMB258 million, as compared with RMB1,589 million used for the corresponding period last year. The net cash outflows from financing activities were mainly due to the new loans raised offset by the repayment of interest-bearing bank and other borrowings during the Reporting Period.

Dividend and dividend policy

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 so as to preserve capital for funding needs of the Group.

The actual payout ratio in a financial year will be determined at the Board's full discretion, after taking into account, among other considerations, the working capital requirement of the Group, business environment, availability of investment and acquisition opportunities.

Legal proceedings, contingent liabilities and capital commitments

As at the end of the Reporting Period, the Group had capital commitments of RMB584 million and the Group did not make any material third party guarantee except for the provision for financial guarantee for bankrupted subsidiaries.

During the Reporting Period, 11 subsidiaries of the Group received court orders to be liquidated. Related total assets and net assets of these 11 subsidiaries were RMB2,982 million and RMB581 million, respectively, in aggregate. In February 2025, 6 subsidiaries of the Group received court orders to be liquidated. Related total assets and net assets of these 6 subsidiaries were RMB546 million and RMB258 million, respectively.

As at 31 December 2024, the principal amounts and carrying amounts of the Group's overdue interest-bearing bank and other borrowings amounted to RMB18.7 billion and RMB23.0 billion, respectively. The Group has been in active negotiations with relevant banks and interested parties on, amongst others, change of contractual terms or extension of the loan tenor, with an aim to reach mutually agreed settlement terms. Besides, the Group is involved in a total of 772 pending litigation cases, with an aggregate amount in dispute of RMB5.5 billion, of which RMB4.1 billion relates to pending litigation cases involving banks and financial institutions. There are also 1,374 court-adjudicated cases involving an aggregate amount of RMB14.6 billion.

Foreign Currencies and Treasury Policy

The majority of the Group's income and its expenses and cash and cash equivalents were denominated in Renminbi. The Group has adopted effective measures to reduce its foreign exchange risks. The Group's treasury policy is that it will only manage such exposure (if any) when it posts significant potential financial impact on the Group. The management of the Group estimates that less than 10% of the Group's current purchases are imported products and the transactions are mainly denominated in Renminbi.

Financial resources and gearing ratio

During the Reporting Period, the Group were mainly funded by cash on hand, proceeds from disposals of property and equipment and subsidiaries.

As at 31 December 2024, the total borrowings of the Group comprised of interest-bearing bank loans, other loans, corporate bonds and convertible bonds, which are repayable within 1 year except for certain corporate bonds as detailed below.

The interest-bearing bank loans and other loans comprised:

	Fixed rate *RMB'000*	Floating rate *RMB'000*	Total *RMB'000*
Denominated in RMB	18,191,072	2,431,149	20,622,221

The corporate bonds comprised:

(1) corporate bonds issued in 2018, renewed in 2020 with an aggregate nominal value of RMB102 million issued at a fixed coupon rate of 7.8% per annum with renewal term of 4 years. The Group shall be entitled to adjust the coupon rate and the investors shall be entitled to sell the outstanding bonds back to the Group at the end of the second year, and due in 2022;

(2) corporate bonds issued in 2019, renewed in 2021 and 2023 with an aggregate nominal value of RMB7 million issued at a fixed coupon rate of 7.8% per annum with renewal term of 2 years; and

(3) corporate bonds issued in 2020, renewed in 2023 with an aggregate nominal value of RMB100 million issued at a fixed coupon rate of 7% per annum with a term of 3 years.

Outstanding convertible bonds comprised:

(1) 5% convertible bonds due 2023 in the aggregate principal amount of US$200 million issued in April 2020. As at 31 December 2024, the net proceeds of US$196.80 million have been fully used to repay the debts and related interests of the Group; and

(2) 5% convertible bonds due 2023 in the aggregate principal amount of US$100 million issued in June 2020. As at 31 December 2024, the outstanding principal amount of the bonds was US$73.74 million and the net proceeds of US$99.11 million have been fully used to repay the debts and related interests of the Group.

As at 31 December 2024, the debt to total deficit ratio was 112.45% as compared with 264.28% last year, which was expressed as a percentage of interest-bearing bank and other borrowings amounted to RMB23,188 million over total deficit amounted to RMB20,621 million, the debt ratio was 109.74% as compared with 81.63% last year, which was expressed as a percentage of interest-bearing bank and other borrowings over total assets amounted to RMB21,129 million.

Charge on group assets

As at 31 December 2024, secured trade payables and interest-bearing bank and other borrowings of the Group amounted to RMB562 million and RMB20,513 million, respectively. Among which, trade payables secured by property and equipment and investment properties of the Group with carrying amounts of RMB168 million and RMB54 million, respectively. Interest-bearing bank loans and other borrowings secured by property and equipment, investment properties, right-of-use assets and investments in associates of the Group with carrying amounts of RMB3,050 million, RMB4,121 million, RMB189 million and RMB50 million, respectively. Besides charged assets, property and equipment, investment properties and right-of-use assets of the Group with carrying amounts of RMB199 million, RMB8 million and RMB79 million, respectively, have been seized by the courts.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 606 (2023: 2,196) employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees, including directors of the Company (the "Directors"), is determined with reference to their performance and the prevailing salary levels in the market.

OUTLOOK AND PROSPECTS

Over the past five years, the Group has faced various difficulties brought on by the pandemic and economic downturns, especially the unprecedented crises in the past two years. However, the management remained resilient, refusing to give up, and continued to advance strategic transformation and explore new businesses. During the Reporting Period, the Group took solid steps toward its strategic goals of light-asset expansion and technology-driven upgrades, achieving encouraging results in new business initiatives. Moving forward, the Group will continue to persevere, work hard, strive to turn the situation around and overcome difficulties.

In the coming year, the Group will continue to actively resolve its debt issues, accelerate the expansion of the light-asset model, and continue to focus on new growth drivers. In terms of debt, management will expedite the implementation of debt resolution plans with major creditors; in terms of franchising, the Group targeted to sign more than 1000 franchise agreements, striving to become a leading comprehensive service provider integrating "offline and online franchise networks + supply chain + capital chain + industry chain + service chain"; in terms of automobile business, the Group will launch the new offline comprehensive automobile marketplace, the live broadcast automobile trading center and the online auction platform for used car exports as soon as possible.

Looking forward, although the Chinese economy faces risks from potential high tariffs imposed by the new US administration and escalating China-US conflicts, the Chinese government is expected to introduce stronger countermeasures. The Central Economic Work Conference at the end of 2024 has already signaled a dual easing of fiscal and monetary policies in 2025, marking the first shift to a looser monetary policy in over a decade and the introduction of "extraordinary counter-cyclical adjustments". This represents the most proactive policy stance in recent years. Furthermore, 2025 marks the final year of the 14th Five-Year Plan, and governments at all levels will need to ensure the completion of key economic targets. Therefore, the management cautiously and optimistically anticipates that 2025 will likely see the largest-scale policy benefits in recent years. With the implementation of intensified domestic demand stimulus policies, the Group is expected to gradually return to the track of stable operation.

Highlights of the Year

February 2024

On the occasion of the 114th International Women's Day, GOME's labor union organised an event titled "The Group Union Helps You Excel as a 'Homemaker.'" The event focused on key policy topics such as union mutual aid cards, the upgrade to the third-generation social security cards, and personal pension plans, providing guidance and on-site Q&A sessions. Female employees who participated highly appreciated the thoughtful, practical, and efficient arrangements, noting that the event effectively addressed their concerns and demonstrated the Company's care and support for its female staff.

April 2024

The GOME Unmanned Retail Ecosystem Supplier Signing Ceremony was held at the Pengrun Building, marking the transition of unmanned retail from a phase of chaotic growth to a promising future. GOME Linglingou, centered around innovative businesses such as smart vending boxes/cabinets and unmanned convenience stores, provides comprehensive unmanned retail solutions. Its goals include transforming thousands of warehouses and stores, deploying millions of unmanned retail points, and serving billions of users. Agreements were signed with over 50 suppliers, and GOME Linglingou will strengthen cooperation in quality, pricing, and services to ensure the stable development of the supply chain.

May 2024

The trial operation of the West Tower commercial project at Lohas Show Guangzhou GOME Smart City commenced. Located in the Pazhou CBD of Haizhu District, Guangzhou, the project features twin landmark towers standing at 172 meters tall, with a total construction area of 240,000 square meters. It includes premium Grade A office spaces, a commercial center, and more. Positioned as a mid-to-high-end destination, the project targets white-collar workers, exhibition attendees, and local residents. It introduces innovative business social spaces and diverse brands, such as internet-famous restaurants, to enhance its appeal as a "quality trendy social hub." By integrating online and offline experiences, the project aims to elevate consumer engagement and drive repeat purchases.

December 2024

GOME Auto's strategic launch event was held in Beijing, marking its official entry into the automotive distribution sector. The company aims to integrate the industry chain and create a new ecosystem of mutual cooperation and success. The first GOME Smart Auto Experience Center, located in Xibahe, Beijing, brings together approximately 30 new energy vehicle brands, offering a "one-stop" service that includes display, experience, sales, and delivery. This initiative is designed to provide consumers with a completely new automotive consumption experience.

Directors and Senior Management Profile

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. ZHANG Da Zhong

Mr. ZHANG Da Zhong, aged 76, has been the Chairman and non-executive Director of the Company since 10 March 2011. Mr. Zhang was the founder of Beijing Dazhong Home Appliances Retail Co., Ltd. one of the leading domestic appliances retail chains in Mainland China. Mr. Zhang sold all of his interests in Beijing Dazhong Home Appliances Retail Co., Ltd. in late 2007 and established Beijing Dazhong Investment Co. Ltd., a company that engages primarily in private equity investment in which he is currently the president. Mr. Zhang was honored as China's Outstanding Private Entrepreneur (中國優秀民營企業家) and Outstanding Builder of Chinese Featured Socialism (優秀中國特色社會主義事業建設者), and was a member of the 8th Chinese People's Political Consultative Conference of Beijing, a member of the standing committee for both the 9th and 10th Chinese People's Political Consultative Conference of Beijing, a member of the standing committee of the 13th Beijing People's Congress and the former deputy chairman of the Beijing Commerce Federation (北京市商會).

EXECUTIVE DIRECTORS

Mr. ZOU Xiao Chun

Mr. ZOU Xiao Chun, aged 55, has been an executive Director of the Company since 17 December 2010 and is also a director of various subsidiaries of the Company.

Mr. Zou graduated from the Department of Law of Nanchang University (南昌大學法律專業專科) in June 1990 and obtained the Chinese Lawyers Qualification Certificate (中國律師資格證書) in August 1990. Mr. Zou was also granted the Chinese Tax Advisers Qualification Certificate (中國稅務師資格證書) in September 1995 and the Pass Certificate for the National Notary Public Qualification Examination (國家公證員資格考試合格證書) in December 1995. Furthermore, Mr. Zou was qualified as an industrial economist (工業經濟師) in October 1996. Mr. Zou was granted the Chinese Fund Practitioners Qualification Certificate in September 2015.

Mr. Zou practised as the lawyer and person-in-charge at Jiangxi Sui Long Law Firm (江西遂龍律師事務所) from June 1991. Since March 2000, Mr. Zou practised as the lawyer and a partner at Beijing Sinosource Law Firm (北京中潤律師事務所). In June 2006, Mr. Zou founded the Beijing John & Law Firm (北京市中逸律師事務所). From December 2008 to March 2011, Mr. Zou has been acting as the vice-chairman (deputy chairman) of Beijing Centergate Technologies (Holdings) Co., Limited (北京中關村科技發展（控股）股份有限公司) (a company listed on the Shenzhen Stock Exchange) and has been re-appointed as a director of the company since May 2012. Since 2011, Mr. Zou has been appointed as a member of the Executive Committee of GOME Holding Group Company Limited (國美控股集團有限公司), which is owned or controlled by Mr. Wong Kwong Yu ("Mr. Wong"), the substantial shareholder of the Company. Since March 2015 and November 2018, Mr. Zou was appointed as a non-executive director of Lajin Entertainment Network Group Limited (a company listed on the Hong Kong Stock Exchange) and an independent non-executive director of Beijing Worldia Diamond Tools Co., Ltd. (a company listed on the Shanghai Stock Exchange), respectively.

In addition, Mr. Zou founded Jiandao Zhongchuang Investment Company Limited (簡道眾創投資股份有限公司) (the manager of a private equity investment fund in the PRC) and was the chairman of the company in August 2014, when he also founded the Beijing YiPing Capital Management Co., Limited (北京逸品資本管理有限公司) (the manager of a private security investment fund in the PRC) and was an executive director of the company.

Mr. Zou has been a practising lawyer for more than 30 years in the PRC and has engaged in practised in areas relating to capital markets in the PRC and Hong Kong for more than 20 years. He has also founded a number of companies and invested in dozens of companies.

Mr. DING Jiang Ning, aged 46, has been the Vice President of Finance of the Group and the chief financial officer of GOME Capital since 2021 and 2022, respectively. Mr. Ding joined the Group in 2008 and served as the finance supervisor and manager of GOME Appliance Company Limited successively, he then became the assistant to the chief financial officer of the Group in 2015, he was promoted to be the vice financial director of the Group and the financial director of GOME Capital in 2017, he served as the financial controller of the Group and GOME Capital since 2018.

Ms. WEI Ting, aged 44, has been the Vice President of Human Resources of the Group in charge of the Group's human resources management. Since joining the Group in June 2003, she has successively served as the director of the organisation planning and development department of the Human Resources Center of the Group, the vice president of human resources, and the vice president of human resources administration of the customer business group. Ms. Wei has more than 20 years of experience in human resource management, focusing on group organisation development, talent development, salary incentives and corporate culture, and has rich experience in human resource management in the retail industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WANG Gao

Mr. WANG Gao, aged 59, has been an independent non-executive Director of the Company since 24 June 2015. Mr. Wang was appointed as the professor of marketing and the associate dean (Trainings for Senior Managers) in China Europe International Business School and the former joint director of The Research Center of Globalisation of China Enterprises (中國企業全球化研究中心) since 2009. From 2002 to 2008, Mr. Wang was the associate professor and the deputy of the Marketing Department under School of Economics and Management of Tsinghua University; from 2001 to 2002, he was the manager of Strategy and Analysis Department of Minute Maid Branch under the Coca-Cola Company in Houston of the United States; from 1998 to 2001, he served as the senior consultant of The Information Resources Limited of the United States in Chicago. Mr. Wang acquired his bachelor degree in Demography from Renmin University of China in 1988, and he obtained his Master of Social Science and Doctor of Sociology both from Yale University in 1994 and 1998, respectively. Mr. Wang is an independent director of Anhui Gujing Distillery Company Limited, Sineng Electric Co., Ltd., Canature Health Technology Group Co., Ltd. (all being companies listed on the Shenzhen Stock Exchange), Shanghai Phoenix Enterprise (Group) Co., Ltd. and Kuaijishan Shaoxing Rice Wine Company Limited (all being listed on Shanghai Stock Exchange) and an independent non-executive director of Yunji Inc. (a company listed on the NASDAQ), Smoore International Holdings Limited (a company listed on Hong Kong Stock Exchange) from June 2014 to June 2020, from November 2015 to November 2021, since February 2018, since January 2022, since February 2023, since May 2019 and June 2023, respectively.

Mr. LUI Wai Ming

Mr. LUI Wai Ming, aged 54, has extensive experience in accounting, financial management and corporate management for more than 30 years, also has extensive experience in compliance and risk management. Mr. Lui was an independent non-executive director of Shanghai XNG Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange), Ernest Borel Holding Ltd (a company listed on the Main Board of the Hong Kong Stock Exchange), hmvod Limited (a company listed on GEM of the Hong Kong Stock Exchange), Golden Shield Holdings (Industrial) Limited (a company previously listed on the Main Board of the Hong Kong Stock Exchange and now delisted) from August 2015 to October 2023, from October 2017 to September 2019, from May 2014 to January 2016 and from January 2015 to May 2015, respectively. Moreover, Mr. Lui served as an executive director of Hosa International Limited (a company previously listed on the Main Board of the Hong Kong Stock Exchange and now delisted) and the Chief Financial Officer of Ta Yang Group Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange) from April 2016 to July 2018 and from August 2018 to March 2019, respectively.

Mr. Lui holds an Executive Master Degree in Business Administration from the Cheung Kong Graduate School of Business in the People's Republic of China, a Master Degree in E-commerce and Internet Computing from the University of Hong Kong and a Master Degree in Information Management from University College Dublin in Ireland. Mr. Lui is a fellow member of the Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants and Hong Kong Institute of Directors. Mr. Lui is also Certified ESG Analyst of the European Federation of Financial Analyst Societies.

Mr. LIU Yin Hong

Mr. LIU Yin Hong, aged 47, obtained a bachelor's degree in Economic Law from Zhejiang University and a master's degree in International Economic Law and European Union Law from The University of Sheffield in the United Kingdom. He joined Jincheng Tongda & Neal ("JT&N") in 2004. Mr. Liu is proficient in regular legal advisory covering laws and regulations and related regulatory practice of government bodies concerning domestic and overseas listing, merger, acquisition and reorganisation, state-owned and privately owned enterprises. Mr. Liu can provide customers with all-round legal services, including the design of the overall structure, due diligence, legal opinions and business negotiation, in respect of listing, merger, acquisition, reorganisation projects. Mr. Liu is a managing partner, the head of the capital market business, the director of the Shenzhen branch and the Guangzhou branch of JT&N. For the past twenty years, he has devoted himself to the corporate and securities laws business, and has led and participated in many classic capital market cases, involving projects of capital markets at all levels, including the Main Board, the SME Board, the ChiNext Board and the STAR Market of the PRC and main boards of exchanges of various countries overseas. Mr. Liu was named to the A-List Legal Elite for 2020 and 2021 by China Business Law Journal, recognised as a "Leading Lawyer" in the IFLR1000 Capital Markets 2021 and 2022 guide, inaugural "China Top 15 Capital Markets Lawyers" by ALB and inaugural "Elite Lawyers in the Guangdong-Hong Kong-Macao Greater Bay Area" by CLECSS.

Mr. Liu has been an independent director of Shenzhen Zesum Technology Co., Ltd., (a company listed on ChiNext of Shenzhen Stock Exchange) and Zhejiang Natural Outdoor Goods Inc. (a company listed on the Main Board of Shanghai Stock Exchange) since August 2021, and June 2024, respectively.

Except as disclosed above, none of the Directors is related to any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

SENIOR MANAGEMENT

Mr. ZHANG Dong, aged 49, has been serving as the Head of the Retail Ecosystem Division of GOME since June 2024. He graduated with a degree in Marketing from the University of South Wales in July 1998 and was awarded the title of researcher by the Chinese Academy of Management Sciences in 2003. Subsequently, Mr. Zhang pursued further studies at South China University of Technology from 2018 to 2021, where he obtained an EMBA degree. Prior to joining GOME, Mr. Zhang has served as general manager and partner of Wenzhou Yameixin Group, president of Beijing Zhongtian Haikang Group and chairman of Hecai Holding Group. He has extensive experience in group management and entrepreneurship.

Mr. LI Jun Tao, aged 59, has been the Senior Vice President of the Group since March 2012. He is currently the Senior Vice President of GOME retail sector and is responsible for the operating system of the retail segment. Mr. Li has also been the CEO of GOME-on-line and the president of the R&D Smart Manufacturing segment. Mr. Li has assumed senior management roles in areas such as municipal, provincial, business and operation sectors of the Group and has extensive experience in the establishment, development and extension of the supply chain of the Group's online and offline businesses. He was awarded Top Ten Marketing Persons (十大營銷人物) organised by Southern Metropolis Daily in 2015. Mr. Li graduated from China Europe International Business School (中歐國際工商學院) with Executive MBA (EMBA).

Mr. LI Yi Bing, aged 45, has been the Vice President of Information Technology (IT) of the Group. Since joining GOME in 2010, he has been engaged in IT system research and development and management for more than 10 years, and has a deep understanding of Internet technology. He has successively served as the Chief Technology Officer of the technology center and the Chief Technology Officer of the intelligent manufacturing sector. He is mainly responsible for the establishment of GOME's core IT infrastructure, big data platform (which won the outstanding project in the Expo), and the construction and planning of the IOT technology platform, support for the business development of the Group's various industrial companies and the digital transformation and upgrading of the Group's various sectors. Mr. Li graduated from Beijing Institute of Technology with a master degree.

The board of directors (the "Directors") of the Company (the "Board") and submitting its report and the audited financial statements of GOME Retail Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 (the "Reporting Period").

PRINCIPAL ACTIVITIES

The main business of the Group is the operations and management of retail stores for electrical appliances, consumer electronic products and general merchandise, as well as a full-category of online sales network in the PRC through self-operated and platform models. The Group's revenue is mainly derived from business activities in the Mainland China. An analysis of the Group's revenue for the Reporting Period is set out in note 5 to the financial statements on pages 125 to 127.

BUSINESS REVIEW

As required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the following section is a fair review of the business of the Group with analysis using financial key performance indicators, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2024, as well as an indication of likely future development in the business of the Group.

"Financial and Operational Highlights" on pages 4 to 5.

"Chairman's Statement" and "Management Discussion and Analysis" on pages 8 to 20.

"Risk Factors" on pages 43 to 45.

"Corporate Governance Report" on pages 46 to 64.

"Financial Risk Management" in note 42 to the consolidated financial statements on pages 179 to 185.

Discussions on the environmental policies and performance of the Group, its compliance with the relevant laws and regulations that have a significant impact on the Group as well as an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, are provided in the "Corporate Governance Report".

FINANCIAL STATEMENTS

The results of the Group for the Reporting Period are set out in the Consolidated Statement of Profit or Loss on page 68 and Consolidated Statement of Comprehensive Income on page 69.

The state of affairs of the Group as at 31 December 2024 is set out in the Consolidated Statement of Financial Position on pages 70 to 71.

The cash flows of the Group for the Reporting Period are set out in the Consolidated Statement of Cash Flows on pages 74 to 75.

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in note 32 to the financial statements on pages 164 to 165.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period so as to preserve capital for the funding needs of the Group.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company will be published and dispatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in due course.

RESERVES

The amounts and particulars of material transfers to and from reserves of the Company and of the Group during the Reporting Period are set out in note 43 to the financial statements on page 187 and in the Consolidated Statement of Changes in Equity on pages 72 to 73.

As at 31 December 2024, the Company does not have any reserve available for distribution to the shareholders of the Company of which no final dividend has been recommended for the year.

PROPERTY, PLANT AND EQUIPMENT

The movements in property and equipment during the Reporting Period are set out in note 13 to the financial statements on pages 135 to 137.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of revenue attributable to the five largest customers of the Group combined was less than 30% of the total revenue of the Group.

The percentages of purchases for the Reporting Period attributable to the Group's major suppliers are as follows:

– the largest supplier	51.32%
– five largest suppliers combined	64.19%

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers noted above.

DONATIONS

During the Reporting Period, the Group has made direct charitable and other donations in Hong Kong and China totaling RMB21,000.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. ZOU Xiao Chun
Mr. DING Jiang Ning (appointed on 30 August 2024)
Ms. WEI Ting (appointed on 30 August 2024)
Mr. SONG Lin Lin (resigned on 14 May 2024)

Non-Executive Directors

Mr. ZHANG Da Zhong
Ms. DONG Xiao Hong (resigned on 14 May 2024)

Independent Non-Executive Directors

Mr. WANG Gao
Mr. LUI Wai Ming
Mr. LIU Yin Hong (appointed on 1 January 2024)

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions which are disclosed in notes 26 and 39 to the financial statements on page 158, page 171 and page 172, respectively and in the section headed "Connected Transactions" hereinbelow, there were no contracts of significance, to which any member of the Group was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisting at 31 December 2024 or at any time during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, no Director of the Company was interested in any business (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which were considered to compete or were likely to compete, whether directly or indirectly, with the businesses of the Group.

On 31 March 2016, the Company completed the acquisition of Artway Development Limited ("Artway", together with its subsidiaries, the "Artway Group"). The Artway Group was previously ultimately owned by Mr. Wong Kwong Yu ("Mr. Wong") and operates an electrical appliances and consumer electronic products retail network under the trademark of "GOME Electrical Appliances", and related operation, (formerly referred to as the "Non-listed GOME Group"), mainly in cities other than the designated cities of the PRC in which the Group already had operations. Upon completion of the acquisition, the operations of Non-listed GOME Group had been combined with the operations of the Group. Accordingly, the Board considers that there is no longer any competition between the Group and Mr. Wong and his associates in the retail business of electrical appliances and consumer electronic products under the "GOME" brand name.

Upon completion of the acquisition of the Artway Group, Mr. Wong and his associates remained interested in 40% of 國美真快樂電子商務有限公司 ("GOME Fun E-Commerce Co., Ltd." or "GOME Fun", formerly known as "GOME-on-line e-Commerce., Ltd"), a 60% non-wholly owned subsidiary of the Group. Since May 2012, the Group has operated GOME FUN with no geographical restrictions.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares, the underlying shares and debentures of the Company

Name of Director/ Chief Executive	Personal interest	Interest of spouse	Corporate interest	Trustee	Total	Approximate % of shareholding
Wei Ting	544,000	–	–	–	544,000	0.00
Wang Gao	1,000,000	–	–	–	1,000,000	0.00

Short positions in the shares, the underlying shares and debentures of the Company

Save as disclosed above, as at 31 December 2024, none of the Directors, Chief Executive or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At the special general meeting of the Company held on 12 September 2018, the Company adopted a share option scheme (the "Share Option Scheme") pursuant to which the Board may grant share options (the "Options") to subscribe for shares of the Company (the "Shares") to employees, executives and officers of the Group and such other persons as referred to in the Share Option Scheme whom the Board considers will contribute or have contributed to the Group (the "Participants") to provide them with incentives and rewards for their contribution to the Group (Note). No Options had been granted nor is outstanding pursuant to the Share Option Scheme since its adoption. Save for the Share Option Scheme, the Company has no other share option scheme.

At no time during the Reporting Period was the Company, any of its holding companies or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Note: As at 31 March 2025, the maximum number of Shares available for issue under the Share Option Scheme was 2,155,762,742 Shares, representing 10% of the Shares in issue as at the date of adoption of Share Option Scheme.

The number of Shares in respect of which Options may be granted shall not exceed 10% of the Shares in issue on date of adoption of the Share Option Scheme. Unless otherwise approved by the shareholders of the Company in general meeting, the number of Shares in respect of which Options may be granted to each Participant in any 12-month period shall not exceed 1% (except for any grant to substantial shareholders as defined in the Listing Rules, or an independent non-executive Director or any of their respective associates as defined in the Listing Rules, must not in aggregate exceed 0.1%) of the issued share capital of the Company from time to time.

There is no requirement as to the minimum period during which the Option shall be held before it can be exercised and the Option granted shall be exercised during the period as may be determined by the Board provided that no Option may be exercised more than 10 years after it has been granted.

The exercise price of the Option shall not be less than the highest of (a) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (b) average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

Consideration of HK$1 was paid on the grant of the Option by each grantee.

The Share Option Scheme shall be valid and effective after the date of its adoption (i.e. 12 September 2018) for a period of 10 years.

RESTRICTED SHARE AWARD SCHEME

The Company adopted a restricted share award scheme on 3 October 2016 (the "Share Award Scheme"). The purposes and objectives of the Share Award Scheme are to:

1. recognise and motivate the contributions by certain participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;

2. attract suitable personnel for further development of the Group; and

3. provide certain employees with a direct economic interest in attaining a long-term employer-employee relationship between the Group and certain employees.

As at 31 December 2024, a sum of HK$1,289,065,000 (excluding transaction costs) has been used to acquire 1,506,543,000 Shares, representing 3.15% of the issued share capital of the Company, from the market by the independent trustee. No awards were made under the Share Award Scheme during the year ended 31 December 2024.

Details of the Share Award Scheme are set out in the announcement of the Company dated 3 October 2016 and 6 October 2017 and note 33 and note 34 to the financial statements on pages 165 to 166.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below and so far as is known to any Director or Chief Executive, as at 31 December 2024, other than the Directors or the Chief Executive as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Nature	Number of ordinary Shares held	Approximate % of shareholding
Mr. Wong *(Note 1)*	Interest in controlled corporation	4,923,506,602	10.28
Ms. Du Juan *(Note 2)*	Interest in controlled corporation	4,923,506,602	10.28
Shinning Crown Holdings Inc. *(Note 3)*	Beneficial owner	3,315,899,938	6.92

Notes:

1. These 4,923,506,602 Shares, 3,315,899,938 Shares held by Shinning Crown Holdings Inc. (all the above companies are 100% beneficially owned by Mr. Wong, the Substantial Shareholder), and 1,200,000,000 Shares held by Element Assets Management Limited, 160,000,000 Shares held by Hillwood Assets Management Limited, 246,706,664 Shares held by Smart Captain Holdings Limited (all the above companies are 100% beneficially owned by Mr. Wong) in the capacity as trustee of a family trust established by Mr. Wong; and 900,000 Shares held by Ms. Du Juan.

2. Ms. Du Juan is the spouse of Mr. Wong. The aforesaid Shares that Mr. Wong and Ms. Du Juan are deemed to be interested refer to the same parcel of Shares.

3. All these companies are 100% beneficially owned by Mr. Wong. The Shares held by these companies refer to the same parcel of Shares.

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2024 are set out in note 1 to the financial statements on pages 76 to 92.

CONNECTED TRANSACTIONS

During the Reporting Period, the Group had the following transactions and arrangements with connected persons (as defined in the Listing Rules) of the Company which are required to be reported in this annual report in compliance with the disclosure requirements under Chapter 14A of the Listing Rules:

(1) The Master Merchandise Purchase Agreement

On 26 November 2021, 國美電器有限公司 ("GOME Appliance Company Limited" or "GOME Appliance") (being an indirectly wholly-owned subsidiary of the Company) and 國美真快樂電子商務有限公司 ("GOME Fun E-commerce co., Ltd." or "GOME FUN"), a company with 60% equity interest held by the Group and the remaining 40% equity interest held by Mr. Wong and his associates and thus a connected subsidiary of the Company for the purpose of Listing Rules) entered into the 2022 Master Merchandise Purchase Agreement to renew the 2019 Master Merchandise Purchase Agreement, pursuant to which GOME Fun agreed to, and will procure any member of a group of companies (other than the Group) controlled or more than 50% owned by Mr. Wong (the "Parent Group") to, supply general merchandise (including but not limited to electrical appliances and consumer electronics products) to GOME Appliance or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Master Merchandise Purchase Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB28 billion, RMB35 billion and RMB45 billion, respectively. The resolutions in relation to the 2022 Master Merchandise Purchase Agreement and the annual caps were approved by the independent shareholders of the Company at the special general meeting held on 25 January 2022. During the Reporting Period, the total transaction amount under the 2022 Master Merchandise Purchase Agreement was RMB0.001 million.

On 23 December 2024, GOME Appliance and GOME Fun entered into the 2025 Master Merchandise Purchase Agreement to renew the 2022 Master Merchandise Purchase Agreement, pursuant to which GOME Fun agreed to, and will procure any member of the Parent Group to, supply general merchandise (including but not limited to electrical appliances and consumer electronics products) to GOME Appliance or any member of the Group pursuant to their requests from time to time, for the period from 10 April 2025 (the date of the special general meeting that approved the 2025 Master Merchandise Purchase Agreement by the independent shareholders of the Company) to 31 December 2027, unless otherwise terminated in accordance with the terms of the 2025 Master Merchandise Purchase Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB1 billion for each of the three years ending 31 December 2025, 2026 and 2027.

(2) The Master Merchandise Supply Agreement

On 26 November 2021, GOME Appliance and GOME Fun entered into the 2022 Master Merchandise Supply Agreement to renew the 2019 Master Merchandise Supply Agreement, pursuant to which GOME Appliance agreed to, and will procure any member of the Group to, supply general merchandise (including but not limited to electrical appliances and consumer electronics products) to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Master Merchandise Supply Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB30 billion, RMB40 billion and RMB50 billion, respectively. The resolutions in relation to the 2022 Master Merchandise Supply Agreement and the annual caps were approved by the independent shareholders of the Company at the special general meeting held on 25 January 2022. During the Reporting Period, the total transaction amount under the 2022 Master Merchandise Supply Agreement was RMB65 million.

On 23 December 2024, GOME Appliance and GOME Fun entered into the 2025 Master Merchandise Supply Agreement to renew the 2022 Master Merchandise Supply Agreement, pursuant to which GOME Appliance agreed to, and will procure any member of the Group to, supply general merchandise (including but not limited to electrical appliances and consumer electronics products) to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for the period from 10 April 2025 (the date of the special general meeting that approved the 2025 Master Merchandise Supply Agreement by the independent shareholders of the Company) to 31 December 2027, unless otherwise terminated in accordance with the terms of the 2025 Master Merchandise Supply Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB1 billion for each of the three years ending 31 December 2025, 2026 and 2027.

(3) The Logistics Services Agreement

On 26 November 2021, GOME Appliance, GOME Fun and 國美控股集團有限公司 ("GOME Holding Group Company Limited" or "GOME Holding", a company owned by Mr. Wong and his associates and thus is a connected person of the Company) entered into the 2022 Logistics Services Agreement to renew the Second 2019 Logistics Services Agreement, pursuant to which GOME Holding agreed to, and will procure any member of the Parent Group to, provide logistics services (including delivery of general merchandise to end customers) to GOME Appliance, GOME Fun or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Logistics Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB900 million for each of the three years ending 31 December 2022, 2023 and 2024. During the Reporting Period, the total transaction amount under the 2022 Logistics Services Agreement was RMB0.03 million.

On 23 December 2024, GOME Appliance, GOME Fun and GOME Holding entered into the 2025 Logistics Services Agreement to renew the 2022 Logistics Services Agreement, pursuant to which GOME Holding agreed to, and will procure any member of the Parent Group to, provide logistics services (including delivery of general merchandise to end customers) to GOME Appliance, GOME Fun or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2025 to 31 December 2027, unless otherwise terminated in accordance with the terms of the 2025 Logistics Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB30 million for each of the three years ending 31 December 2025, 2026 and 2027.

(4) The First Warehouse Services Agreement

On 26 November 2021, GOME Appliance, GOME Fun and GOME Holding entered into the Second 2022 Warehouse Services Agreement to renew the Second 2019 Warehouse Services Agreement, pursuant to which GOME Holding agreed to, and will procure any member of the Parent Group to, provide warehousing services (including storage of general merchandise) to GOME Appliance, GOME Fun or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the Second 2022 Warehouse Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB900 million for each of the three years ending 31 December 2022, 2023 and 2024. During the Reporting Period, the total transaction amount under the Second 2022 Warehouse Services Agreement was nil.

On 23 December 2024, GOME Appliance, GOME Fun and GOME Holding entered into the First 2025 Warehouse Services Agreement to renew the Second 2022 Warehouse Services Agreement, pursuant to which GOME Holding agreed to, and will procure any member of the Parent Group to, provide warehousing services (including storage of general merchandise) to GOME Appliance, GOME Fun or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2025 to 31 December 2027, unless otherwise terminated in accordance with the terms of the First 2025 Warehouse Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB30 million for each of the three years ending 31 December 2025, 2026 and 2027.

(5) The Second Warehouse Services Agreement

On 26 November 2021, GOME Appliance and GOME Fun entered into the First 2022 Warehouse Services Agreement to renew the First 2019 Warehouse Services Agreement, pursuant to which GOME Appliance agreed to, and will procure any member of the Group to, provide warehousing services (including storage of general merchandise) to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the First 2022 Warehouse Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB900 million for each of the three years ending 31 December 2022, 2023 and 2024. During the Reporting Period, the total transaction amount under the First 2022 Warehouse Services Agreement was RMB14 million.

On 23 December 2024, GOME Appliance and GOME Fun entered into the Second 2025 Warehouse Services Agreement to renew the First 2022 Warehouse Services Agreement, pursuant to which GOME Appliance agreed to, and will procure any member of the Group to, provide warehousing services (including storage of general merchandise) to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2025 to 31 December 2027, unless otherwise terminated in accordance with the terms of the Second 2025 Warehouse Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB30 million for each of the three years ending 31 December 2025, 2026 and 2027.

(6) The Property Development Management Services Agreement

On 26 November 2021, GOME Appliance and GOME Holding entered into the 2022 Property Development Management Service Agreement to renew the 2019 Property Development Management Service Agreement, pursuant to which GOME Holding agreed to, and will procure any member of the Parent Group to, provide property development management services to GOME Appliance or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Property Development Management Services Agreement. The annual caps of the transaction amounts (excluding value added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceeding RMB300 million, RMB400 million and RMB500 million, respectively. During the Reporting Period, the total transaction amount under the 2022 Property Development Management Services Agreement was nil.

(7) The First Services Agreement

On 26 November 2021, GOME Appliance, GOME Fun and GOME Holding entered into the First 2022 Services Agreement, pursuant to which GOME Holding and GOME Fun agreed to, and will procure any member of the Parent Group to, provide services (including technical services, platform services, software services, supply chain member services, value-added services, inbound marketing services and agent operation services) to GOME Appliance or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the First 2022 Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB8 billion, RMB12 billion and RMB15 billion, respectively. During the Reporting Period, the total transaction amount under the First 2022 Services Agreement was RMB0.009 million.

On 23 December 2024, GOME Appliance, GOME Fun and GOME Holding entered into the First 2025 Services Agreement to renew the First 2022 Services Agreement, pursuant to which GOME Holding and GOME Fun agreed to, and will procure any member of the Parent Group to, provide services (including technical services, platform services, software services, supply chain member services, value-added services, inbound marketing services and agent operation services) to GOME Appliance or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2025 to 31 December 2027, unless otherwise terminated in accordance with the terms of the First 2025 Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB30 million for each of the three years ending 31 December 2025, 2026 and 2027.

(8) The Second Services Agreement

On 26 November 2021, GOME Appliance, GOME Fun and GOME Holding entered into the Second 2022 Services Agreement, pursuant to which GOME Appliance and GOME Fun agreed to, and will procure any member of the Group to, provide services (including technical services, platform services and inbound marketing services) to GOME Holding or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the Second 2022 Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB10 billion, RMB15 billion and RMB20 billion, respectively. During the Reporting Period, the total transaction amount under the Second 2022 Services Agreement was RMB0.02 million.

On 23 December 2024, GOME Appliance, GOME Fun and GOME Holding entered into the Second 2025 Services Agreement to renew the Second 2022 Services Agreement, pursuant to which GOME Appliance and GOME Fun agreed to, and will procure any member of the Group to, provide services (including technical services, platform services and inbound marketing services) to GOME Holding or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2025 to 31 December 2027, unless otherwise terminated in accordance with the terms of the Second 2025 Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB30 million for each of the three years ending 31 December 2025, 2026 and 2027.

(9) The First Offline Display Services Agreement

On 26 November 2021, GOME Appliance, GOME Fun and GOME Holding entered into the First 2022 Offline Display Services Agreement, pursuant to which GOME Holding and GOME Fun agreed to, and will procure any member of the Parent Group to, provide offline display services to GOME Appliance or any member of the Group pursuant to their requests from time to time, to showcase and display their products at the Parent Group's offline platforms for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the First 2022 Offline Display Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB800 million, RMB1,500 million and RMB2,500 million, respectively. During the Reporting Period, the total transaction amount under the First 2022 Offline Display Services Agreement was nil.

(10) The Second Offline Display Services Agreement

On 26 November 2021, GOME Appliance, GOME Fun and GOME Holding entered into the Second 2022 Offline Display Services Agreement, pursuant to which GOME Appliance and GOME Fun agreed to, and will procure any member of the Group to, provide offline display services to GOME Holding or any member of the Parent Group pursuant to their requests from time to time, to showcase and display their products at the Group's offline platforms for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the Second 2022 Offline Display Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB1 billion, RMB2 billion and RMB3 billion, respectively. During the Reporting Period, the total transaction amount under the Second 2022 Offline Display Services Agreement was nil.

(11) The After Sale Services Agreement

On 26 November 2021, GOME Appliance and GOME Fun entered into the 2022 After Sale Services Agreement, pursuant to which GOME Appliance agreed to, and will procure any member of the Group to, provide after sale and installation services to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 After Sale Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB300 million, RMB400 million and RMB500 million, respectively. During the Reporting Period, the total transaction amount under the 2022 After Sale Services Agreement was nil.

(12) The Convertible Bond Investment Agreement

On 26 November 2021, 寧波鵬信興宇信息技術有限公司 ("Ningbo Pengxin Xingyu Information Technology Co., Ltd." or the "Subscriber") (a company with 100% equity interest held by the Group), 北京鵬潤時代物業管理有限公司 ("Beijing Pengrun Times Property Management Company Limited" or the "Issuer") (a company with 19.5% equity interest held by the Subscriber and the remaining 80.5% equity interest held by Mr. Wong and his associates and thus a connected subsidiary of the Company), 國美倉儲投資有限公司 ("GOME Warehouse Investment Co., Ltd." or "GOME Warehouse") (a company with 100% equity interest held by the Issuer) and Anxun Logistics Co., Ltd. (a company with 100% equity interest held by GOME Warehouse) entered into the Convertible Bond Investment Agreement, pursuant to which the Subscriber agreed to subscribe for the convertible bond in the principal amount of RMB900 million (the "Bond") at an interest rate of 5% per annum for a term of 5 years with an option to extend for an additional period of 2 years subject to mutual agreement between the Subscriber and the Issuer. According to the Convertible Bond Investment Agreement, the Subscriber has the discretion to exercise the option by way of capital increase at the exercise price equivalent to the principal amount of the Bond during the term of the Bond.

(13) The Leasing Agreement

On 7 April 2021, the Company and GOME Management entered into the Leasing Agreement, pursuant to which GOME Management agreed to lease the GOME Commercial Capital, No. 9 Xiangjiang and Pengrun Building (collectively, the "Properties") to the Company for a term commencing respectively on 1 July 2021 and 1 March 2023 and ending on 31 December 2040. The aggregate consideration for the Properties under the Leasing Agreement of RMB17,865,157,700 will be settled by the Company as to RMB17,575,581,950 by way of the issue of 9,923,940,777 shares of the Company (the "Consideration Shares") and as to RMB289,575,750 by the transfer of the entire equity interest in Hudson Assets Management Limited, a wholly-owned subsidiary of the Company, to GOME Management. The resolutions in relation to the Leasing Agreement and Whitewash Waiver were approved by the independent shareholders of the Company at the special general meeting held on 17 September 2021.

All independent non-executive Directors have reviewed the continuing connected transactions as set out in the paragraphs (1) - (11) above (collectively, the "Continuing Connected Transactions") and confirmed that they were entered into:

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or on terms not less favourable to the Group than terms available to or from independent third parties; and

3. in accordance with the relevant agreement(s) governing the above-mentioned Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Furthermore, the auditors of the Company have confirmed to the Board that the above-mentioned Continuing Connected Transactions during the Reporting Period:

1. have been approved by the Board;

2. are in accordance with the pricing policies of the Group where such transactions involved the provision of goods or services by the Group;

3. have been entered into in accordance with the relevant agreements governing such transactions; and

4. have not exceed the respective caps stated in the relevant announcements.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 606 (2023: 2,196) employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package inclusive of bonus and the Share Award Scheme offered to all employees, including the Directors, is determined with reference to their performance and the prevailing salary levels in the market.

PENSION SCHEME

Particulars of the Group's pension schemes are set out in note 9 to the financial statements on page 133.

COMMITMENTS

Details of commitments are set out in note 38 to the financial statements on page 170.

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board is satisfied with the independence of each of the independent non-executive Directors.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and has complied with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 46 to 64.

EXCHANGE RATES EXPOSURE

Details of the exchange rates exposure are set out in note 42 to the financial statements on page 180.

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

1) On 28 May 2024, the Company completed the issuance of 128,640,000 conversion shares to a bondholder at HK$1.24 per share for the partial settlement of the bonds held by the bondholder in the principal amount of RMB145,000,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save for the outstanding convertible bonds as set out in note 31 to the financial statement on page 163, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2024.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

There were no information required for disclosure by the Company under Rule 13.20 of the Listing Rules during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 44 to the financial statements on page 187.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years is set out on page 3.

RISK FACTORS

Details of the risks associated with the operation of the Group are set out in the risk factors section on pages 43 to 45.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their respective shareholdings if new shares are issued.

PERMITTED INDEMNITY PROVISIONS

The Articles provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2024, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the Reporting Period and remained in force as at the date of this report for the benefit of the Directors.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

MANAGEMENT CONTRACTS

During the Reporting Period, no management or administration 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.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Company made contribution to the matters of environmental, social and governance, the details of which are set out in the environmental, social and governance report published by the Company on the same date as this annual report.

On behalf of the Board

Zhang Da Zhong
Chairman

Hong Kong, 31 March 2025

The Group's businesses, financial condition, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The factors set out below are those that the Group believes could affect the Group's businesses, financial condition, results of operations or growth prospects. These factors are by no means exhaustive or comprehensive, and there may be other factors in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Annual Report does not constitute a recommendation or advice for you to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

RISKS ASSOCIATED WITH THE GROUP'S BUSINESS

Going concern

The Group incurred a loss of RMB11,703,596,000 for the year ended 31 December 2024 and the Group's current liabilities exceeded its current assets by RMB37,958,888,000 as at 31 December 2024. The Group's current liabilities amounted to RMB41,271,381,000, of which RMB23,087,992,000 represented interest-bearing bank and other borrowings as at 31 December 2024. while its cash and cash equivalents amounted to RMB49,163,000 as at 31 December 2024. As at 31 December 2024, the Group's interest-bearing bank and other borrowings, including bonds, bank loans, and other borrowings, amounted to RMB23,187,901,000 in total, with the majority of them were in default or cross-default. Certain banks and other financial institutions have initiated legal actions against the Group on the overdue balances. Under certain legal proceedings in relation to the overdue balances, the Group received property preservation orders restricting the disposition of certain assets as at 31 December 2024 and the withdrawal of the restricted bank deposits during the year. In addition, a number of civil claims or lawsuits have been filed by civil litigants against the Group as at 31 December 2024. Furthermore, the suspension of supply of goods from certain major suppliers has significantly impacted the Group's operations. These conditions indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Economic conditions

We are a chain-store retailer of home appliances, consumer electronic products and general merchandise in China and our turnover is particularly sensitive to changes in the economic conditions and PRC consumer confidence. Consumer confidence is affected by, among other factors, general business conditions, stock market and real estate market conditions, as well as by current and expected future global or regional macroeconomic conditions. We cannot assure you that consumer demand will not be impacted by the weak global economic condition or any future deterioration of economic condition in the PRC.

Natural disasters, acts of God, and occurrence of epidemics.

Our business is subject to general economic and social conditions in the PRC, in particular, in regions where our stores are located. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including certain cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Coronavirus Disease (COVID-19), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. An outbreak of any epidemics in China, especially in the cities where we have operations, may result in material disruptions to our store development and our sales, which in turn may adversely affect our business, financial condition and results of operations.

Credit terms

The Group relies on the credit terms contained in the supply agreements with its suppliers and the credit terms of its banking facilities. Pursuant to these supply agreements, most of the suppliers, according to the contracts, have granted favourable credit terms in exchange for, among other things, receiving bills from the Group's banks for settlement of the invoices. The issuing banks currently require upfront pledges over the Group's accounts with such banks and with the remainder to be settled upon the expiry of such bank bills. The Group relies heavily on these favourable credit terms granted by the suppliers and issuing banks in order to conserve its working capital. In the event that the suppliers or issuing banks are unable or unwilling to offer these favourable credit terms to the Group, the operations and profitability of the Group may be adversely affected.

Terms of the supply agreements

One of the competitive strengths of the Group is its ability to offer products at competitive prices. Pursuant to most of the supply agreements between the Group and its suppliers, these suppliers have undertaken to guarantee the gross profit margin of the Group with respect to specific products supplied and sold and to offer the lowest product prices to the Group within specific locations where the Group operates. However, there is no guarantee that the Group will be able to secure these favourable terms with its suppliers after the expiry of the existing supply agreements. In the event that the Group is unable to maintain its leading position and scale of operations in the PRC retail market, the suppliers may not offer the same terms to the Group after the expiry of the existing supply agreements. In such event, the business performance and profitability of the Group may be adversely affected.

Reliance on key management personnel

The success of the Group in expanding its growth in operations and maintaining growth in its profitability relies on the strategy and vision of its key management, efforts of key members of the management and their experience in the PRC retail market. The unanticipated resignation or departure of any of these key management members of the Group could have a material adverse impact on the operations of the Group. There is no assurance that the Group will be able to manage its business by retaining its existing management team and by attracting additional qualified employees.

Location of outlets and lease renewal

One of the key factors in the success of the Group is its ability to establish its retail outlets at suitable and convenient locations where there is high pedestrian traffic and good accessibility (whether by public transportation or other means). Most of the retail outlets leased by the Group were with a term of 5 to 10 years. Given the scarcity of retail premises at these suitable and convenient locations, there is no assurance that the Group will be able to find premises suitable for its retail operations or to lease them on commercially acceptable terms. In the event that there is any material difficulty in finding retail premises at suitable locations or securing the leasing of such premises on commercially acceptable terms, the Group's expansion plans and business performance may be adversely affected.

Intensified competition between traditional retailers and online retailers

The competition of the retail business in China is severe. The Group faces pressure arising from the competition with traditional store retailers, online retailers, suppliers and other retailers. Such pressure may affect the income and profitability of the Group. The competition between the Group and local, regional, domestic or even international chain retailers is not only limited to business, but also extends to the areas of consumers, talents, site of stores, products and other important aspects. At the same time, the suppliers of the Group also supply their products and services to consumers directly. The competitors of the Group are similar to us in terms of their market shares in the retail markets and their financial resources, therefore, the Group may have to further lower the retail prices in order to increase our market share and attract more consumers. The adjustment of retail price may affect the operation results of the Group.

The operation of the ERP information management system

The inventory management, delivery and other operating segments of the Group are largely dependent on the ERP information management system of the Group. If the system of the Group does not operate smoothly or encounters interruption during operation, the business and operation of the Group may be affected.

ERP information management system is the basis for the efficient operation of the Group. To a large extent, the Group relies on such system to manage the processes such as the recording and execution of orders, pricing and monitoring inventory level and restocking. If the ERP information management system does not reach the expected results during operation or fails to meet the requirements arising from the continuous development of business, the business of the Group may be affected, which in turn may dampen our sales, increase our expenses and costs and lead to under-stock or over-stock and may have an adverse effect on the Group's business and operation results.

RISKS ASSOCIATED WITH THE PRC

Changing economic, political and social conditions or government policies in the PRC

While the PRC economy has experienced significant growth in the past 20 years or more, such growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group's operations. For example, the Group's financial condition and operating results may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business, results of operations or financial condition.

Changes in foreign exchange regulations and fluctuation of RMB

Majority of the operating revenues of the Group are denominated in RMB. In order to fund its foreign currency needs, including its payment of dividends to shareholders of the Company, a portion of the Group's RMB-denominated revenue must be converted into Hong Kong dollars or US dollars. Under relevant PRC foreign exchange laws and regulations, payment of current account items, including profit distributions and interest payments are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Strict foreign exchange control continues to apply to capital account transactions, which must be approved by and/or registered with the PRC State Administration of Foreign Exchange, or SAFE. Under the current foreign exchange control system, there is no guarantee that sufficient foreign currency will be available at a given exchange rate to the Group to enable it to fund its foreign currency needs or to pay dividends declared.

Corporate Governance Report

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to upholding good corporate governance practices. For the year ended 31 December 2024 (the "Reporting Period"), the Company was in compliance with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules, except for following the resignation of Ms. Dong Xiao Hung as non-executive director on 14 May 2024 and up to the appointment of Ms. Wei Ting as executive director on 30 August 2024, the Company has a single gender board which does not meet the diversity requirement under Rule 13.92 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made due and careful enquiry, the Company confirms that all Directors have complied with the Model Code during the year ended 31 December 2024.

BOARD OF DIRECTORS

Board composition

During the year ended 31 December 2024 and up to the date of issue of this Annual Report, the Board comprises the following executive Directors, non-executive Directors and independent non-executive Directors:

Mr. Zhang Da Zhong	*(Non-executive Director and Chairman)*
Mr. Zou Xiao Chun	*(Executive Director)*
Mr. Ding Jiang Ning	*(Executive Director) (appointed on 30 August 2024)*
Ms. Wei Ting	*(Executive Director) (appointed on 30 August 2024)*
Mr. Wang Gao	*(Independent non-executive Director)*
Mr. Lui Wai Ming	*(Independent non-executive Director)*
Mr. Liu Yin Hong	*(Independent non-executive Director) (appointed on 1 January 2024)*
Mr. Song Lin Lin	*(Executive Director) (resigned on 14 May 2024)*
Ms. Dong Xiao Hong	*(Non-executive Director) (resigned on 14 May 2024)*

The biographical details of the current Board members are set out on pages 22 to 27 of this Annual Report.

Mr. Liu Yin Hong, Mr. Ding Jiang Ning and Ms. Wei Ting had obtained legal advice in compliance with Rule 3.09D of the Listing Rules prior to their respective appointment on their obligations as directors of the Company and they confirmed their understanding of their obligations as directors of the Company.

Each of Mr. Wang Gao and Mr. Liu Yin Hong, both an independent non-executive Directors, was elected at the 2024 Annual General Meeting of the Company with a specific term of 3 years from 25 June 2024. Each of Mr. Zou Xiao Chun, being an executive Director, and Mr. Lui Wai Ming, being an independent non-executive Director, was elected at the 2023 Annual General Meeting of the Company with a specific term of 3 years from 21 September 2023. Each of Mr. Zhang Da Zhong, being a non-executive Director, was re-elected at the 2022 Annual General Meeting of the Company with a specific term of 3 years from 27 May 2022. The Board has confirmed with each of the independent non-executive Director as to his/her independence with reference to the factors as set out in Rule 3.13 of the Listing Rules. The Board is satisfied with the independence of the independent non-executive Directors.

Roles and functions

The Board is responsible for formulating strategic business development, reviewing and monitoring business performance of the Group, approving major funding and investment proposals as well as preparing and approving financial statements of the Group. The Board gives clear directions as to the powers delegated to the management for the administrative and management functions of the Group.

Board meetings and general meetings

The Board meets regularly at least four times a year at approximately quarterly intervals and additional meetings are convened as and when the Board considers necessary. In 2024, 5 Board meetings and 1 general meetings of the Company were held. Details of the Directors' attendance records during the Reporting Period are as follows:

Directors	Annual General Meeting held on 25 June 2024 Attendance	Board Meeting Attendance
Mr. Zhang Da Zhong	1/1	5/5
Mr. Zou Xiao Chun	1/1	5/5
Mr. Ding Jiang Ning*	N/A	2/2
Ms. Wei Ting*	N/A	2/2
Mr. Wang Gao	1/1	5/5
Mr. Lui Wai Ming	1/1	5/5
Mr. Liu Yin Hong	1/1	5/5
Mr. Song Lin Lin*	N/A	1/1
Ms. Dong Xiao Hong*	N/A	1/1

* On 14 May 2024, Mr. Song Lin Lin and Ms. Dong Xiao Hong resigned as executive Director and non-executive director, respectively. Mr. Ding Jiang Ning and Ms. Wei Ting were appointed as executive Directors on 30 August 2024. Therefore, they did not attend any general meetings and Board meetings held subsequently/prior to their resignation/appointment.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. Code provision C.5.3 of the CG Code requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. Notices of all regular Board meetings during the Reporting Period were sent to all Directors in compliance with the said requirement. Code provision C.5.8 of the CG Code requires that agenda accompanying Board papers relating to all regular Board meetings during the Reporting Period were sent to all Directors at least 3 days respectively prior to such meeting in compliance with the CG Code.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in the code provision A.2.1 of the CG Code. The duties of the Board include:

(i) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;

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

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

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

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

During the Reporting Period, the Board performed the above duties set out in the CG Code.

Directors' Trainings

As an internal routine, during the Reporting Period, the Company provided the Directors, the management and other relevant departments of the Company with the following trainings to keep them abreast of their responsibilities and roles under the relevant laws and regulations as well as various internal control systems for compliance purposes:

1. Annual in-house training conducted by external counsel in October 2024 on, among others, updates on the Listing Rules for 1 hour (the "Annual In-house Training"); and

2. Subject to participation quotas available to the Company, the Company from time to time invited the Directors, the management and the relevant staffs of the Company to attend seminars given by external professional firms and regulators.

As an internal routine, the Company also provides each new Director with a comprehensive training on duties and responsibilities of directors of Hong Kong listed companies, conducts by external counsel after their appointment, and the various updated internal guidelines of the Company for compliance purposes (the "Upfront Directors' Training").

Details of trainings received by each Director during the Reporting Period are set out below:

Names of Directors		Details of trainings
Mr. Zhang Da Zhong	–	Attended the Annual In-house Training.
Mr. Zou Xiao Chun	–	Attended the Annual In-house Training.
Mr. Ding Jiang Ning	–	Attended the Annual In-house Training.
Ms. Wei Ting	–	Attended the Annual In-house Training.
Mr. Wang Gao	–	Attended the Annual In-house Training.
Mr. Lui Wai Ming	–	Attended the Annual In-house Training.
	–	Attended the physical and online trainings organised by The Hong Kong Institute of Certified Public Accountants for a total of 42 hours.
	–	Attended the physical and online trainings organised by Association of Chartered Certified Accountants for a total of 10 hours.
	–	Attended the physical and online trainings organised by Hong Kong Institute of Directors for a total of 8 hours.
	–	Attended the physical and online trainings organised by Hong Kong Chartered Governance Institute for a total of 16.5 hours.
Mr. Liu Yin Hong	–	Attended the Annual In-house Training.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer of a listed company should be separated and should not be performed by the same individual. The Company was in compliance with the CG Code during the Reporting Period. Mr. Zhang Da Zhong served as the chairman of the Company, primarily responsible for providing leadership to the Board while the Executive Directors of the Company undertaking the duties of the chief executive officer of the Company to oversee the business of the Group and executing decisions of the Board.

DIRECTORS' TIME AND DIRECTORSHIP COMMITMENTS

With the growing complexity of the business of the Group, the Directors are well aware that they are expected to have, and have devoted, a sufficient time commitment to the Board. To this end, the Directors have confirmed that they have given sufficient time and attention to the affairs of the Company during the Reporting Period. They also disclose to the Company twice a year the number, identity and nature of offices held in Hong Kong or overseas listed public companies and organisations and other significant commitments.

None of the Directors, individually, held directorships in more than six public companies in Hong Kong or overseas (including the Company) as at 31 December 2024.

BOARD COMMITTEES

The Board had the following committees:

1. Remuneration Committee;
2. Nomination Committee;
3. Independent Committee; and
4. Audit Committee.

Remuneration Committee

The Remuneration Committee was established on 10 November 2005 with terms of reference substantially the same as those contained in paragraph E.1.2 of the CG Code. A majority of the members of the Remuneration Committee are independent non-executive Directors and the Remuneration Committee comprised the following members:

Mr. Lui Wai Ming	*(Independent non-executive Director and the chairman of the Remuneration Committee)*
Mr. Zou Xiao Chun	*(Executive Director)*
Ms. Wei Ting	*(Executive Director) (appointed on 30 August 2024)*
Mr. Wang Gao	*(Independent non-executive Director)*
Mr. Liu Yin Hong	*(Independent non-executive Director) (appointed on 1 January 2024)*
Mr. Song Lin Lin	*(Executive Director) (resigned on 14 May 2024)*

The Remuneration Committee, among other matters, was primarily responsible for the following duties during the Reporting Period:

1. to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management and on the establishment of formal and transparent procedures for developing policy on all such remunerations;

2. to determine, with delegated responsibility, the remuneration packages of individual executive Director and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors and independent non-executive Directors, having regard to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

6. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

7. to review and/or approve matters related to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee shall meet at least once each year. The Remuneration Committee, among other matters, approved and recommended to the Board the terms and remunerations of the executive Director and the independent non-executive Directors for re-election.

During the Reporting Period, 2 meetings of Remuneration Committee was held. Attendance records of the members of the Remuneration Committee of such meetings are as follows:

Committee members	Attendance
Mr. Lui Wai Ming	2/2
Mr. Zou Xiao Chun	2/2
Ms. Wei Ting	N/A
Mr. Wang Gao	2/2
Mr. Liu Yin Hong	2/2
Mr. Song Lin Lin	N/A

Nomination Committee

The Nomination Committee was established on 10 November 2005 with terms of reference substantially the same as those contained in paragraph B.3.1 of the CG Code. A majority of the members of the Nomination Committee are independent non-executive Directors and the Nomination Committee comprised the following members:

Mr. Wang Gao	*(Independent non-executive Director and the chairman of the Nomination Committee)*
Mr. Zhang Da Zhong	*(Non-executive Director)*
Mr. Lui Wai Ming	*(Independent non-executive Director)*
Mr. Liu Yin Hong	*(Independent non-executive Director) (appointed on 1 January 2024)*

The Nomination Committee, among other matters, was primarily responsible for the following duties during the Reporting Period:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors; having regard to the requirements under the applicable laws, rules and regulations; and

4. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors and, in particular, the chairman of the Board and the President.

The Nomination Committee shall meet at least once each year.

During the Reporting Period, the Nomination Committee, among other matters, assessed the continuous independence of the independent non-executive Directors, reviewed the structure, size and composition of the Board, approved and recommended to the Board the re-election of Directors.

During the Reporting Period, 3 meetings of Nomination Committee were held. Attendance records of the members of the Nomination Committee of such meetings are as follows:

Committee members	Attendance
Mr. Wang Gao	3/3
Mr. Zhang Da Zhong	3/3
Mr. Lui Wai Ming	3/3
Mr. Liu Yin Hong	3/3

In selecting a suitable candidate to become a member of the Board, the Board will consider various criteria such as education, qualification, experience and reputation of such candidate.

According to paragraph 4(2) of Appendix A1 to the Listing Rules, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first annual general meeting after appointment. In accordance with paragraph B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The retiring directors shall be eligible for re-election.

The Board has adopted a Board Diversity Policy (the "Policy"):

1. The Policy aims to set out the approach to achieve diversity in the Board;

2. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance;

3. The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at the Board level as an essential element in maintaining a competitive advantage. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The benefits of diversity continue to influence succession planning and is a key selection criteria for the Board; and

4. The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As of 31 December 2024, the Board comprises 7 Directors, 1 of which is female, the Company considers that it has met the Policy of having a diversified Board.

The factors listed below would be used by the Nomination Committee as reference in assessing the suitability of a proposed candidate:

1. Character and integrity;

2. Accomplishment and experience;

3. Compliance with legal and regulatory requirements;

4. Commitment in respect of available time and relevant interest; and

5. Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Independent Committee

The Independent Committee was established by the Board on 21 August 2009. The Independent Committee comprised the following members:

Mr. Zhang Da Zhong	*(Non-executive Director and the chairman of the Independent Committee)*
Mr. Wang Gao	*(Independent non-executive Director)*
Mr. Lui Wai Ming	*(Independent non-executive Director)*
Mr. Liu Yin Hong	*(Independent non-executive Director) (appointed on 1 January 2024)*

The Independent Committee, among other matters, was primarily responsible for the following duties during the Reporting Period:

1. to evaluate, assess and advise on the material connected transactions of the Group before execution;

2. to oversee the execution and performance of the material connected transactions of the Group;

3. to devise and review the internal control systems, policies and/or procedures relating to material connected transaction management of the Group;

4. to monitor the compliance of material connected transactions of the Group with the applicable law and regulations;

5. to devise and review the internal control systems, policies and/or procedures of the Group generally;

6. to report to the Board on all matters relating to connected transactions and internal control matters of the Group; and

7. to consider other matters and/or special projects as assigned and authorised by the Board.

During the Reporting Period, the Independent Committee, among other matters, approved and recommended to the Board several connected transactions.

During the Reporting Period, 1 meeting of Independent Committee was held. Attendance records of the members of the Independent Committee of such meetings are as follows:

Committee members	Attendance
Mr. Zhang Da Zhong	1/1
Mr. Wang Gao	1/1
Mr. Lui Wai Ming	1/1
Mr. Liu Yin Hong	1/1

Accountability and Audit

The Directors have acknowledged by issuing a management representation letter to the auditor of the Company that they bear the ultimate responsibility of preparing the financial statements of the Group.

Audit Committee

The Audit Committee was established in 2004. The Audit Committee comprised the following members:

Mr. Lui Wai Ming	*(Independent non-executive Director and the chairman of the Audit Committee)*
Mr. Wang Gao	*(Independent non-executive Director) (appointed on 30 August 2024)*
Mr. Liu Yin Hong	*(Independent non-executive Director) (appointed on 1 January 2024)*
Ms. Dong Xiao Hong	*(Non-executive Director) (resigned on 14 May 2024)*

The Audit Committee has adopted written terms of reference substantially the same as those contained in paragraph D.3.3 of the CG Code.

The Audit Committee is primarily responsible for, among others, the following duties during the Reporting Period:

1. to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor and to deal with any questions of resignation or dismissal of that auditor;

2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

3. to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences and where more than one audit firm is involved, to ensure co-ordination among them;

4. to develop and implement policy on engaging an external auditor to supply non-audit services and to report the Board, identifying and making recommendations on any matters where action or improvement is needed;

5. to monitor integrity of the Company's financial statements, Annual Report, Interim Report and to review significant financial reporting judgments contained in them before submission to the Board, having regards particularly on:

   (a) any changes in accounting policies and practices;

   (b) major judgmental areas;

   (c) significant adjustments resulting from the audit;

   (d) the going concern assumptions and any qualifications;

   (e) compliance with accounting standards; and

   (f) compliance with the Listing Rules and legal requirements in relation to financial reporting.

6. In regard to 5 above, (i) to liaise with the Company's Board, senior management as the Committee deems appropriate and to meet the Company's auditor at least twice a year; and (ii) to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and to give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer (if any) or auditor;

7. to review the Company's financial controls, internal control and risk management systems;

8. to discuss the risk management and internal control systems with management of the Company to ensure the management has performed its duty to have effective risk management and internal control systems, including discussion on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

9. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on the own initiative of the Committee and the response of the management of the Company to these findings;

10. where an internal audit function exists, to ensure co-ordination between the internal and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

11. to review the Group's financial and accounting policies and practices;

12. to review the external auditor's management letter, any material queries raised by the auditor to the management of the Company about the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;

13. to report to the Board on the matters set out in the Code Provisions in the Section headed "Audit Committee" on the Corporate Governance Code set out in Appendix C1 of the Listing Rules;

14. to consider other topics, as defined by the Board;

15. to review arrangements the Company's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

16. to act as the key representative body for overseeing the Company's relations with external auditor.

The Audit Committee shall meet at least twice each year. In 2024, 4 Audit Committee meetings were held for, among other matters, considering change of auditor, the annual results of the Group for the financial year ended 31 December 2023 and the interim results of the Group for the six months ended 30 June 2024, reviewing the risk management and internal control systems of the Group, discussing with the auditor of the Company on internal control, auditor's independence, auditor's remuneration and the scope of work in relation to the annual audit and reviewing the continuing connected transactions of the Group.

During the Reporting Period, attendance records of the members of Audit Committee are as follows:

Committee members	Attendance
Mr. Lui Wai Ming	4/4
Mr. Wang Gao	2/2
Mr. Liu Yin Hong	4/4
Ms. Dong Xiao Hong	1/1

KTC Partners CPA Limited ("KTC Partners") has been appointed as the new auditor of the Company with effect from 28 October 2024 to fill the temporary vacancy following the resignation of Elite Partners CPA Limited ("Elite Partners"), which was appointed on 28 April 2023 to replace ShineWing (HK) CPA Limited, and to hold office until the conclusion of the next annual general meeting of the Company.

During the year ended 31 December 2024, the amount of audit fees payable to KTC Partners, the auditor of the Company, was RMB2,480,000, while the amount of non-audit services remuneration payable to Elite Partners was RMB800,000 respectively. During the year ended 31 December 2023, the amount of audit fees payable to Elite Partners was RMB4,000,000, while the amount of non-audit services remuneration payable to Elite Partners was RMB1,080,000. The Audit Committee is of the view that the auditor's independence were not affected by the provision of such non-audit related services to the Group.

INTERNAL CONTROLS AND RISKS MANAGEMENT

The Company had implemented a system of internal controls and risks management to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are compiled with, reliable financial information are provided for management and publication purposes and investment and business risks affecting the Group are identified and managed. The Group has put in place an internal control system based on various control points with an aim to prevent employees from exploiting system loop holes. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In addition, the Group tasked a specialised surveillance team, which is highly independent, highly focused and empowered with sufficient authority, to deter unethical and illegal activities such as fraud, embezzlement, malpractice, misconduct, unauthorised partnerships and acquiescence. The Group set up an internal audit system to monitor the execution of the financial policies, improve financial control and prevent financial risks, directly reporting to the headquarter.

The Board had reviewed the effectiveness of the Group's internal control and risk management systems for the year 2024 and is satisfied that, based on information furnished to it and on its own observations, the present internal control and risk management systems of the Group are satisfactory.

MODIFICATION IN AUDIT OPINION

The consolidated financial statements have been audited by the Group's auditor, KTC Partners CPA Limited. The independent auditor has issued a disclaimer of opinion with a basis of multiple uncertainties relating to going concern in the auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024. An extract of the independent auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT" below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024 which has included a disclaimer of opinion:

"Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements. 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

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the Consolidated Financial Statements

As described in note 2.1 to the consolidated financial statements, the Group incurred a loss of RMB11,703,596,000 for the year ended 31 December 2024 and the Group's current liabilities exceeded its current assets by RMB37,958,888,000 as at 31 December 2024. The Group's current liabilities amounted to RMB41,271,381,000, of which RMB23,087,992,000 represented interest-bearing bank and other borrowings as at 31 December 2024. while its cash and cash equivalents amounted to RMB49,163,000 as at 31 December 2024. As at 31 December 2024, the Group's interest-bearing bank and other borrowings, including bonds, bank loans, and other borrowings, amounted to RMB23,187,901,000 in total, with the majority of them were in default or cross-default. Certain banks and other financial institutions have initiated legal actions against the Group on the overdue balances. Under certain legal proceedings in relation to the overdue balances, the Group received property preservation orders restricting the disposition of certain assets as at 31 December 2024 and the withdrawal of the restricted bank deposits during the year. In addition, a number of civil claims or lawsuits have been filed by civil litigants against the Group as at 31 December 2024. Furthermore, the suspension of supply of goods from certain major suppliers has significantly impacted the Group's operations. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 12 months from the date of approval of the consolidated financial statements which takes into account of the plans and measures being taken by the Group to improve the Group's liquidity and financial position as set out in Note 2.1 to the consolidated financial statements. Based on the assessment made by the directors of the Company, assuming that the plans and measures will be successfully implemented or executed as scheduled, the directors are of the view that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the successful eventual outcome of the abovementioned plans and measures, which are subject to significant uncertainties, including whether:

(i) converting the debts from certain suppliers, service providers, landlords, banks and convertible bond holders or other creditors in converting their debt to shares of the Company will be successfully completed;

(ii) negotiation with convertible bond holders for restructuring the convertible bonds will be successfully completed;

(iii) renewal and extension of the repayment due date of existing secured bank borrowings upon maturity will be successfully completed;

(iv) negotiation with lenders for revising the loan covenants and not demanding immediate repayment of existing loan payables will be successfully completed;

(v) negotiation with the major suppliers and service providers for reactivating the existing credit limit and resumption of the supply of goods will be successfully completed;

(vi) sale of the Group's properties at its intended price will be successfully completed; and

(vii) Other fund-raising will be successfully completed.

Should the Group fail to achieve successful outcomes from the above-mentioned plans and measures, it might not be able to continue to operate as a going concern. We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management to us in relation to its plans and measures, which involve future actions, in its going concern assessment which takes into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments were necessary.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditors, who expressed a disclaimer opinion on those consolidated financial statements on 28 March 2024 in respect of the going concern basis of preparation of those consolidated financial statements as described above."

THE BOARD AND THE AUDIT COMMITTEE'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF AUDIT OPINION

The fundamental reason for the disclaimer of audit opinion (the "Disclaimer") made by the independent auditor for the current year is the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements. Even though the Group has taken steps and measures to mitigate its liquidity pressure and improve its financial position, which are set out in note 2.1 to this preliminary announcement, whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the followings: (i) the successful in converting the debts from certain suppliers, service providers, landlords, bank and convertible bond holders or other creditors in converting their debt to shares of the Company; (ii) the successful negotiation with convertible bond holders for restructuring the convertible bonds; (iii) the successful renewal and extension of the repayment due date of existing secured bank borrowings upon maturity; (iv) the successful negotiation with lenders for revising the loan covenants and not demanding immediate repayment of existing loan payables as mentioned above due to the breach of loan covenants; (v) the successful negotiation with the major suppliers and service providers for reactivating the existing credit limit and resumption of supply of goods; (vi) the successful sale of the Group's properties at its intended price; and (vii) the successful in other fund-raising. Given the execution of the plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the consolidated financial statements, in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, Messrs. KTC Partners is unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and Messrs. KTC Partners disclaims its opinion on the consolidated financial statements of the Group in respect of year ended 31 December 2024.

The Board understands that the fundamental reason for the Disclaimer made by the independent auditor for the current year is the potential ramifications of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements. That said, the Group has been actively pursuing plans and measures to mitigate its liquidity issue and improve its financial position, which are set out in note 2.1 to the consolidated financial statements of the Group. The Board considers the Action Plan would be able to address the Disclaimer.

The Audit Committee understands that the fundamental reason for the Disclaimer made by the independent auditor for the current year is the potential ramifications of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements. Based on the work performed by the management in relation to debt restructuring and the initial results during 2024 financial year and until 31 March 2025, the Audit Committee concurs with the management's position and basis that the Group has been actively pursuing plans and measures to mitigate its liquidity issue and improve its financial position. The Audit Committee considers the Action Plan would be able to address the Disclaimer.

The Audit Committee has reviewed the Disclaimer for the current year and has agreed with the basis thereof. The management has reviewed the impact of the Disclaimer on the Group and considers that it does not have significant impact on the Group's daily operation subject to successful outcome of the measures as set out in note 2.1. There was no disagreement between the views of the Audit Committee and the management in respect of (i) the Disclaimer and (ii) the Company's plan to address the Disclaimer.

DISSEMINATION OF INSIDE INFORMATION

For the purposes of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Company has in place a policy on handling and dissemination of inside information (the "Inside Information Policy") which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to price the listed securities of the Company with the latest available information. The Inside Information Policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

COMPANY SECRETARY

During the Reporting Period, the Company Secretary was Mr. Szeto King Pui, Albert who is a partner of an external law firm. The contact person at the Company is Mr. Ding Jiang Ning, Executive Director of the Company and the Vice President of Finance of the Group. The Company Secretary had complied with Rule 3.29 of the Listing Rules in respect of professional training during the Reporting Period.

MANAGEMENT AND STAFF

One of the key tasks of our management and staff is to implement the strategies and goals determined by the Board. In doing so, they must apply business principles and ethics which are consistent with those expected by the Board, shareholders of the Company and other stakeholders.

ENVIRONMENTAL POLICIES AND PERFORMANCE

GOME always adheres to the concept of sustainable development. It has taken initiatives in green operation, green packaging, green logistics and green supply to reduce carbon emissions. As a leading retail enterprise in China, GOME always sticks to the value of sustainable consumption, complies with national laws and regulations and promotes the realisation of the national carbon neutrality goal. Please refer to our ESG report for details of initiatives taken.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements. Established in 2003, GOME surveillance system is aimed to safeguard the interests of the Group and take full responsibilities of supervision including integrity construction, anti-fraud, improvement on internal controls, sales and cost cycle monitoring and anticorruption. Save as disclosed in the Annual Report, the Group has complied in all material respects the relevant laws and regulations that have significant impact on the operations of the Group for the year ended 31 December 2024.

RELATIONSHIP WITH EMPLOYEES

GOME adheres to the employee management philosophy of "integrity prevailing over competence" and "talent localisation" to develop its talent management mechanism which covers talent recruitment, talent training and employees' health and safety. With continuous optimisation and improvement, this mechanism will offer better career paths and attractive welfare to the employees.

RELATIONSHIP WITH CUSTOMERS

GOME sets speedy delivery, full coverage and installation with delivery as its service standard and promptly response to users by monitoring the logistic delivery time and effectiveness. GOME also solves customer inquiries on its products, services and after sales issues via real person audio of video shopping guides and interaction through video, which truly satisfied full-process service experience of its users.

RELATIONSHIP WITH SUPPLIERS

To ensure suppliers recognise our development targets, strategies and implementation, we require our suppliers to enter into integrity corporation agreements. GOME also attaches great importance on the communication with suppliers and its effectiveness and has developed a supplier management system. In addition, the Group has enhanced relevant trainings and exchange activities with its suppliers and arranged product trainings for its suppliers in respect of launch of any new product and intensive promotion. In addition to contract negotiation, the Group also negotiates with its manufacturers on daily promotion, product inventory, resources allocation, slow-moving/defective/outstanding clearance.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensuring shareholders' interest. To this end, the Company communicates with its shareholders through various channels, including annual general meetings, special general meetings, annual and interim reports, notices of general meetings and circulars sent to shareholders by post, announcements on the website of the Stock Exchange, and press releases and other corporate communications available on the Company's website.

Registered shareholders are notified by post of the shareholders' meetings. Any registered shareholder is entitled to attend and vote at the annual general meeting and the special general meeting, provided that his/her/its shares have been fully paid up and recorded in the register of members of the Company.

SHAREHOLDERS' RIGHTS

Right to convene a special general meeting

Pursuant to section 74 of the Bermuda Companies Act 1981 which the Company is subject to, shareholder(s) of the Company holding not less than 10% of the paid up capital of the Company carrying voting right at the general meetings of the Company, are entitled to make a requisition to the Board to convene a special general meeting of the Company ("SGM"), and the Board shall forthwith proceed to convene an SGM upon such requisition.

The SGM requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene an SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of such requisitionists, may themselves convene an SGM, but any SGM so convened shall not be held after the expiration of 3 months from the date of the deposit of such requisition.

The SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which the SGMs are to be convened by the Board. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to convene an SGM shall be repaid to the requisitionists by the Company.

Right to propose resolutions at general meetings

Pursuant to sections 79 and 80 of the Bermuda Companies Act 1981 which the Company is subject to, shareholder(s) holding not less than 5% of the total voting rights of the Company or not less than 100 shareholders, are entitled to make a requisition to the Company to give shareholders notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company, provided that:

(1) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company, not less than six weeks before the next annual general meeting; and

(2) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

Right to nominate directors for election at general meetings

Pursuant to Bye-law 103 of the Company's Bye-laws, whenever the appointment/election of director(s) is considered at a general meeting by any of the above requisitions or otherwise, if a shareholder who is qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s) wishes to propose a person who is not a retiring director at such general meeting for appointment or election as a director, such shareholder shall deposit or lodge a written notice of the intention to propose a person for election or appointment as a director, together with the written notice by the person nominated of his willingness to be elected or appointed as a director, at the head office or registered office of the Company at least 7 days prior to the date of such general meeting, provided that such written notices shall not be lodged earlier than the day after the dispatch of the notice of the general meeting appointed for such election.

Disclaimers

Contents of this section headed "Shareholders' Rights" are for reference and disclosure compliance purposes only, do not represent and should not be regarded as legal or other professional advice to the shareholders from the Company. Shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims all liabilities and losses incurred by its shareholders in reliance on any contents of this section headed "Shareholders' Rights".

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, there was no changes to the Company's Bye-laws or Memorandum of Association.

PROCEDURES FOR PUTTING ENQUIRIES TO THE BOARD

Shareholders may put enquiries to the Board in writing by addressing the same to the Board by post or delivery to Suite 2915, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or email to info@gome.com.hk.

INVESTOR RELATIONS

The Company regards the communication with institutional investors as important means to enhance the transparency of the Company and collect views and feedbacks from institutional investors. During the Reporting Period, the Directors and/or senior management of the Company participated in numerous road shows and investment conferences from time to time. In addition, the Company also maintains regular communication with the media through press conferences, news releases to the media and on the Company's website, and answering enquiries from the media.

Shareholders, investors and the media can make enquiries to the Company through the following means:

	BEIJING	HONG KONG
Telephone number:	+86 10 5928 9189	+852 2122 9133
By post:	19A/F, Block B, Eagle Plaza No. 26 Xiaoyun Road Chao Yang District Beijing, China	Suite 2915, 29th Floor Two International Finance Centre 8 Finance Street, Central Hong Kong, China
Attention:	Investor Relations Department	Corporate Finance & Development Department
By email:	ir@gome.com.cn	info@gome.com.hk

KTC Partners CPA Limited
Certified Public Accountants (Practising)
中瑞和信會計師事務所有限公司

Independent Auditor's Report to the Shareholders of GOME Retail Holdings Limited
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of GOME Retail Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 68 to 187, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy informations.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements. 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

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the Consolidated Financial Statements

As described in note 2.1 to the consolidated financial statements, the Group incurred a loss of RMB11,703,596,000 for the year ended 31 December 2024 and the Group's current liabilities exceeded its current assets by RMB37,958,888,000 as at 31 December 2024. The Group's current liabilities amounted to RMB41,271,381,000, of which RMB23,087,992,000 represented interest-bearing bank and other borrowings as at 31 December 2024. while its cash and cash equivalents amounted to RMB49,163,000 as at 31 December 2024. As at 31 December 2024, the Group's interest-bearing bank and other borrowings, including bonds, bank loans, and other borrowings, amounted to RMB23,187,901,000 in total, with the majority of them were in default or cross-default. Certain banks and other financial institutions have initiated legal actions against the Group on the overdue balances. Under certain legal proceedings in relation to the overdue balances, the Group received property preservation orders restricting the disposition of certain assets as at 31 December 2024 and the withdrawal of the restricted bank deposits during the year. In addition, a number of civil claims or lawsuits have been filed by civil litigants against the Group as at 31 December 2024. Furthermore, the suspension of supply of goods from certain major suppliers has significantly impacted the Group's operations. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 12 months from the date of approval of the consolidated financial statements which takes into account of the plans and measures being taken by the Group to improve the Group's liquidity and financial position as set out in Note 2.1 to the consolidated financial statements. Based on the assessment made by the directors of the Company, assuming that the plans and measures will be successfully implemented or executed as scheduled, the directors are of the view that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the successful eventual outcome of the abovementioned plans and measures, which are subject to significant uncertainties, including whether:

(i) converting the debts from certain suppliers, service providers, landlords, banks and convertible bond holders or other creditors in converting their debt to shares of the Company will be successfully completed;

(ii) negotiation with convertible bond holders for restructuring the convertible bonds will be successfully completed;

(iii) renewal and extension of the repayment due date of existing secured bank borrowings upon maturity will be successfully completed;

(iv) negotiation with lenders for revising the loan covenants and not demanding immediate repayment of existing loan payables will be successfully completed;

(v) negotiation with the major suppliers and service providers for reactivating the existing credit limit and resumption of the supply of goods will be successfully completed;

(vi) sale of the Group's properties at its intended price will be successfully completed; and

(vii) Other fund-raising will be successfully completed.

Should the Group fail to achieve successful outcomes from the above-mentioned plans and measures, it might not be able to continue to operate as a going concern. We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management to us in relation to its plans and measures, which involve future actions, in its going concern assessment which takes into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments were necessary.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditors, who expressed a disclaimer opinion on those consolidated financial statements on 28 March 2024 in respect of the going concern basis of preparation of those consolidated financial statements as described above.

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report in accordance with Section 90 of the Bermuda Companies Act, 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, we have not been able to form an audit opinion on these consolidated financial statements.

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

KTC Partners CPA Limited
Certified Public Accountants (Practising)
Chow Yiu Wah, Joseph
Audit Engagement Director
Practicing Certificate Number: P04686

Hong Kong, 31 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**473,816**	646,904
Cost of sales	6	**(400,137)**	(472,667)
Gross profit		**73,679**	174,237
Other income and gains	5	**1,055,262**	600,024
Selling and distribution expenses		**(283,402)**	(1,675,216)
Administrative expenses		**(1,188,737)**	(1,475,539)
Impairment loss on goodwill	16	**(62,208)**	(841,156)
Impairment losses on financial assets	6	**(1,342,510)**	(820,190)
Impairment loss on right-of-use assets	21	**(3,685,484)**	(1,542,181)
Impairment loss on interests in associates	18	**(201,847)**	(162,974)
Other expenses and losses		**(4,189,948)**	(1,528,632)
Share of results of associates	18	**(21,874)**	(38,568)
Loss before finance income (costs) and tax		**(9,847,069)**	(7,310,195)
Finance costs	7	**(1,993,264)**	(2,816,911)
Finance income	7	**10,278**	44,504
Loss before tax	6	**(11,830,055)**	(10,082,602)
Income tax credit (charge)	10	**126,459**	(8,422)
Loss for the year		**(11,703,596)**	(10,091,024)
Attributable to:			
Owners of the parent		**(11,629,391)**	(10,057,243)
Non-controlling interests		**(74,205)**	(33,781)
		(11,703,596)	(10,091,024)
Loss per share attributable to ordinary equity holders of the parent	12		
Basic		**(RMB24.6 fen)**	(RMB22.3 fen)
Diluted		**(RMB24.6 fen)**	(RMB22.3 fen)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Loss for the year	**(11,703,596)**	(10,091,024)
Other comprehensive income (expense)		
Change in fair value of financial assets at fair value through other comprehensive income, net of tax that will not be reclassified to profit or loss in subsequent periods	**13,532**	(167,492)
(Losses) gains on asset revaluation for change in use from owner-occupied properties to investment properties, net of tax that will not be reclassified to profit or loss in subsequent periods	**(31,584)**	5,415
	(18,052)	(162,077)
Other comprehensive income from long-term equity investments accounted for using the equity method may be reclassified to profit or loss in subsequent periods	**483**	–
Exchange differences on translation of financial statements that may be reclassified to profit or loss in subsequent periods	**350,403**	(668,260)
Other comprehensive income (expense) for the year, net of tax	**332,834**	(830,337)
Total comprehensive expense for the year	**(11,370,762)**	(10,921,361)
Attributable to:		
Owners of the parent	**(11,296,557)**	(10,887,580)
Non-controlling interests	**(74,205)**	(33,781)
	(11,370,762)	(10,921,361)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property and equipment	*13*	**3,861,701**	4,771,754
Investment properties	*15*	**4,183,268**	4,828,588
Right-of-use assets	*21*	**7,673,367**	11,922,187
Goodwill	*16*	**–**	62,208
Other intangible assets	*17*	**–**	52,302
Interests in associates	*18*	**134,130**	452,031
Financial assets at fair value through other comprehensive income	*19*	**26,520**	12,988
Financial assets at fair value through profit or loss	*20*	**1,789,688**	2,185,681
Deferred tax assets	*22*	**–**	11,718
Prepayments, other receivables and other assets	*25*	**148,186**	173,534
Total non-current assets		**17,816,860**	24,472,991
Current assets			
Inventories	*23*	**119,771**	202,077
Properties under development	*14*	**–**	688,129
Trade receivables	*24*	**91,375**	129,796
Prepayments, other receivables and other assets	*25*	**2,419,601**	3,123,761
Due from related companies	*26*	**329,100**	548,265
Financial assets at fair value through profit or loss	*20*	**243,945**	303,171
Pledged bank deposits and restricted cash	*27*	**59,538**	443,215
Cash and cash equivalents	*27*	**49,163**	66,247
Total current assets		**3,312,493**	5,504,661

	Notes	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade payables	*28*	**5,107,155**	4,860,606
Other payables and accruals	*29*	**11,737,423**	7,694,453
Due to related companies	*26*	**307,821**	294,393
Lease liabilities	*21*	**21,009**	118,318
Interest-bearing bank and other borrowings	*30*	**23,087,992**	24,266,291
Tax payable		**1,009,981**	1,025,233
Total current liabilities		**41,271,381**	38,259,294
Net current liabilities		**(37,958,888)**	(32,754,633)
Total assets less current liabilities		**(20,142,028)**	(8,281,642)
Non-current liabilities			
Lease liabilities	*21*	**11,060**	212,385
Interest-bearing bank and other borrowings	*30*	**99,909**	205,403
Deferred tax liabilities	*22*	**367,703**	560,092
Total non-current liabilities		**478,672**	977,880
Net liabilities		**(20,620,700)**	(9,259,522)
Deficit			
Deficit attributable to owners of the parent			
Issued capital	*32*	**1,082,460**	1,079,531
Treasury shares	*34*	**(444,985)**	(444,985)
Reserves	*35*	**(16,880,867)**	(5,590,365)
		(16,243,392)	(4,955,819)
Non-controlling interests	*36*	**(4,377,308)**	(4,303,703)
Total deficit		**(20,620,700)**	(9,259,522)

The financial statements on pages 68 to 187 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on behalf by:

Zhang Da Zhong
Director

Zou Xiao Chun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 32)	Treasury shares RMB'000 (note 34)	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Asset revaluation reserve# RMB'000	Other reserve## RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Reserve funds RMB'000 (note 35)	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	1,079,531	(444,985)	36,100,439	657	(1,867,496)	425,664	85,744	(179,707)	1,738,024	991,673	(42,885,363)	(4,955,819)	(4,303,703)	(9,259,522)
Loss for the year	-	-	-	-	-	-	-	-	-	-	(11,629,391)	(11,629,391)	(74,205)	(11,703,596)
Other comprehensive expense for the year:														
Other comprehensive income from long-term equity investments accounted for using the equity method	-	-	-	-	-	-	-	483	-	-	-	483	-	483
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	13,532	-	-	-	13,532	-	13,532
Exchange differences arising on translation of financial statements	-	-	-	-	-	-	-	-	-	350,403	-	350,403	-	350,403
Change in use from owner-occupied properties to investment properties, net of tax	-	-	-	-	-	(31,584)	-	-	-	-	-	(31,584)	-	(31,584)
Total comprehensive expense for the year	-	-	-	-	-	(31,584)	-	14,015	-	350,403	(11,629,391)	(11,296,557)	(74,205)	(11,370,762)
Adjustment arising from change in non-controlling interest	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-	5,000
Capital contributor from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	600	600
Issue of shares	2,929	-	1,055	-	-	-	-	-	-	-	-	3,984	-	3,984
At 31 December 2024	1,082,460	(444,985)	36,101,494*	657*	(1,862,496)*	394,080*	85,744*	(165,692)*	1,738,024*	1,342,076*	(54,514,754)*	(16,243,392)	(4,377,308)	(20,620,700)

The asset revaluation reserve arose from changes in use from owner-occupied properties to investment properties carried at fair value.

The other reserve represented gain on disposal of a subsidiary to the substantial shareholder in which has been recognised as deemed contribution from the substantial shareholder.

* These reserve accounts comprise the consolidated deficit of RMB16,880,867,000 (2023: RMB5,590,365,000) in the consolidated statement of financial position.

	Attributable to owners of the parent														
	Issued capital RMB'000 (note 32)	Treasury shares RMB'000 (note 34)	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Share based payment reserve RMB'000	Asset revaluation reserve# RMB'000	Other reserve## RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Reserve funds RMB'000 (note 35)	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	814,144	(444,985)	35,164,654	657	(1,845,490)	10,633	420,249	85,744	(12,215)	1,738,024	1,659,933	(32,828,120)	4,763,228	(4,269,922)	493,306
Loss for the year	–	–	–	–	–	–	–	–	–	–	–	(10,057,243)	(10,057,243)	(33,781)	(10,091,024)
Other comprehensive expense for the year:															
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	–	(167,492)	–	–	–	(167,492)	–	(167,492)
Exchange differences arising on translation of financial statements	–	–	–	–	–	–	–	–	–	–	(668,260)	–	(668,260)	–	(668,260)
Change in use from owner-occupied properties to investment properties, net of tax	–	–	–	–	–	–	5,415	–	–	–	–	–	5,415	–	5,415
Total comprehensive expense for the year	–	–	–	–	–	–	5,415	–	(167,492)	–	(668,260)	(10,057,243)	(10,887,580)	(33,781)	(10,921,361)
Adjustment arising from change in non-controlling interest	–	–	–	–	(22,006)	–	–	–	–	–	–	–	(22,006)	–	(22,006)
Issue of shares	265,387	–	935,785	–	–	–	–	–	–	–	–	–	1,201,172	–	1,201,172
Shares awarded under share award scheme	–	–	–	–	–	(10,633)	–	–	–	–	–	–	(10,633)	–	(10,633)
At 31 December 2023	1,079,531	(444,985)	36,100,439*	657*	(1,867,496)*	–	425,664*	85,744*	(179,707)*	1,738,024*	991,673*	(42,885,363)*	(4,955,819)	(4,303,703)	(9,259,522)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Loss before tax	**(11,830,055)**	(10,082,602)
Adjustments for:		
Finance income	**(10,278)**	(44,504)
Finance costs	**1,993,264**	2,816,911
Share of results of associates	**21,874**	38,568
Gains from debt restructuring	**(141,304)**	–
Fair value losses (gains) on financial instruments, net:		
Financial assets at fair value through profit or loss	**446,571**	17,701
Derivative financial instruments embedded in the convertible bonds	**–**	(88)
Gains on disposal of interests in associates	**(10,336)**	(12,621)
Gains from disposal of subsidiaries (under liquidation and deregistration process)	**(278,327)**	(93,337)
Loss (gains) on disposal of financial assets at fair value through profit or loss	**527**	(32,401)
Impairment loss on interests in associates	**201,847**	162,974
Gains on lease modifications and closing stores	**–**	(82,957)
(Gains) losses on disposal of property and equipment	**(342,715)**	40,436
Impairment losses on financial assets	**1,342,510**	820,190
Gains on lease terminations	**(110,165)**	–
Reversal of provision against inventories	**(45,816)**	(37,343)
Impairment losses on property and equipment	**447,539**	1,053,414
Impairment losses on other intangible assets	**33,774**	52,110
Fair value loss (gains) of investment properties, net	**1,158,698**	(86,930)
Impairment losses on goodwill	**62,208**	841,156
Impairment losses on right-of-use assets	**3,685,484**	1,542,181
Depreciation of property and equipment	**258,947**	478,543
Depreciation of right-of-use assets	**716,232**	1,300,382
Amortisation of other intangible assets	**18,528**	41,783
Provision for financial guarantee for bankrupted subsidiaries	**1,992,170**	104,977
Provision for litigation expenses	**68,481**	109,866
Operating cash flow before changes in working capital	**(320,342)**	(1,051,591)
Decrease in inventories	**128,122**	267,905
Decrease in prepayments, other receivables and other assets	**148,690**	125,908
Decrease (increase) in trade receivables	**41,351**	(35,232)
Decrease (increase) in amounts due from related companies	**148,426**	(12,161)
Decrease in pledged deposits for bills payable	**–**	1,189,127
Decrease in pledged deposits for litigation	**54,157**	120,484
Decrease in properties under development	**–**	4,517
Decrease in trade and bills payables	**(332,736)**	(1,216,634)
Decrease in contract liabilities	**(53,077)**	(249,398)
Decrease in refund liabilities	**(33)**	(6,461)
Increase in other payables and accruals	**99,271**	2,518,020
Increase (decrease) in amounts due to related companies	**13,428**	(572,180)
Effect of foreign exchange rate changes, net	**78,318**	(40,017)

	2024 RMB'000	2023 RMB'000
Cash generated from operations	5,575	1,042,287
Interest received	680	70,484
Profit tax paid	(17,862)	–
Net cash flows (used in) from operating activities	(11,607)	1,112,771
Cash flows from investing activities		
Purchases of property and equipment	(2,936)	(41,192)
Purchases of investment properties	–	(9,213)
Proceeds from disposal of financial assets at fair value through other comprehensive income	–	180,474
Proceeds from disposal of property and equipment	113,862	90,300
Proceeds from disposal of financial assets at fair value through profit or loss	9,922	147,419
Increase in investments in associates	–	5,302
Proceed from disposal of subsidiaries	131,842	–
Net cash flows from investing activities	252,690	373,090
Cash flows from financing activities		
Interest paid	(6,548)	(237,003)
New bank and other borrowings raised	360,454	945,990
Principal portion of lease payments	(420)	(71,132)
Repayment of corporate bonds	–	(9,241)
Repayment of bank and other borrowings	(960,867)	(6,165,201)
Decrease in pledged deposits for bank loans	323,729	3,937,745
Interest received from deposits pledged for bank and other borrowings	25,180	–
Decrease in rental deposits	–	9,566
Capital injection from non-controlling interests	600	–
Net cash flows used in financing activities	(257,872)	(1,589,276)
Net decrease in cash and cash equivalents	(16,789)	(103,415)
Cash and cash equivalents at 1 January	66,247	169,713
Effect of foreign exchange rate changes, net	(295)	(51)
CASH AND CASH EQUIVALENTS AT END OF YEAR	49,163	66,247
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	49,163	66,247

1. CORPORATE AND GROUP INFORMATION

GOME Retail Holdings Limited is a limited liability company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM10, Bermuda and principal place of business is Suite 2915, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activities of the Group are the operating and managing of retail stores and online sales network for electrical appliances, consumer electronic products and general merchandise in the People's Republic of China (the "PRC") through self-operated and platform models.

Information about subsidiaries

As at 31 December 2024, the particulars of the principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2024		2023		
			Direct	Indirect	Direct	Indirect	
Capital Automation (BVI) Limited	British Virgin Islands/ Hong Kong	US$50,000	100	–	100	–	Note (vi)
Grand Hope Investment Limited	British Virgin Islands/ Hong Kong	US$1	100	–	100	–	Note (vi)
China Paradise Electronics Retail Limited ("China Paradise")	Cayman Islands	HK$235,662,979	100	–	100	–	Note (vi)
China Eagle Management Limited	Hong Kong	HK$10,000	100	–	100	–	Note (v)
Hong Kong Punching Centre Limited	Hong Kong	HK$100,000	–	100	–	100	Note (vii)
Ocean Town Int'l Inc.	British Virgin Islands/ Hong Kong	US$50,000	–	100	–	100	Note (vi)
GOME Appliance Company Limited*** 國美電器有限公司	PRC/Mainland China	RMB1 billion	–	100	–	100	Note (vi)
Tianjin GOME Electrical Appliance Company Limited* 天津國美電器有限公司	PRC/Mainland China	RMB300 million	–	100	–	100	Note (iii)
Chongqing GOME Electrical Appliance Company Limited* 重慶市國美電器有限公司	PRC/Mainland China	RMB300 million	–	100	–	100	Note (iii)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Chengdu GOME Electrical Appliance Company Limited* 成都國美電器有限公司	PRC/Mainland China	RMB450 million	–	100	–	100	Note (iii)
Xi'an GOME Electrical Appliance Company Limited* 西安市國美電器有限公司	PRC/Mainland China	RMB400 million	–	100	–	100	Note (iii)
Kunming GOME Electrical Appliance Company Limited* 昆明國美電器有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iii)
Shenzhen GOME Electrical Appliance Company Limited* 深圳市國美電器有限公司	PRC/Mainland China	RMB200 million	–	100	–	100	Note (iii)
Fuzhou GOME Electrical Appliance Company Limited* 福州國美電器有限公司	PRC/Mainland China	RMB200 million	–	100	–	100	Note (iii)
Guangzhou GOME Electrical Appliance Company Limited* 廣州市國美電器有限公司	PRC/Mainland China	RMB200 million	–	100	–	100	Note (iii)
Shenyang GOME Electrical Appliance Company Limited* 瀋陽國美電器有限公司	PRC/Mainland China	RMB200 million	–	100	–	100	Note (iii)
Jinan GOME Electrical Appliance Company Limited* 濟南國美電器有限公司	PRC/Mainland China	RMB400 million	–	100	–	100	Note (iii)
Qingdao GOME Electrical Appliance Company Limited* 青島國美電器有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iii)
Kunming GOME Logistics Company Limited* 昆明國美物流有限公司	PRC/Mainland China	RMB8 million	–	100	–	100	Note (iv)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Changzhou Jintaiyang Zhizun Home Appliances Company Limited* 常州金太陽至尊家電有限公司	PRC/Mainland China	RMB205 million	–	100	–	100	Note (iii)
Beijing Pengze Real Estate Company Limited* 北京鵬澤物業有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (vii)
Jiangsu Pengrun GOME Electrical Appliance Company Limited* 江蘇鵬潤國美電器有限公司	PRC/Mainland China	RMB568 million	–	100	–	100	Note (iii)
GOME Retail Co., Ltd.* 國美零售有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (vi)
Shenzhen eHome Commercial Chain Company Limited* 深圳易好家商業連鎖有限公司	PRC/Mainland China	RMB20 million	–	100	–	100	Note (iii)
Gansu GOME Logistics Company Limited* 甘肅國美物流有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Nanjing Pengze Investment Company Limited* 南京鵬澤投資有限公司	PRC/Mainland China	RMB156 million	–	100	–	100	Note (vii)
Yongle (China) Electronics Retail Company Limited** 永樂(中國)電器銷售有限公司	PRC/Mainland China	RMB220 million	–	100	–	100	Note (iii)
Guangdong Yongle Electronics Retail Company Limited* 廣東永樂家用電器有限公司	PRC/Mainland China	RMB30 million	–	100	–	100	Note (iii)
Henan Yongle Electronics Retail Company Limited* 河南永樂生活電器有限公司	PRC/Mainland China	RMB150 million	–	100	–	100	Note (iii)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Shanghai Yongle Communication Equipment Company Limited* 上海永樂通訊設備有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iii)
Sichuan Yongle Electronics Retail Company Limited* 四川永樂家用電器連鎖有限公司	PRC/Mainland China	RMB20 million	–	100	–	100	Note (iii)
Xiamen Yongle Siwen Electronics Retail Company Limited* 廈門永樂思文家電有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iii)
Zhejiang GOME Yongle Electronics Retail Company Limited* 浙江國美永樂電器有限公司	PRC/Mainland China	RMB15 million	–	100	–	100	Note (iii)
Shaanxi Cellstar Telecommunication Retail Chain Company Limited* 陝西蜂星電訊零售連鎖有限責任公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (ix)
Shandong Longji Island Construction Company Limited* 山東龍脊島建設有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (vi)
Beijing Dazhong Hengxin Ruida Trading Company Limited* 北京市大中恒信瑞達商貿有限公司	PRC/Mainland China	RMB200 million	–	100	–	100	Note (iv)
GOME Customisation (Tianjin) Home Appliances Co., Ltd.* 國美定制(天津)家電有限公司	PRC/Mainland China	RMB12 million	–	100	–	100	Note (iv)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Beijing Dazhong Home Appliances Retail Co., Ltd. ("Beijing Dazhong")* 北京市大中家用電器連鎖銷售有限公司	PRC/Mainland China	RMB400 million	–	100	–	100	Note (iii)
GOME International Trading Company Limited	Hong Kong	HK$1	100	–	100	–	Note (viii)
Shantou Shengyuan Yuexin Technology Co., Ltd.* 汕頭盛源悅信科技有限公司	PRC/Mainland China	US$30 million	–	100	–	100	Notes (iv)/(v)
GOME Smart Technology Co., Ltd.* 國美智能科技有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (ii)
GOME Big Data Holdings (H.K.) Limited	Hong Kong	HK$1	–	100	–	100	Note (vi)
Beijing GOME Anxun Technology Co., Ltd.* 北京國美安迅科技有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (i)
Shenyang GOME Anxun Technology Co., Ltd.* 瀋陽國美安迅科技有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (i)
Beijing GOME Steward IT Co., Ltd.* 北京國美管家信息技術有限公司	PRC/Mainland China	RMB10 million	–	65	–	65	Note (ii)
Chengdu GOME Big Data Technology Co., Ltd.* 成都國美大數據科技有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (ii)
Tianjin GOME Equity Investment Management Co., Ltd.* 天津國美股權投資管理有限公司	PRC/Mainland China	RMB30 million	–	100	–	100	Note (vi)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Tianjin GOME Xinchang Equity Investment Management Co., Ltd.* 天津國美信昌股權投資管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (vi)
Dazi GOME Xinze Entrepreneurship Investment Management Co., Ltd.* 達孜國美信澤創業投資管理有限公司	PRC/Mainland China	RMB30 million	–	100	–	100	Note (vi)
Tianjin GOME Xinchangda Equity Investment LLP 天津國美信昌達股權投資合夥企業(有限合夥)	PRC/Mainland China	RMB305 million	–	100	–	100	Note (vi)
Artway Development Limited (“Artway”)	British Virgin Islands	US$1	100	–	100	–	Note (vi)
Beijing Jinzun Technology Development Co., Ltd.* 北京金尊科技發展有限公司	PRC/Mainland China	RMB108.8 million	–	100	–	100	Note (vi)
GOME Electrical Appliances Retail Co., Ltd.* 國美電器零售有限公司	PRC/Mainland China	RMB2,100 million	–	100	–	100	Note (vi)
Beijing GOME Logistics Co., Ltd.* 北京國美物流有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (vi)
Beijing Dingrui Property Co., Ltd.* 北京鼎銳物業發展有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (vii)
Anshan GOME Electrical Appliances Co., Ltd.* 鞍山國美電器有限公司	PRC/Mainland China	RMB35 million	–	100	–	100	Note (iii)
Daqing GOME Electrical Appliances Co., Ltd.* 大慶國美電器有限公司	PRC/Mainland China	RMB30 million	–	100	–	100	Note (iii)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Dalian Xinxundian Trading Co., Ltd.* 大連新訊點貿易有限公司	PRC/Mainland China	RMB500,000	–	100	–	100	Note (ix)
Datong Century North Electrical Appliances Co., Ltd.* 大同世紀北方電器有限責任公司	PRC/Mainland China	RMB30 million	–	100	–	100	Note (iii)
Guizhou GOME Electrical Appliances Co., Ltd.* 貴州國美電器有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iii)
Henan GOME Electrical Appliances Co., Ltd.* 河南省國美電器有限公司	PRC/Mainland China	RMB140 million	–	100	–	100	Note (iii)
Hebei GOME Electrical Appliances Co., Ltd.* 河北國美電器有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iii)
Heilongjiang Black Swan Home Appliances Co., Ltd.* 黑龍江黑天鵝家電有限公司	PRC/Mainland China	RMB70 million	–	100	–	100	Note (iii)
Jilin GOME Electrical Appliances Co., Ltd.* 吉林國美電器有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iii)
Jiangxi Pengrun GOME Electrical Appliances Co., Ltd.* 江西鵬潤國美電器有限公司	PRC/Mainland China	RMB120 million	–	100	–	100	Note (iii)
Nanning GOME Electrical Appliances Co., Ltd.* 南寧國美電器有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iii)
Nanning GOME Logistics Co., Ltd.* 南寧國美物流有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iv)
Shanxi GOME Electrical Appliances Co., Ltd.* 山西國美電器有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iii)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Wuxi GOME Electrical Appliances Co., Ltd.* 無錫國美電器有限公司	PRC/Mainland China	RMB170 million	–	100	–	100	Note (iii)
Xinjiang GOME Appliances Co., Ltd.* 新疆國美電器有限公司	PRC/Mainland China	RMB300 million	–	100	–	100	Note (iii)
Beijing Hengxin Damei Trading Co., Ltd.* 北京恒信達美商貿有限公司	PRC/Mainland China	RMB5 million	–	100	–	100	Note (iv)
Tianjin Zhansheng Trading Co., Ltd.* 天津戰聖商貿有限公司	PRC/Mainland China	RMB20 million	–	100	–	100	Note (iv)
Tianjin Shengyuan Pengda Logistics Co., Ltd.* 天津盛源鵬達物流有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iv)
Dalian GOME Electrical Appliances Co., Ltd.* 大連國美電器有限公司	PRC/Mainland China	RMB70 million	–	100	–	100	Note (iii)
Tianjin GOME Zhansheng Logistics Co., Ltd.* 天津國美戰聖物流有限公司	PRC/Mainland China	RMB20 million	–	100	–	100	Note (iv)
Wuhai GOME Electrical Appliances Co., Ltd.* 烏海國美電器有限公司	PRC/Mainland China	RMB14 million	–	100	–	100	Note (iii)
Nanchang GOME Electrical Appliances Co., Ltd.* 南昌國美電器有限公司	PRC/Mainland China	RMB1 million	–	100	–	100	Note (iii)
Jiangyin GOME Electrical Appliances Co., Ltd.* 江陰國美電器有限公司	PRC/Mainland China	RMB40 million	–	100	–	100	Note (iii)
Luohe GOME Electrical Appliances Co., Ltd.* 漯河國美電器有限公司	PRC/Mainland China	RMB60 million	–	100	–	100	Note (iii)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Beijing GOME Baotou Electrical Appliance Co., Ltd.* 北京國美包頭電器有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iii)
GOME Australia PTY. Ltd.	Australia	AUD1 million	–	51	–	51	Note (viii)
Chongqing Jiagou Technology Co., Ltd.* 重慶佳購科技有限公司	PRC/Mainland China	US$5 million	–	100	–	100	Note (iv)
Chongqing Weijie Commerce Co., Ltd.* 重慶微界商貿有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iii)
Chongqing GOME Huashang Commerce Co., Ltd.* 重慶國美華尚商貿有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (v)
Shanghai Yongle Minrong Consumer Goods Delivery Co., Ltd.* 上海永樂民融消費品配送有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (i)
Shandong Dazhong Electrical Appliances Co., Ltd.* 山東大中電器有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iii)
Liuzhou GOME Electrical Appliances Co., Ltd.* 柳州國美電器有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iii)
Guangdong GOME Electrical Appliances Co., Ltd.* 廣東國美電器有限公司	PRC/Mainland China	RMB60 million	–	100	–	100	Note (iv)
Nanfang GOME Electrical Appliances Holdings Co., Ltd.* 南方國美電器集團有限公司	PRC/Mainland China	RMB3.5 billion	–	100	–	100	Note (vi)
Jinan GOME Logistics Management Co., Ltd.* 濟南國美供應鏈管理有限公司	PRC/Mainland China	RMB200 million	–	100	–	100	Note (iv)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Ningbo GOME Logistics Management Co., Ltd.* 寧波國美供應鏈管理有限公司	PRC/Mainland China	RMB20 million	–	100	–	100	Note (iv)
Nanjing GOME Logistics Management Co., Ltd.* 南京國美供應鏈管理有限公司	PRC/Mainland China	RMB210 million	–	100	–	100	Note (iv)
Qingdao GOME Logistics Management Co., Ltd.* 青島國美供應鏈管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Suzhou GOME Logistics Management Co., Ltd.* 蘇州國美供應鏈管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Tianjin GOME Logistics Management Co., Ltd.* 天津國美供應鏈管理有限公司	PRC/Mainland China	RMB60 million	–	100	–	100	Note (iv)
Xiamen GOME Logistics Management Co., Ltd.* 廈門國美供應鏈管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Kunming GOME Electrical Appliances Co., Ltd.* 昆明國美家電有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iv)
Wuhan GOME Home Electrical Appliances Co., Ltd.* 武漢國美家電有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iv)
Hainan GOME Taida Logistics Co., Ltd.* 海南國美泰達物流有限公司	PRC/Mainland China	RMB210 million	–	100	–	100	Note (iv)
Zhongshan GOME Logistics Management Co., Ltd.* 中山國美供應鏈管理有限公司	PRC/Mainland China	RMB30 million	–	100	–	100	Note (iv)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Yantai GOME Logistics Management Co., Ltd.* 煙台國美供應鏈管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Zhejiang GOME Logistics Management Co., Ltd.* 浙江國美供應鏈管理有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iv)
Shenyang GOME Logistics Management Co., Ltd.* 瀋陽國美供應鏈管理有限公司	PRC/Mainland China	RMB80 million	–	100	–	100	Note (iv)
Guizhou GOME Logistics Management Co., Ltd.* 貴州國美供應鏈管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Shanghai GOME Logistics Management Co., Ltd.* 上海國美供應鏈管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Shanghai Yongle Minrong Logistics Co., Ltd.* 上海永樂民融供應鏈有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Chongqing GOME Yuxin Electrical Appliances Co., Ltd.* 重慶國美渝信家電有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Xinjiang GOME Home Electrical Appliances Co., Ltd.* 新疆國美家電有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (iv)
Xi'an GOME Commerce Co., Ltd.* 西安國美商業有限公司	PRC/Mainland China	RMB70 million	–	100	–	100	Note (iv)
Zhanjiang GOME Commerce Co., Ltd.* 湛江國美商業有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iv)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Foshan GOME Electrical Appliances Co., Ltd.* 佛山國美電器有限公司	PRC/Mainland China	RMB150 million	–	100	–	100	Note (iv)
GOME Logistics Technology Co., Ltd.* 國美供應鏈科技有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (ii)
GOME Capital Management Co., Ltd.* 國美資本管理有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (vi)
Shenzhen GOME Yunzhi Technology Co., Ltd.* 深圳國美雲智科技有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (ii)
Ningbo Meishan Bonded Port GOME Investment Partnership (limited partnership) 寧波梅山保稅港區國美投資合夥企業(有限合夥)	PRC/Mainland China	RMB5,000 million	–	100	–	100	Note (vi)
Ningbo Meishan Bonded Port GOME Xinshengda Investment Partnership (limited partnership) 寧波梅山保稅港區國美信盛達創業投資合夥企業 (有限合夥)	PRC/Mainland China	RMB1,500 million	–	100	–	100	Note (vi)
Tianjin GOME Xinxing Equity Investment Management Co., Ltd.* 天津國美信興股權投資管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (vi)
Tianjin GOME Xinsheng Equity Investment Management Co., Ltd.* 天津國美信盛股權投資管理有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (vi)
Shanghai Minrong Investment Co., Ltd.* 上海民融投資有限公司	PRC/Mainland China	RMB80 million	–	100	–	100	Note (vi)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Tianjin GOME Warehousing Co., Ltd.* 天津國美倉儲有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (i)
Tianjin Pengze Real Estate Company Limited* 天津鵬澤物業有限公司	PRC/Mainland China	RMB83 million	–	100	–	100	Note (vii)
Tianjin Tonglve Enterprise Consultancy Co., Ltd.* 天津通略企業管理諮詢有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (vi)
Tianjin Zhansheng Ruida Logistics Co., Ltd.* 天津戰聖瑞達物流有限公司	PRC/Mainland China	RMB20 million	–	100	–	100	Note (iv)
Chongqing Pengsheng Jiayue Trading Co., Ltd.* 重慶鵬聖嘉悅商貿有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iv)
Tianjin Pengda Business Management Co., Ltd.* 天津鵬達商業管理有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (v)
Hainan GOME Electrical Appliance Company Limited* 海南國美電器有限公司	PRC/Mainland China	RMB20 million	–	100	–	100	Note (iii)
Beijing GOME Big Data Technology Co., Ltd.* 北京國美大數據技術有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (ii)
Harbin GOME Technology Co., Ltd.* 哈爾濱國美科技有限公司	PRC/Mainland China	RMB10 million	–	100	–	100	Note (i)
Shantou GOME Logistics Company Limited* 汕頭市國美物流有限公司	PRC/Mainland China	RMB300 million	–	100	–	100	Note (iv)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Xi'an GOME Anxun Internet Technology Co., Ltd.* 西安國美安迅網絡科技有限公司	PRC/Mainland China	RMB147 million	–	100	–	100	Note (i)
Guangzhou GOME Information Technology Co., Ltd.* 廣州國美信息科技有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (vii)
GOME Holdings Group Guangzhou Co., Ltd.* 國美控股集團廣州有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (vii)
Guangzhou Peng Kang Property Development Co., Ltd.* 廣州市鵬康房地產開發有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (vii)
Chongqing Sheng'an Tonglve Trading Co., Ltd.* 重慶盛安通略商貿有限公司	PRC/Mainland China	RMB50 million	–	100	–	100	Note (iv)
Beijing Ourunlang Consultancy Co., Ltd.* 北京歐潤朗諮詢服務有限公司	PRC/Mainland China	RMB132 million	–	100	–	100	Note (vii)
China Eagle Capital Co. Limited	Hong Kong	HK$10,000	–	100	–	100	Note (vi)
Capital Realty Development Company Limited	Hong Kong	HK$100,000	–	100	–	100	Note (vii)
Ever Castle International Limited	British Virgin Islands	US$1	–	100	–	100	Note (vi)
Suzhou Pengrun GOME Electrical Appliance Company Limited* 蘇州鵬潤國美電器有限公司	PRC/Mainland China	RMB265 million	–	100	–	100	Note (iii)
Guangzhou GOME Trading Company Limited* 廣州國美貿易有限公司	PRC/Mainland China	RMB1,550 million	–	100	–	100	Note (iv)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
GOME Electrical Appliance Inner Mongolia Company Limited* 國美電器內蒙古有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iii)
Jinan Jilian Jingmei Economic and Trade Trading Company Limited* 濟南濟聯京美經貿有限公司	PRC/Mainland China	RMB213 million	–	100	–	100	Note (vii)
Gansu GOME Electrical Appliance Company Limited* 甘肅國美電器有限公司	PRC/Mainland China	RMB400 million	–	100	–	100	Note (iii)
Jiaxing Yongle Electrical Appliance Company Limited* 嘉興市永樂家電有限公司	PRC/Mainland China	RMB129 million	–	100	–	100	Note (iii)
Xuzhou GOME Electrical Home Appliance Company Limited* 徐州市國美家用電器有限公司	PRC/Mainland China	RMB300 million	–	100	–	100	Note (iii)
GOME Cloud (Chengdu) Home Appliance Company Limited* 國美雲(成都)家電銷售有限公司	PRC/Mainland China	RMB250 million	–	100	–	100	Note (iv)
Shenzhen GOME Home Appliance Company Limited* 深圳國美家電有限公司	PRC/Mainland China	RMB200 million	–	100	–	100	Note (iii)
Huizhou GOME Logistics Management Co., Ltd.* 惠州國美供應鏈管理有限公司	PRC/Mainland China	RMB100 million	–	100	–	100	Note (iv)
GOME Smart Selection (Tianjin) Technology Co., Ltd.* 國美 智選(天津)科技有限公司	PRC/Mainland China	RMB1 million	–	80	–	80	Note (ii)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
GOME Longyi (Zhejiang) Digital Technology Co., Ltd.* 國美 龍易(浙江)數字科技有限公司	PRC/Mainland China	RMB10 million	–	80	–	80	Note (ii)
Tianjin GOME Housekeeper Information Technology Co., Ltd.* 天津國美管家信息技術有限公司	PRC/Mainland China	RMB5 million	–	65	–	65	Note (ii)
Ningbo GOME Housekeeper Information Technology Co., Ltd.* 寧波國美管家信息技術有限公司	PRC/Mainland China	RMB5 million	–	65	–	65	Note (ii)
Hainan GOME Housekeeper Information Technology Co., Ltd.* 海南國美管家信息技術有限公司	PRC/Mainland China	RMB5 million	–	65	–	65	Note (ii)
Liaoning GOME Jiamei Appliances Co., Ltd.* 遼寧國美佳美 電器有限公司	PRC/Mainland China	RMB30 million	–	60	–	60	Note (iii)
Dalian GOME Jiamei Appliances Co., Ltd.* 大連國美佳美電 器有限公司	PRC/Mainland China	RMB30 million	–	60	–	60	Note (iii)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

* Registered as limited liability companies under PRC law.

** Registered as a Sino-foreign equity joint venture under PRC law. The respective registered capital has been fully paid up.

*** Registered as wholly-foreign-owned enterprises under PRC law. The respective registered capital of these subsidiaries has been fully paid up.

Notes:

(i) Provision of storage and delivery services

(ii) Provision of IT development and services

(iii) Retailing of electrical appliances, consumer electronic products and general merchandise products

(iv) Provision of logistics and procurement services

(v) Provision of business management services

(vi) Investment holding

(vii) Property holding

(viii) Online retailing of electrical appliances, consumer electronic products and general merchandise products

(ix) Retailing of mobile phones and accessories

(x) Wine trade

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company (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. BASIS OF PREPARATION

These financial statements have been prepared 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 the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income 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.

2.1 Going concern consideration

The Group incurred a loss of RMB11,703,596,000 for the year ended 31 December 2024 and the Group's current liabilities exceeded its current assets by RMB37,958,888,000 as at 31 December 2024. The Group's current liabilities amounted to RMB41,271,381,000, of which RMB23,087,992,000 represented interest-bearing bank and other borrowings as at 31 December 2024. while its cash and cash equivalents amounted to RMB49,163,000 as at 31 December 2024. As at 31 December 2024, the Group's interest-bearing bank and other borrowings, including bonds, bank loans, and other borrowings, amounted to RMB23,187,901,000 in total, with the majority of them were in default or cross-default. Certain banks and other financial institutions have initiated legal actions against the Group on the overdue balances. Under certain legal proceedings in relation to the overdue balances, the Group received property preservation orders restricting the disposition of certain assets as at 31 December 2024 and the withdrawal of the restricted bank deposits during the year. In addition, a number of civil claims or lawsuits have been filed by civil litigants against the Group as at 31 December 2024. Furthermore, the suspension of supply of goods from certain major suppliers has significantly impacted the Group's operations. These conditions indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group is taking steps and measures to mitigate its liquidity pressure and improve its financial position. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, which are subject to multiple uncertainties, which are set out as follows:

(1) Restructure of bank and other borrowings

The Group has been actively negotiating with relevant banks and related entities for, including but not limited to, change of borrowing terms and extension of repayment terms to reach mutually agreed arrangements. Under the coordination from certain local governments, the Group committed to obtain the consents from the banks to (i) renew or extend the repayment due date for existing secured bank borrowings; (ii) convert existing unsecured bank borrowings by way of the government-directed debt-to-equity swap to ordinary shares of the Company; and (iii) pledge certain of the Group's assets or properties as collaterals in order to obtain additional funds or banking facilities to support the Group's working capital needs.

2. BASIS OF PREPARATION *(Continued)*

2.1 Going concern consideration *(Continued)*

(2) Restructure of trade payables

The Group has been actively negotiating with the suppliers and service providers for settlements of the overdue balances. The Group has obtained the consents from certain major suppliers to re-activate the existing credit limit by converting the overdue trade payables to ordinary shares of the Company through debt-to-equity swap. In addition, the Group is negotiating with other suppliers to convert the overdue trade payables to ordinary shares.

(3) Reopen the closed stores and recover the seized inventories and settlement of other payables

The Group has been actively negotiating with the landlords and service providers for settlements of the overdue balances in order to reopen the closed stores and recover the seized inventories and re-activate the provision of services to the Group. The Group has obtained the consents from certain landlords and service providers to reopen the closed stores and recover the seized inventories and re-activate the existing provision of services by converting the overdue lease liabilities or other payables into ordinary shares of the Company through debt-to-equity swap. In addition, the Group will negotiate with other landlords and service providers to convert the overdue lease liabilities and other payable.

(4) Restructure of convertible bonds and support from the convertible bond holders

The Group and the convertible bond holders are actively negotiating to manage the repayment of overdue aggregated principal amounts of US$273,742,000 (equivalent to RMB1,967,872,000) plus accrued and unpaid interests through various options, including but not limited to, extension of repayment terms, swap of certain portion of the outstanding principal amount to shares of the Company and exchange of certain properties.

On 27 December 2023, the Group entered into an agreement with one of the bondholders in relation to the partial settlement of the bonds payable. Pursuant to the agreement, the Group sold the 21.6495% equity interest in 深圳十分到家服務科技有限公司 ("Shenzhen Shifen Daojia Service Technology Co., Ltd." or "Shenzhen Shifen Daojia", an associated company of the Group and a limited liability company established in the PRC) to the bondholder at a consideration of RMB105,000,000. On 23 January 2024, the equity interest of Shenzhen Shifen Daojia was transferred to the bondholder. In addition, the bondholder has converted total amounts of the bonds equivalent to RMB145,000,000 into shares of the Company. Based on the adjusted conversion price of HK$1.24, an aggregate of 128,640,000 Conversion Shares has been issued to the bondholder on 28 May 2024.

(5) Sale of properties

The Group is in active negotiations with investors for sale of certain investment properties and properties under development of the Group to enhance its liquidity position.

2. BASIS OF PREPARATION *(Continued)*

2.1 Going concern consideration *(Continued)*

(6) Other fund-raising

The Group has been actively seeking various fund-raising opportunities, including but not limited to placing issue depending on the prevailing market conditions, negotiation with strategic investors, and the development of the Group's core businesses. The Group are seeking professional advice from financial advisors and consultants in pursuing these fund-raising initiatives in order to best serve the interest of the Group.

Based on the above, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, since the execution of the above plans and measures by the Group are in progress and related written contractual agreements are not yet finalised as at the date of the approval for issuance of the consolidated financial statements, material uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the followings: (i) the successful in converting the debts from certain suppliers, service providers, landlords, banks and convertible bond holders or other creditors in converting their debt to shares of the Company; (ii) the successful negotiation with convertible bond holders for restructuring the convertible bonds; (iii) the successful renewal and extension of the repayment due date of existing secured bank borrowings upon maturity; (iv) the successful negotiation with lenders for revising the loan covenants and not demanding immediate repayment of existing loan payables as mentioned above due to the breach of loan covenants; (v) the successful negotiation with the major suppliers and service providers for reactivating the existing credit limit and resumption of the supply of goods; (vi) the successful sale of the Group's properties at its intended price; and (vii) the successful in other fund-raising.

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 might have to be made to write down the carrying amounts of the Group's assets to their realised amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that might have become onerous, where appropriate. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. BASIS OF PREPARATION *(Continued)*

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, 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 or loss 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income or loss 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. BASIS OF PREPARATION *(Continued)*

2.3 Application of new and amendments to IFRS(s)

In the current year, the Group has applied, for the first time, the following new and amendments to International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning 1 January 2024:

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

The application of the above new and amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

2.4 Issued but not yet effective international financial reporting standards

In addition, the Group has not applied the following new and amendments to IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IAS 21	Lack of exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contract Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an investor and its Associate or Joint Ventures[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

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

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

Except as mentioned below, these standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information

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 is in a position to exercise 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 policy that may exits.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. 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.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(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 that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation 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 gain.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Business combinations and goodwill *(Continued)*

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.

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.

Asset acquisition

For the transfer of assets with shareholder by issuing shares, the Group account for such a transaction at the fair value of the consideration given (being fair value of equity instruments issued) or the assets received, if that is more easily measured, together with directly attributable transaction costs. When the purchase consideration does not correspond to the fair value of the investment acquired, the difference is considered as equity contribution or dividend distribution and in effect account for the assets received at their fair value.

Fair value measurement

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

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

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

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Fair value measurement *(Continued)*

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), 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.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(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;

(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;

(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.

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the entity.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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 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 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 and equipment to its residual value over its estimated useful life as follows:

Buildings	20 to 40 years
Leasehold improvements	The shorter of the remaining lease terms or five years
Equipment and fixtures	4 to 15 years
Motor vehicles	5 years
Aircraft	10 years

Where parts of an item of property 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. Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property 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 represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

If an item of property and equipment or "Right-of-use assets" for property held as a right-of-use asset becomes an investment property when there is a change in use, as supported by observable evidence, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. The asset revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. 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, 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 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 and equipment and depreciation" above.

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.

Trademark and broadcasting licences

Trademark and broadcasting licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 20 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

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.

(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 any 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. 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:

Leasehold land	40 to 50 years
Buildings and retail stores	1 to 20 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.

When the right-of-use assets relate to interests in leasehold land held as properties under development, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

(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.

The lease liability is presented as a separate line in the consolidated statement of financial position.

(c) Lease modification

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

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

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

(c) Lease modification *(Continued)*

COVID-19-Related Rent Concessions

For rental concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether a COVID-19-Related Rent Concession for lease contracts is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

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

The Group applies the recognition exemption to its short-term leases of 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) and leases of low-value assets.

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 "Other income and gains" 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 other income in the period in which they are earned.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Leases *(Continued)*

Group as a lessor (Continued)

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. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Properties under development

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

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

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.

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.

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.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

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.

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

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 other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of 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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement (Continued)

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 equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of 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.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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.

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.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Impairment of financial assets *(Continued)*

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).

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.

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. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

For trade receivables and finance lease receivables 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.

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, or payables, 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 interest-bearing bank and other borrowings, derivative financial liabilities, bills payables, lease liabilities, financial liabilities included in other payables and accruals and amounts due to related companies.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities 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 embedded in the convertible bonds.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement (Continued)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and 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.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option, extension option or redemption options of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

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.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

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.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories comprise merchandise purchased for resale and consumables and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits which are not restricted as to use.

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.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Income tax

Income tax comprises current and deferred tax.

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

- 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.

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

- 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.

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

Deferred tax assets and liabilities for temporary differences are recognised between the carrying amounts of right-of-use assets and lease liabilities and their tax bases. For leases where tax deductions are claimed on a cash basis and the excess of the lease liability's book basis over its tax basis. These temporary differences reverse over the lease term, with the reversal pattern dependent on the lease classification for accounting purposes. Deferred tax balances are measured using enacted or substantively enacted tax rates expected to apply when the differences reverse. Impairments of right-of-use assets for book purposes are reversed for tax purposes.

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.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Income tax *(Continued)*

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.

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 consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

(a) Sale of goods

Revenue from the sale of electrical appliances and consumer electronic products recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the electrical appliances and consumer electronic products.

Some contracts for the sale of goods provide customers with rights of return and are subject to the loyalty points programme, which give rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Loyalty points programme

Loyalty points programme allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for free products, subject to a minimum number of points obtained. The Group concluded that under IFRS 15 the loyalty points give rise to a separate performance obligation in the contract because they provide a material right to the customer and allocated a portion of the transaction price in the contract to the loyalty points awarded to customers based on the relative stand-alone selling price.

Other income

Management and purchasing service fee income, management fee income for air-conditioner installation and other services are recognised when such services have been rendered.

Rental income is recognised on a time proportion basis over the lease terms.

Commission income is recognised on a net basis when such services have been rendered or such products have been delivered.

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

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

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

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).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates a share option scheme and a restricted share reward scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Share-based payments *(Continued)*

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Salaries, bonuses, paid annual leave and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant PRC laws and regulations, the employees of the Group's PRC subsidiaries are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of the salaries of their employees to the central pension scheme. The only obligation of these subsidiaries with respect to the central pension scheme is the ongoing required contributions.

Contributions made to the retirement benefit scheme 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 also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of 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.

Retirement benefit obligations

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

2. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. 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.

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 Renminbi ("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. BASIS OF PREPARATION *(Continued)*

2.5 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than 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 weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income 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. CRITICAL JUDGEMENT AND SIGNIFICANT ACCOUNTING ESTIMATES

Critical judgement in applying accounting policies

Going concern consideration

The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point in 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 individually or collectively may case significant doubt upon the going concern assumption are set out in note 2.1 to the consolidated financial statements.

Significant accounting estimates

The preparation of the Group's financial statements requires management to make, 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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.

Inventories

The Group has operational procedures are in place to monitor this risk as the majority of the Group's working capital is devoted to inventories. The Group reviews its inventory ageing on a periodical basis and compares the carrying values of the aged inventories with their respective net realisable values. The management estimates the net realisable values for such inventories based on primarily on the latest sales price and current market condition. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving inventories. In addition, physical counts are carried out on a periodical basis in order to determine whether allowance is needed in respect of any missing, obsolete or defective inventories identified.

3. CRITICAL JUDGEMENT AND SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Significant accounting estimates *(Continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was nil (2023: RMB62,208,000). Further details are given in note 16.

Provision for ECLs on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in notes 24 and 42.

Provision for ECLs on other receivables and amounts due from related companies

Provision for ECLs on other receivables and amounts due from related companies are estimated based on assumptions about the risk of default and credit risk of counterparties, which involves high degree of estimation and uncertainty. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional provision to profit or loss.

Advances to related parties and advances to suppliers included in other receivables will use lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account quantitatively and qualitatively reasonable and supportable forward-looking information including available counterparties' historical data and existing and forecast market conditions.

ECLs on other receivables and amounts due from related companies which are not assessed to be credit-impaired are estimated based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's historical settlement records of the debtors, past due status, current economic conditions and the forward-looking information at the end of each reporting period. In assessing forward-looking information, the Group considers factors including macroeconomic factors, industry risks and changes in debtors' conditions. Judgement is applied in identifying the most appropriate ECL model as well as for determining the assumptions used in the model, including those related to key drivers of credit risk.

The information about the ECL on other receivables and amount due from related companies including the advances to related parties are disclosed in notes 25, 26 and 42.

3. CRITICAL JUDGEMENT AND SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Significant accounting estimates *(Continued)*

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 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 as at 31 December 2024 was RMB4,183,268,000 (2023: RMB4,828,588,000). Further details, including the key assumptions used for fair value measurement, are given in note 15.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment of 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.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the 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. The carrying value of deferred tax assets relating to tax losses at 31 December 2024 was nil (2023: RMB19,509,000). The amount of unrecognised tax losses at 31 December 2024 was RMB22,794 million (2023: RMB20,331 million). Further details are contained in note 22.

4. OPERATING SEGMENT INFORMATION

In accordance with IFRS 8 Operating Segments, the Group operates as a single reportable operating segment. This determination reflects the integrated management of all business activities by the Chief Operating Decision Maker (CODM), who reviews financial performance and allocates resources on a consolidated basis. The Group's operations are homogeneous in nature, with no individual component meeting the quantitative thresholds for separate reporting. Entity-wide disclosures, including revenue by geographical region and type of goods or services, are provided in Note 5. Accordingly, no segment information by profit, assets and liabilities is presented.

Geographical information

All (2023: all) revenue of the Group was derived from customers in Mainland China and over 99% (2023: 99%) of the Group's non-current assets, other than financial instruments and deferred tax assets, were situated in Mainland China.

Information about major customers

During the year, there was no revenue derived from a single customer which accounted for 10% or more of the Group's revenue (2023: nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**473,816**	646,904
Other income		
Gross rental income from investment property operating leases	**111,485**	109,730
Income from warehousing service	**29,372**	66,386
Income from store display services	**3,531**	35,757
Income from compensation and fines	**4,792**	361
Income from installation	**–**	209
Investment and financial management income	**1,755**	2,680
Government grants*	**4,461**	13,265
Commission income from platforms	**2,571**	2,006
Others	**14,448**	61,296
	172,415	291,690
Gains		
Fair value gains on investment properties	**–**	86,930
Fair value gain on derivative financial instruments embedded in convertible bonds	**–**	88
Gains from disposal of subsidiaries (under liquidation and deregistration process)	**278,327**	93,337
Gains on lease modifications and closing stores	**110,165**	82,957
Gains on disposal of financial assets at fair value	**–**	32,401
Gains on disposal of interests in associates	**10,336**	12,621
Gains on disposal of property and equipment	**342,715**	–
Gains on debt restructuring	**141,304**	–
	882,847	308,334
	1,055,262	600,024

* Various local government grants were received to reward the Group's contributions to the local economy. There was no unfulfilled condition or contingency attaching to these government grants at the end of the reporting period.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Types of goods or services		
Sales of wine	**370,154**	367,541
Sales of electrical appliances and consumer electronic products	**100,635**	263,895
Sales of other commodities	**3,027**	15,468
	473,816	646,904
Geographical market		
Mainland China	**473,816**	646,904
Timing of revenue recognition		
Goods transferred at a point in time	**473,816**	646,904

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of electrical appliances, consumer electronic products and general merchandise	**51,583**	240,316
Loyalty points programme	**1,494**	9,082
	53,077	249,398

The transaction price allocated to the performance obligation that is unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

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

Sale of wine

The Group recognises the product revenue from the Group's retail stores and online platforms on a gross basis as the Group is acting as a principal in these transactions and is responsible for fulfilling the promise to provide the specified goods. The performance obligation is satisfied upon delivery of the products where payment in advance is normally required. No contracts provide customers with a right of return.

Sale of electrical appliances, consumer electronic products and general merchandise

The Group recognises the product revenue from the Group's retail stores and online platforms on a gross basis as the Group is acting as a principal in these transactions and is responsible for fulfilling the promise to provide the specified goods. The performance obligation is satisfied upon delivery of the products where payment in advance is normally required. Some contracts provide customers with a right of return, free to return within 7 days and exchange or repair within 7-15 days which gives rise to variable consideration subject to constraint.

Income from store display services

The Group charges the product display services to third-party merchants by the Group's retail stores, where the Group provides offline network support for merchants to present products to customers, to raise the image of the brand, and to provide big data technologies about sales and passenger flow. The Group satisfies a performance obligation and recognises as other income over time as the Group performs the services in the contracts.

Commission income from providing platforms

The Group charges commission fees to third-party merchants for participating in the Group's online platforms, where the Group generally is acting as an agent and its performance obligation is to arrange for the provision of the specified goods or services by those third-party merchants. Upon successful sales, the Group charges the third-party merchants a negotiated amount or a fixed rate commission fee based on the sales amount. Commission fee revenues are recognised on a net basis at the point of delivery of products, as other income. In addition, the Group charge platform usage fees to suppliers for providing its ECP settlement platform, as other income.

Installation services

The payment is generally due upon completion of installation and customer acceptance, except for new customers, where payment in advance is normally required.

6. LOSS BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Cost of inventories sold	**445,953**	510,010
Reverse of provision against inventories	**(45,816)**	(37,343)
Cost of sales	**400,137**	472,667
Depreciation of property and equipment	**258,947**	478,543
Depreciation of right-of-use assets	**716,232**	1,300,382
Amortisation of other intangible assets*	**18,528**	41,783
Research and development costs	**731**	4,002
Impairment losses on property and equipment***	**447,539**	1,053,414
Impairment loss on other intangible assets***	**33,774**	52,110
Impairment losses on goodwill	**62,208**	841,156
Impairment losses on right-of-use assets	**3,685,484**	1,542,181
Impairment loss on interests in associates	**201,847**	162,974
Impairment losses (reverse of impairment) on financial assets:		
(Reverse of impairment) impairment losses on trade receivables	**(2,930)**	39,730
Impairment losses on financial assets included in prepayments, other receivables and other assets	**390,338**	125,151
Impairment losses on due from related companies	**70,739**	41,347
Impairment losses on rebates receivables from suppliers	**579,285**	366,305
Impairment losses on receivables from liquidated subsidiaries	**305,078**	247,657
(Gains) losses on disposal of property and equipment***	**(342,715)**	40,436
Lease payments not included in the measurement of lease liabilities	**24,951**	387,904
Fair value losses (gains) on investment properties, net***	**1,158,698**	(86,930)
Provision for financial guarantee for bankrupted subsidiaries***	**1,992,170**	104,977
Provision for litigation expenses***	**68,481**	109,866
Fair value losses on financial instruments, net:		
Financial assets at fair value through profit or loss***	**446,571**	17,701
Derivative financial instruments embedded in the convertible bonds***	**–**	(88)
Foreign exchange differences, net***	**4,938**	124,535
Auditor's remuneration:		
Audit services	**2,480**	4,000
Non-audit services	**800**	1,080
Staff costs excluding Directors' and chief executive's remuneration:		
Wages, salaries and bonuses	**147,765**	535,941
Pension scheme contributions**	**18,595**	67,702
Social welfare and other costs	**5,167**	12,179
	171,527	615,822

Notes:

* The amortisation of other intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

** At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: nil).

*** These items are included in "Other expenses and losses" and "Other income and gains" in the consolidated statement of profit or loss.

7. FINANCE (COSTS) INCOME

An analysis of finance costs and finance income is as follows:

	2024 RMB'000	2023 RMB'000
Finance costs:		
Interest on bonds payable	**(172,038)**	(221,739)
Interest on bank and other borrowings	**(112,751)**	(366,156)
Penalty interest on bank and other borrowings	**(1,704,459)**	(2,155,279)
Interest on lease liabilities	**(4,016)**	(74,199)
Total interest expense on financial liabilities not at fair value through profit or loss	**(1,993,264)**	(2,817,373)
Less: Interest capitalised	**–**	462
	(1,993,264)	(2,816,911)

	2024 RMB'000	2023 RMB'000
Finance income:		
Bank interest income	**4,906**	37,979
Interest income from loans to third parties	**5,372**	6,525
	10,278	44,504

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2024 RMB'000	2023 RMB'000
Fees	**2,341**	2,520
Other emoluments:		
Salaries, allowances and other expenses	**3,338**	5,132
Pension scheme contributions	**121**	49
	5,800	7,701

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

(a) Directors and the chief executive

2024	Fees RMB'000	Salaries, allowances and other expenses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Zou Xiao Chun	365	–	–	365
Mr. Ding Jiang Ning (Note i)	124	1,021	66	1,211
Ms. Wei Ting (Note ii)	124	1,117	55	1,296
Mr. Song Lin Lin (Note iii)	134	1,200	–	1,334
	747	3,338	121	4,206
Non-executive directors:				
Mr. Zhang Da Zhong	365	–	–	365
Ms. Dong Xiao Hong (Note iv)	134	–	–	134
	499	–	–	499
Independent non-executive directors:				
Mr. Wang Gao	365	–	–	365
Mr. Lui Wai Ming	365	–	–	365
Mr. Liu Yin Hong (Note v)	365	–	–	365
	1,095	–	–	1,095
	2,341	3,338	121	5,800

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

(a) Directors and the chief executive *(Continued)*

2023	Fees RMB'000	Salaries, allowances and other expenses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Zou Xiao Chun	360	–	–	360
Mr. Song Lin Lin (Note iii)	100	1,115	22	1,237
Ms. Huang Xiu Hong (Note vi)	260	4,017	27	4,304
	720	5,132	49	5,901
Non-executive directors:				
Mr. Zhang Da Zhong	360	–	–	360
Ms. Dong Xiao Hong	360	–	–	360
	720	–	–	720
Independent non-executive directors:				
Mr. Lee Kong Wai, Conway (Note vii)	260	–	–	260
Ms. Liu Hong Yu	360	–	–	360
Mr. Wang Gao	360	–	–	360
Mr. Lui Wai Ming (Note viii)	100	–	–	100
	1,080	–	–	1,080
	2,520	5,132	49	7,701

Notes:

(i) Mr. Ding Jiang Ning was appointed as executive director in August 2024.

(ii) Ms. Wei Ting was appointed as executive director in August 2024.

(iii) Mr. Song Lin Lin was appointed as executive director in September 2023 and resigned in May 2024.

(iv) Ms. Dong Xiao Hong resigned as non-executive director in May 2024.

(v) Mr. Liu Yin Hong was appointed as independent non-executive director in January 2024.

(vi) Ms. Huang Xiuhong resigned as executive director in September 2023.

(vii) Mr. Lee Kong Wai, Conway resigned as independent non-executive director in September 2023.

(viii) Mr. Lui Wai Ming was appointed as independent non-executive director in September 2023.

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

(a) Directors and the chief executive *(Continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable. The independent non-executive directors' emoluments shown above were for their services as directors of the Company. The chief executive's emoluments shown above was for the service in connection with the management of the affairs of the Company and the Group.

(b) Five highest paid individuals

During the years ended 31 December 2024 and 2023, of the five individuals with the highest emoluments in the Group, three (2023: one) were the executive directors of the Company, whose remuneration was set out above. The emoluments of the remaining two (2023: four) individuals were as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other expenses	**3,142**	9,594
Pension scheme contributions	**132**	88
	3,274	9,682

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

	2024	2023
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	2
HK$4,000,001 to HK$4,500,000	**–**	1
	2	4

9. PENSION SCHEMES

All of the Group's PRC subsidiaries are required to participate in the employee retirement benefit schemes operated by the relevant local government authorities in the PRC. The PRC government is responsible for the pension liability to these retired employees. The Group is required to make contributions for those employees who are registered as permanent residents in the PRC and are within the scope of the relevant PRC regulations at rates ranging from 8% to 20% of the employees' salaries for the year ended 31 December 2024 (2023: 8% to 20%).

All the Hong Kong subsidiaries of the Group are required to participate in the MPF scheme under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. The Group is required to make contributions for those employees who are registered as permanent residents in Hong Kong and are within the scope of the relevant Hong Kong regulations at the lesser of HK$18,000 and 5% of the employees' salaries for the years ended 31 December 2024 and 2023.

The Group's contributions to pension schemes for the year ended 31 December 2024 amounted to RMB18,716,000 (2023: RMB67,751,000).

10. INCOME TAX CREDIT (CHARGE)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except for certain preferential treatments available to the Group, the tax rate of the PRC subsidiaries is 25% (2023: 25%) on their respective taxable income. During the year, certain subsidiaries of the Group obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates or corporate income tax exemptions.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024 **RMB'000**	2023 RMB'000
Current tax charge for the year	**(43,658)**	(403)
Deferred tax credit (charge) for the year (note 22)	**170,117**	(8,019)
Total tax credit (charge) for the year	**126,459**	(8,422)

10. INCOME TAX CREDIT (CHARGE) *(Continued)*

The income tax credit (charge) for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follow:

	2024 RMB'000	2023 RMB'000
Loss before tax	**(11,830,055)**	(10,082,602)
Income tax at the statutory tax rate	**2,591,929**	2,301,955
Tax effect of preferential tax rates and tax exemption	**140**	408
Expense not deductible for tax	**(2,458)**	(10,463)
Tax losses utilised from previous years	**16,026**	18,060
Tax losses not recognised	**(2,479,178)**	(2,318,382)
Income tax credit (charge)	**126,459**	(8,422)

The share of tax credit attributable to associates amounting to RMB5,468,000 (2023: RMB9,642,000) is included in "Share of results of associates" in the consolidated statement of profit or loss.

11. DIVIDENDS

Pursuant to the board of directors' resolution dated 31 March 2025, the board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: 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 47,258,062,000 (2023: 45,146,452,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of the impact of convertible bonds outstanding and awarded shares granted as these potential ordinary shares had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**(11,629,391)**	(10,057,243)

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

	Number of shares 2024 '000	2023 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	**47,258,062**	45,146,452

13. PROPERTY AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Equipment and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Aircraft RMB'000	Total RMB'000
At 1 January 2024							
Cost	8,202,033	2,645,556	1,614,915	255,188	81,101	340,138	13,138,931
Accumulated depreciation and impairment	(3,814,798)	(2,609,561)	(1,486,790)	(115,890)	–	(340,138)	(8,367,177)
Net carrying amount	4,387,235	35,995	128,125	139,298	81,101	–	4,771,754
At 1 January 2024	4,387,235	35,995	128,125	139,298	81,101	–	4,771,754
Additions	25,942	13,212	241	–	75,731	–	115,126
Disposals/written off	(104,805)	(8,941)	(19,013)	(130)	(65,881)	–	(198,770)
Impairment	(447,539)	–	–	–	–	–	(447,539)
Depreciation provided during the year	(167,476)	(28,648)	(61,970)	(853)	–	–	(258,947)
Transfers to investment properties	(119,923)	–	–	–	–	–	(119,923)
Transfers from construction in progress to buildings	12,913	–	–	–	(12,913)	–	–
At 31 December 2024, net of accumulated depreciation and impairment	3,586,347	11,618	47,383	138,315	78,038	–	3,861,701
At 31 December 2024							
Cost	7,591,256	692,385	1,608,134	252,990	78,038	–	10,222,803
Accumulated depreciation and impairment	(4,004,909)	(680,767)	(1,560,751)	(114,675)	–	–	(6,361,102)
Net carrying amount	3,586,347	11,618	47,383	138,315	78,038	–	3,861,701

13. PROPERTY AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Leasehold improvements RMB'000	Equipment and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Aircraft RMB'000	Total RMB'000
At 1 January 2023							
Cost	8,419,190	2,129,417	1,776,849	68,314	409,153	340,138	13,143,061
Accumulated depreciation and impairment	(2,812,552)	(1,899,272)	(1,467,264)	(63,050)	–	(305,652)	(6,547,790)
Net carrying amount	5,606,638	230,145	309,585	5,264	409,153	34,486	6,595,271
At 1 January 2023	5,606,638	230,145	309,585	5,264	409,153	34,486	6,595,271
Additions	14,406	26,946	86,308	–	110,363	–	238,023
Disposals/written off	(337,134)	(13,167)	(20,789)	(539)	(105,790)	–	(477,419)
Impairment	(993,720)	(39,632)	(20,062)	–	–	–	(1,053,414)
Depreciation provided during the year	(216,137)	(69,046)	(157,396)	(1,478)	–	(34,486)	(478,543)
Transfers from construction in progress to buildings	365,346	(99,251)	(69,521)	136,051	(332,625)	–	–
Transfers to investment properties	(52,164)	–	–	–	–	–	(52,164)
At 31 December 2023, net of accumulated depreciation and impairment	4,387,235	35,995	128,125	139,298	81,101	–	4,771,754
At 31 December 2023							
Cost	8,202,033	2,645,556	1,614,915	255,188	81,101	340,138	13,138,931
Accumulated depreciation and impairment	(3,814,798)	(2,609,561)	(1,486,790)	(115,890)	–	(340,138)	(8,367,177)
Net carrying amount	4,387,235	35,995	128,125	139,298	81,101	–	4,771,754

Certain of the buildings in Mainland China with the aggregate net carrying amounts of RMB168,666,000 (2023: nil) and RMB3,049,670,000 (2023: RMB3,026,036,000) were pledged as security for trade payables (note 28) and interest-bearing bank and other borrowings (note 30) of the Group as at 31 December 2024, respectively.

Apart from the pledged of certain of buildings above mentioned, as at 31 December 2024, certain buildings of the Group located in Mainland China with a total carrying amount of RMB199,092,000 (2023: nil) have been seized by the courts.

During the year ended 31 December 2024, an impairment of RMB447,539,000 (2023: RMB1,053,414,000 for certain buildings, leasehold improvements and equipment and fixtures) was recognised for certain buildings.

13. PROPERTY AND EQUIPMENT *(Continued)*

As at 31 December 2024 and 2023, the recoverable amounts of all buildings were determined based on its fair value less costs of disposal, which has been determined using the valuation performed by the independent external valuer. The independent qualified valuers hold recognised relevant professional qualifications in the jurisdictions in which they valued the Group's buildings and have recent experience in the locations and types of buildings valued. The fair value measurement hierarchy of the building is categorised as Level 3.

Set out below was a summary of the valuation techniques used and the key inputs to the valuation of the buildings:

	Usage	**Valuation technique**	**Significant unobservable inputs**	**Range or weighted average 2024**
Buildings located in Mainland China	Office and warehouse	Direct comparison approach	Market value (RMB per square metre)	1,665 – 15,034

	Usage	Valuation technique	Significant unobservable inputs	Range or weighted average 2023
Buildings located in Mainland China	Office and warehouse	Direct comparison approach	Market value (RMB per square metre)	1,802 – 14,455

Under the direct comparison approach, fair value was estimated by making reference to comparable sale evidence as available in the relevant market of the buildings. A significant increase or decrease in the market value would result in a significant increase or decrease in the fair value of the building.

14. PROPERTIES UNDER DEVELOPMENT

The Group's properties under development were located in Mainland China and stated at the lower of cost and net realisable value.

In the opinion of the directors of the Company, the primary intention behind in property development activities has been changed and properties under development has been transferred to investment properties in the year ended 31 December 2024 upon completion of construction.

The Group's properties under development with an aggregate carrying value of nil (2023: RMB688,129,000) were pledged as security for interest-bearing bank loans (note 30) of the Group as at 31 December 2024.

15. INVESTMENT PROPERTIES

	2024 Completed investment properties RMB'000	2024 Investment properties under construction RMB'000	2024 Total RMB'000	2023 Completed investment properties RMB'000	2023 Investment properties under construction RMB'000	2023 Total RMB'000
Carrying amount at 1 January	3,246,675	1,581,913	4,828,588	2,932,037	1,742,297	4,674,334
Additions	79,736	2,190	81,926	–	9,213	9,213
Transferred from properties under development (note 14)	688,129	–	688,129	–	–	–
Transfer from investment properties under construction	1,164,537	(1,164,537)	–	196,315	(196,315)	–
Transfer from property and equipment (note 13)	119,923	–	119,923	57,580	–	57,580
Net (loss) gain from fair value adjustment	(739,132)	(419,566)	(1,158,698)	60,212	26,718	86,930
Exchange realignment	–	–	–	531	–	531
Disposals	(376,600)	–	(376,600)	–	–	–
Carrying amount at 31 December	4,183,268	–	4,183,268	3,246,675	1,581,913	4,828,588

The Group's investment properties comprise commercial properties in Mainland China that are leased to third parties.

The Group's investment properties are stated at fair value, which has been determined with reference to the valuations performed by GeLv (Shanghai) Assets Appraisal Co., Ltd (2023: Beijing North Asia Assets Assessment Co., Ltd. and B.I. Appraisals Limited), independent firms of professional qualified valuers at RMB4,183,268,000 (2023: RMB4,828,588,000) as at 31 December 2024. The independent qualified valuers hold recognised relevant professional qualifications in the jurisdictions in which they valued the Group's investment properties and have recent experience in the locations and types of investment properties valued. The Group's management has discussed with the valuers on the valuation assumptions and valuation results.

As at 31 December 2024, the Group's investment properties of nil (2023: RMB35,977,000) and RMB4,183,268,000 (2023: RMB4,792,611,000) were located in Hong Kong and Mainland China, respectively.

Certain of the investment properties of the Group in Mainland China with the aggregate carrying amounts of RMB4,121,288,000 (2023: RMB4,792,611,000) and RMB53,936,000 (2023: nil) were pledged as security for interest-bearing bank loans (note 30) and trade payables (note 28) of the Group as at 31 December 2024, respectively.

Apart from the pledged of certain investment properties above mentioned, certain investment properties of the Group located in Mainland China with carrying amounts of RMB8,044,000 (2023: nil) have been seized by the courts as at 31 December 2024.

15. INVESTMENT PROPERTIES *(Continued)*

The details of material investment properties (held outside Hong Kong and under lease terms of 36-40 years) are as follows:

Name	Address	Usage	Fair value 2024 RMB'000	Fair value 2023 RMB'000
GOME Smart City East Tower 國美智慧城東塔	37 Juxin Street, Haizhu District, Guangzhou, PRC 中國廣州市海珠區聚新街37號	Office	**1,663,624**	1,581,913
GOME Smart City West Tower 國美智慧城西塔	33 Juxin Street, Haizhu District, Guangzhou, PRC 中國廣州市海珠區聚新街33號	Office	**1,573,036**	1,994,459
Guangzhou Jinsheng Building 廣州金盛大廈	B1 to B3, 243 Changgangzhong Road, Haizhu District, Guangzhou, PRC 中國廣州市海珠區昌崗中路243號負一至三層	Shop	**96,756**	99,098
Guanqian Store No.1 觀前一店	10 North Bureau, Gusu District, Suzhou, PRC 中國蘇州市姑蘇區北局10號	Shop	**94,480**	95,356
Haowai Shishang Guan 號外時尚館	199 Nanjing Road, Heping District, Tianjin, PRC 中國天津市和平區南京路199號	Shop	**163,920**	174,923
Waiwen Building 外文大廈	1/F and 2/F, 89 West Third Ring North Road, Haidian District, Beijing, PRC 中國北京海淀區西三環北路89號一層及二層	Office	**238,456**	244,912
Zhongguancun Technology and Trade Electronics City 中關村科貿電子城	6/F, 18 Zhongguancun Street, Haidian District, Beijing, PRC 中國北京市海淀區中關村大街18號6層	Office	**148,453**	152,238

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

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

2024	Fair value measurement Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	4,183,268	4,183,268
	–	–	4,183,268	4,183,268

2023	Fair value measurement Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	4,792,611	4,792,611
Industrial property and car parks	–	–	35,977	35,977
	–	–	4,828,588	4,828,588

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

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000	Industrial property and car parks RMB'000
Carrying amount at 1 January 2023	4,636,547	37,787
Additions	9,213	–
Transfer from owner-occupied properties	57,580	–
Exchange realignment	–	531
Net gain from fair value adjustment recognised in other income and gains	89,271	(2,341)
Carrying amount at 31 December 2023 and 1 January 2024	**4,792,611**	**35,977**
Additions	**81,926**	**–**
Transfer from properties under development	**688,129**	**–**
Transfer from owner-occupied properties	**119,923**	**–**
Net loss from fair value adjustment recognised in other income and gains	**(1,158,698)**	**–**
Disposal	**(340,623)**	**(35,977)**
Carrying amount at 31 December 2024	**4,183,268**	**–**

15. INVESTMENT PROPERTIES *(Continued)*

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average 2024	2023
Investment properties under construction in Mainland China	Hypothetical development method	Estimated rental value (RMB per square metre and per month)	**N/A**	105 – 300
		Rental growth (per annum)	**N/A**	3% – 5%
		Long term vacancy rate	**N/A**	4% – 5%
		Discount rate	**N/A**	6%
		Capitalisation interest rate	**N/A**	6.5%
Commercial properties located in Mainland China	Income approach	Estimated rental value (RMB per square metre and per month)	**16 – 330**	29 – 226
		Rental growth (per annum)	**1.5% –5%**	1.5% – 2.5%
		Long term vacancy rate	**2% –5%**	3% – 5%
		Discount rate	**6%**	6%
Industrial property and car parks located in Hong Kong	Direct comparison approach	Market value (RMB per square metre)	**N/A**	27,178

The hypothetical development approach estimates the fair value of investment properties under construction by modeling the property's potential income once completed, deducting all remaining costs, holding expenses, and developer's profit. This income-based approach begins by forecasting the stabilised net operating income of the fully developed asset, derived from market rents, market growth rate, occupancy rates, and operating expenses. It then accounts for all outstanding expenditures required to complete construction, including financing costs, fees, and contingencies. The projected net cash flows comprise of future income minus development costs and are discounted to present value using a market-aligned rate that reflects the risks associated with the project's stage, location, and sector.

A significant increase or decrease in the estimated rental value and the market rent growth rate would result in a significant increase or decrease in the fair value of the investment properties under construction. A significant increase or decrease in the long term vacancy rate and the discount rate in isolation would result in a significant decrease or increase in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and an opposite change in the discount rate and long term vacancy rate.

Under the income approach, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flows in order to establish the present value of the income stream associated with the asset.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behavior that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

15. INVESTMENT PROPERTIES *(Continued)*

A significant increase or decrease in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase or decrease in the fair value of the investment properties. A significant increase or decrease in the long term vacancy rate and the discount rate in isolation would result in a significant decrease or increase in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and an opposite change in the discount rate and long term vacancy rate.

Under direct comparison approach, fair value is estimated by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result. The higher the market price, the higher the fair value, and vice versa.

16. GOODWILL

	2024 **RMB'000**	2023 RMB'000
At 1 January		
Cost	**14,435,951**	14,435,951
Accumulated impairment	**(14,373,743)**	(13,532,587)
Net carrying amount	**62,208**	903,364
Cost at 1 January, net of accumulated impairment	**62,208**	903,364
Impairment recognised during the year	**(62,208)**	(841,156)
At 31 December	**–**	62,208
At 31 December		
Cost	**14,428,651**	14,435,951
Accumulated impairment	**(14,428,651)**	(14,373,743)
Net carrying amount	**–**	62,208

16. GOODWILL *(Continued)*

Impairment testing of goodwill

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2024 RMB'000	2023 RMB'000
Beginning of year		
Cost		
Artway	6,987,869	6,987,869
China Paradise	3,920,393	3,920,393
Dazhong Appliances	3,130,136	3,130,136
Others	397,553	397,553
	14,435,951	14,435,951
Accumulated impairment		
Artway	(6,987,869)	(6,987,869)
China Paradise	(3,920,393)	(3,920,393)
Dazhong Appliances	(3,130,136)	(2,288,980)
Others	(335,345)	(335,345)
	(14,373,743)	(13,532,587)
Net carrying amount	62,208	903,364
During the year		
Impairment		
Artway	–	–
China Paradise	–	–
Dazhong Appliances	–	(841,156)
Others	(62,208)	–
	(62,208)	(841,156)

16. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

	2024 RMB'000	2023 RMB'000
End of year		
Cost		
Artway	**6,987,869**	6,987,869
China Paradise	**3,920,393**	3,920,393
Dazhong Appliances	**3,130,136**	3,130,136
Others	**390,253**	397,553
	14,428,651	14,435,951
Accumulated impairment		
Artway	**(6,987,869)**	(6,987,869)
China Paradise	**(3,920,393)**	(3,920,393)
Dazhong Appliances	**(3,130,136)**	(3,130,136)
Others	**(390,253)**	(335,345)
	(14,428,651)	(14,373,743)
Net carrying amount	**–**	62,208

During the year ended 31 December 2024, the board of directors determined that the remaining goodwill had become fully impaired due to recurring losses and unfavorable changes in market conditions affecting their recoverable amounts.

As at 31 December 2023, the recoverable amount of the Dazhong Appliances and Others cash-generating units have been determined based on a value in use calculation using cash flow projections prepared based on financial budgets as approved by management which cover a period of five years and with reference to the valuations performed by Beijing North Asia Assets Assessment Co., Ltd., an independent firm of professional qualified valuer. The pre-tax discount rates applied to the cash flow projections for the cash-generating unit of Dazhong Appliances and Others are 11.55% and 12.10%, respectively. The growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3%.

17. OTHER INTANGIBLE ASSETS

2024	Trademarks RMB'000	Broadcasting licenses RMB'000	Total RMB'000
At 1 January 2024			
Cost	692,607	60,000	752,607
Accumulated amortisation and impairment	(640,305)	(60,000)	(700,305)
Net carrying amount	52,302	–	52,302
Cost at 1 January 2024, net of accumulated amortisation	52,302	–	52,302
Amortisation provided during the year	(18,528)	–	(18,528)
Impairment recognised during the year	(33,774)	–	(33,774)
At 31 December 2024	–	–	–
At 31 December 2024			
Cost	692,607	60,000	752,607
Accumulated amortisation and impairment	(692,607)	(60,000)	(752,607)
Net carrying amount	–	–	–

2023	Trademarks RMB'000	Broadcasting licenses RMB'000	Total RMB'000
At 1 January 2023			
Cost	692,607	60,000	752,607
Accumulated amortisation and impairment	(546,412)	(60,000)	(606,412)
Net carrying amount	146,195	–	146,195
Cost at 1 January 2023, net of accumulated amortisation	146,195	–	146,195
Amortisation provided during the year	(41,783)	–	(41,783)
Impairment recognised during the year	(52,110)	–	(52,110)
At 31 December 2023	52,302	–	52,302
At 31 December 2023			
Cost	692,607	60,000	752,607
Accumulated amortisation and impairment	(640,305)	(60,000)	(700,305)
Net carrying amount	52,302	–	52,302

17. OTHER INTANGIBLE ASSETS *(Continued)*

The cost mainly represents the fair values of the trademarks arising from the acquisitions of 常州金太陽至尊家電有限公司 ("Changzhou Jintaiyang Zhizun Home Appliance Co., Ltd.") of RMB25,915,000, China Paradise of RMB129,000,000, Dazhong Appliances of RMB284,319,000, Artway Group of RMB229,740,000 and the broadcasting licences of RMB60,000,000, which are amortised on the straight-line basis over management's estimate of their useful lives of 10 years, 20 years, 20 years, 10 years and 3 years, respectively.

During the year ended 31 December 2024, the board of directors determined that the other intangible assets had become fully impaired due to recurring losses and unfavorable changes in market conditions affecting their recoverable amounts.

During the year ended 31 December 2023, the management reviewed the recoverable amount of the trademarks arising from the acquisitions of Dazhong Appliances and Artway Group with reference to the valuation issued by an independent qualified professional valuer not connected to the Group. The impairment losses related to Dazhong Appliances and Artway of RMB27,565,000 and RMB24,545,000 has been provided for the year ended 31 December 2023.

As at 31 December 2023, the recoverable amount has been determined on the basis of value-in-use calculations, which use cash flow projections based on financial budgets approved by management covering a 5-year period and a pre-tax discount rate 11.55%.

Key assumptions for the value-in-use calculations relate to the estimation of cash inflows, such estimation is based on past performance and management's expectations for the market development.

For the purpose of impairment testing, excepted trademarks arising from the acquisitions of China Paradise, Dazhong Appliances, and Artway Group, the intangible assets was allocated to individual cash-generating units. Details of the impairment test were disclosed in note 16.

18. INTEREST IN ASSOCIATES

	NOTE	2024 RMB'000	2023 RMB'000
Share of net assets		**135,749**	128,886
Goodwill on acquisition	*(i)*	**363,202**	486,119
Accumulated impairment		**(364,821)**	(162,974)
Net carrying amount		**134,130**	452,031
Disposal during the year		**94,664**	47,165
Share of the associates losses for the year		**21,874**	38,568

	2024 RMB'000	2023 RMB'000
Fair value and carrying amount of a listed associate Gome Telecom Equipment Co., Ltd. ("Gome Telecom")	**84,930**	211,111

The fair value of the Gome Telecom disclosed above is based on the quoted market price available on the Shanghai Stock Exchange, which is Level 1 input in term of IFRS 13.

The associates are accounted for using the equity method in these consolidated financial statements.

18. INTEREST IN ASSOCIATES *(Continued)*

The Group's shareholdings in the associates all comprise equity shares held through wholly-owned subsidiaries of the Company.

Notes:

(i) Goodwill on acquisition mainly represented goodwill airing from the investment in 國美通訊設備股份有限公司 ("Gome Telecom Equipment Co., Ltd." or "Gome Telecom"), a company established in the PRC and listed on the Shanghai Stock Exchange.

During the year ended 31 December 2017, the Group acquired 21.65% of equity interest of 深圳十分到家服務科技有限公司 ("Shenzhen Shifen Daojia Service Technology Co., Ltd." or "Shenzhen Shifen Daojia"), which is a company mainly providing home appliance repair and maintenance service to the customers in Mainland China. The equity interest in Shenzhen Shifen Daojia was transferred to the bondholders on 23 January 2024.

As at 31 December 2024, the Group's investment in Gome Telecom was 28.34% (2023: 28.34%).

(ii) Impairment was made on Gome Telecom with respect to quoted market price. Impairment of other non-listed interest in associates was made based on the net assets value.

The following table illustrates the financial information of Gome Telecom, which is a material interests in associate to the Group.

	2024 RMB'000	2023 RMB'000
Non-current assets	**126,975**	204,212
Current assets	**134,516**	64,755
Total assets	**261,491**	268,967
Non-current liabilities	**30,054**	62,058
Current liabilities	**294,588**	206,602
Total liabilities	**324,642**	268,660
Revenue	**39,445**	39,073
Loss and total comprehensive loss for the year	**(59,123)**	(97,781)
The Group's share	**28.34%**	28.34%

The remaining interests in associates which are not material to the Group, no financial information has been disclosed.

Certain of the interest in associates of the Group amounting to RMB50,430,000 (2023: RMB125,354,000) were pledged as security for interest-bearing bank and other borrowings (note 30) of the Group.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Unlisted equity investment	26,520	12,988

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

The above unlisted equity investment represents 19.9% interest of 寧波惠融國際貿易有限公司, which is a company incorporated in the PRC and mainly engages in the wholesale of mobile phones and electronic products in Mainland China.

As at 31 December 2024 and 2023, the fair value of this equity interest was derived by using the market multiples approach. The unobservable input is the Lack of Marketability Discount (DLOM). Information about the methods and assumptions used in determining fair value is provided in Note 41.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2024 RMB'000	2023 RMB'000
Current			
Listed equity investments		243,945	303,171
Non-current			
Unlisted equity investments		977,987	1,215,737
Unlisted convertible debt security	*(i)*	811,701	969,944
		1,789,688	2,185,681

The above equity investments at were classified as financial assets at fair value through profit or loss as they were held for trading or as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

As at 31 December 2024, the financial assets at fair value through profit or loss of the Group with an aggregate fair value of RMB241,842,000 (2023: RMB298,237,000) were frozen by the court due to certain pending lawsuits.

Note:

(i) The above unlisted convertible debt security at 31 December 2024 is classified as financial assets at fair value through profit or loss as it is a convertible bonds which included conversion option. The convertible bonds were issued by 北京鵬潤時代物業管理有限公司 (Beijing Pengrun Times Property Management Company Limited) which is indirectly owned by Mr. Wong Kwong Yu ("Mr. Wong"), the substantial shareholder of the Company of which details are disclosed in announcement dated 26 November 2021.

The convertible bond is in the principal amount of RMB900,000,000 at an interest rate of 5% per annum for a term of 5 years with an option to extend for an additional period of 2 years subject to mutual agreement between the subscriber and the issuer. As at 31 December 2024 and 2023, the conversion option is still valid.

21. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings for office, hotel and shopping mall, retail stores and land used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings for office, hotel and shopping mall generally have lease terms between 1 and 20 years. Leases of retail stores generally have lease terms between 1 and 3 years. There are several lease contracts that include variable lease payments, which are further discussed below.

(a) Right-of-use assets

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

	Leasehold land RMB'000	Buildings RMB'000	Retail stores RMB'000	Total RMB'000
As at 1 January 2023	380,514	13,536,739	1,533,829	15,451,082
Additions	–	–	35,934	35,934
Depreciation charge	(8,218)	(757,873)	(534,291)	(1,300,382)
Termination	(97,535)	–	(794,136)	(891,671)
Modifications and subleasing	–	–	(802)	(802)
Impairment	–	(1,449,759)	(92,422)	(1,542,181)
Exchange realignment	–	170,207	–	170,207
As at 31 December 2023 and 1 January 2024	**274,761**	**11,499,314**	**148,112**	**11,922,187**
Additions	**–**	**–**	**49,231**	**49,231**
Depreciation charge	**(7,662)**	**(680,439)**	**(28,131)**	**(716,232)**
Termination	**732**	**–**	**(137,784)**	**(137,052)**
Impairment	**–**	**(3,685,484)**	**–**	**(3,685,484)**
Exchange realignment	**–**	**240,717**	**–**	**240,717**
As at 31 December 2024	**267,831**	**7,374,108**	**31,428**	**7,673,367**

Certain of the leasehold land of the Group with a net carrying amount of RMB188,925,000 (2023: RMB194,086,000) were pledged as security for interest-bearing bank and other borrowings (note 30) of the Group as at 31 December 2024.

As at 31 December 2024, certain leased land of the Group with carrying amount of RMB78,906,000 (2023: nil) has been seized by the courts.

As at 31 December 2024, certain leased buildings with carrying amounts of RMB7,374,108,000 (2023: RMB11,499,314,000) were leased from the subsidiaries owned by Mr. Wong Kwong Yu, the substantial shareholder of the Company.

21. LEASES *(Continued)*

The Group as a lessee *(Continued)*

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

During the year ended 31 December 2024, the Group recorded impairment loss on right-of-use assets of RMB3,685,484,000 (2023: RMB1,542,181,000). As at 31 December 2024 and 2023, the recoverable amount of each cash-generating unit has been determined based on the higher of fair value less cost of disposal and value in use calculation using cash flow projections prepared based on financial budgets as approved by management and with reference to the valuations performed by GeLv (Shanghai) Assets Appraisal Co., Ltd and Beijing North Asia Assets Assessment Co., Ltd., independent firm of professional qualified valuer respectively. The independent qualified valuers hold recognised relevant professional qualifications in the jurisdictions in which they valued the Group's right-of-use assets and have recent experience in the locations and types of right-of-use assets valued. The pre-tax discount rates applied to the cash flow projections was 7% (2023: 6.82% to 7.04%). The growth rate used to extrapolate the cash flows of the cash generating units is 1.6%.

The sensitive tests using a lower revenue growth rate by deducting 5% indicate that the impairment loss of the Group would have been increased by RMB44,513,000.

The sensitive tests using a higher discount rate of plus 5% that the impairment loss of the Group would have been increased by RMB177,444,000.

(b) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**330,703**	2,347,088
New leases	**49,231**	35,934
Accretion of interest recognised during the year	**4,016**	74,199
Modifications and terminations	**(247,948)**	(877,894)
Transfer to other payables	**(103,483)**	(1,172,434)
Payments	**(450)**	(76,190)
Carrying amount at 31 December	**32,069**	330,703
Analysed into:		
Current portion	**21,009**	118,318
Non-current portion	**11,060**	212,385

The maturity analysis of lease liabilities is disclosed in note 42.

21. LEASES *(Continued)*

The Group as a lessee *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	4,016	74,199
Depreciation of right-of-use assets	716,232	1,300,382
Gains on lease modifications and closing stores	(110,165)	(82,957)
Impairment loss on right-of-use assets	3,685,484	1,542,181
Expense relating to short term lease	24,951	387,884
Variable lease payments not included in the measurement of lease liabilities	–	20
The amount recognised in profit or loss	4,320,518	3,221,709

(d) ***Variable lease payments***

The Group leased a number of the retail stores and the leases contain variable payment terms that are based on the revenue generated from the retail stores. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

2024	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent	450	–	450
	450	–	450

2023	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent	76,190	–	76,190
Variable rent only	–	20	20
	76,190	20	76,210

(e) The total cash outflow for leases is disclosed in note 37(c).

21. LEASES *(Continued)*

The Group as a lessor

The Group leases its investment properties (note 15) consisting of commercial properties and an industrial property 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.

The Group leases certain right-of-use assets consisting of buildings under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

Rental income recognised by the Group during the year was RMB111,485,000 (2023: RMB109,730,000), details of which are included in note 5.

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

	2024 **RMB'000**	2023 RMB'000
Within one year	**73,780**	80,727
After one year but within two years	**67,935**	71,533
After two years but within three years	**60,107**	68,208
After three years but within four years	**50,521**	59,517
After four years but within five years	**46,407**	49,940
After five years	**134,861**	163,500
	433,611	493,425

22. DEFERRED TAX

The following is the analysis of the deferred tax assets (liabilities), after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	2024 **RMB'000**	2023 RMB'000
Deferred tax assets	**–**	11,718
Deferred tax liabilities	**(367,703)**	(560,092)
	(367,703)	(548,374)

22. DEFERRED TAX *(Continued)*

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

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Loss available for offsetting against future taxable profits RMB'000	Fair value adjustments on financial instruments at fair value through profit or loss RMB'000	Fair value adjustments on investment properties RMB'000	Fair value adjustments on transfer of own-occupied properties to investment properties RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	(359,255)	19,509	(9,263)	(65,974)	(106,202)	(11,209)	293,273	(312,362)	(551,483)
Credited to other comprehensive income	–	–	–	–	–	11,128	–	–	11,128
Credited (charged) to profit or loss	15,135	–	–	(31,846)	–	–	(284,439)	293,131	(8,019)
At 31 December 2023 and 1 January 2024	(344,120)	19,509	(9,263)	(97,820)	(106,202)	(81)	8,834	(19,231)	(548,374)
Credited to other comprehensive income	16,035	–	–	–	(5,562)	81	–	–	10,554
Credited (charged) to profit or loss	72,146	(19,509)	9,263	97,820	–	–	(8,834)	19,231	170,117
At 31 December 2024	(255,939)	–	–	–	(111,764)	–	–	–	(367,703)

The Group has not recognised deferred tax assets in respect of tax losses arising in Hong Kong of RMB2,715 million (2023: RMB2,005 million), that are available indefinitely, and in the PRC of RMB20,079 million (2023: RMB18,326 million), that will expire in one to five years, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

23. INVENTORIES

	2024 RMB'000	2023 RMB'000
Electrical appliances and consumer electronic products	**76,527**	119,583
General merchandise and others	**43,244**	82,494
	119,771	202,077

24. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**166,127**	207,478
Impairment	**(74,752)**	(77,682)
	91,375	129,796

All of the Group's sales are on a cash basis except for certain sales of merchandise which are credit sales. The credit period is generally one to three months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Management considers that there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**58,483**	110,017
3 to 6 months	**31,416**	3,804
Over 6 months	**1,476**	15,975
	91,375	129,796

24. TRADE RECEIVABLES *(Continued)*

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

	2024 RMB'000	2023 RMB'000
At beginning of year	77,682	37,952
(Revise of impairment loss) impairment losses incurred during the year	(2,930)	39,730
At end of year	74,752	77,682

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast and conditions at the report date. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Past due			
2024	Current	Less than 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	3.04%	3.07%	43.82%	100%	37.48%
Gross carrying amount (RMB'000)	60,319	32,409	2,627	70,772	166,127
Expected credit losses (RMB'000)	1,836	993	1,151	70,772	74,752

		Past due			
2023	Current	Less than 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	3.20%	3.22%	43.85%	100%	37.44%
Gross carrying amount (RMB'000)	113,659	3,930	28,453	61,436	207,478
Expected credit losses (RMB'000)	3,642	126	12,478	61,436	77,682

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2024 RMB'000	2023 RMB'000
Current			
Advances to suppliers		66,003	1,289,214
Prepayment and deposits		64,480	1,076,285
Other receivables		1,970,781	–
Other receivable from Ningbo Ruimao International Trading Co., Ltd.		501,177	503,285
Other receivable from Zhejiang Dejing Electronics Technology Co., Ltd.		184,538	178,844
Prepaid tax value added tax		441,648	470,401
Interest receivables	*(i)*	–	24,666
Others		25,497	25,251
		3,254,124	3,567,946
Impairment allowance		(834,523)	(444,185)
		2,419,601	3,123,761
Non-current			
Deposits		148,186	173,534

Note:

(i) Certain of the Group's interest receivables with the aggregate carrying amounts of nil (2023: RMB9,363,000), respectively, were pledged as security for interest-bearing bank and other borrowings (note 30) of the Group as at 31 December 2024.

Set out below is the information about the ECL allowance for the credit risk exposure on the Group's prepayments, other receivables and other assets:

2024	Lifetime ECLs – not credit impaired financial assets RMB'000	Lifetime ECLs – credit impaired financial assets RMB'000	Total RMB'000
At the beginning of year	122,148	322,037	444,185
Impairment losses	(106,341)	496,679	390,338
	15,807	818,716	834,523

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

2023	Lifetime ECLs – not credit impaired financial assets RMB'000	Lifetime ECLs – credit impaired financial assets RMB'000	Total RMB'000
At the beginning of year	9,414	529,505	538,919
Impairment losses	112,734	12,417	125,151
Written off	–	(219,885)	(219,885)
	122,148	322,037	444,185

26. DUE FROM (TO) RELATED COMPANIES

Due from related companies

	Note	2024 RMB'000	2023 RMB'000
Advances to associates	*(i)*	**3,078**	16,347
Due from Anxun Logistics**	*(i)*	**302,253**	471,225
Due from other related companies	*(i)*	**23,769**	60,693
		329,100	548,265

Due to related companies

	Note	2024 RMB'000	2023 RMB'000
Due to GOME Ruidong*	*(i)*	**54,176**	54,139
Due to other related companies	*(i)*	**253,645**	240,254
		307,821	294,393

* 北京國美銳動電子商務有限公司 ("Beijing GOME Ruidong e-Commerce Co., Ltd." Or "GOME Ruidong") is owned by Mr. Wong Kwong Yu, the substantial shareholder of the Company.

** 安迅物流有限公司 ("Anxun Logistics Co., Ltd." Or "Anxun Logistics"), which is owned by Mr. Wong Kwong Yu, the substantial shareholder of the Company.

Note:

(i) These balances were interest-free, unsecured and have no fixed terms of repayment.

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

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**108,501**	179,122
Time deposits	**200**	330,340
	108,701	509,462
Less: Pledged time deposits for interest bearing bank and other borrowings	**–**	(329,720)
Restricted cash	**(59,538)**	(113,495)
	(59,538)	(443,215)
Cash and cash equivalents	**49,163**	66,247

At the end of the reporting period, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB95,349,000 (2023: RMB471,308,000). The RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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.

The bank balances of the Group earn interest at floating rates based on daily bank deposit rates. Short term deposits of the Group are made for varying periods of between one day and three months, and earn interest at the respective short term deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

28. TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables - unsecured	**4,544,975**	4,860,606
Trade payables - secured	**562,180**	–
	5,107,155	4,860,606

28. TRADE PAYABLES *(Continued)*

An ageing analysis of the trade payables as at the end of the reporting period, based on the goods receipt date, is as follows:

	2024 **RMB'000**	2023 RMB'000
Within 3 months	**58,100**	819,564
3 to 6 months	**45,831**	296,673
6 to 12 months	**66,109**	874,306
Over 12 months	**4,937,115**	2,870,063
	5,107,155	4,860,606

Certain of the Group's trade payables are secured by:

(i) certain of the Group's buildings situated in Mainland China which had an aggregate net carrying value at the end of the reporting period of RMB168,666,000 and RMB72,955,000 (2023: nil and nil) were pledged as collateral and seized by the court, respectively;

(ii) certain of the Group's investment properties situated in Mainland China which had an aggregate fair value at the end of the reporting period of RMB53,936,000 (2023: nil) were pledged as collateral; and

(iii) certain right-of-use assets of the Group located in Mainland China with an aggregate net carrying value at the end of the reporting period of RMB78,906,000 (2023: nil) were seized by the court.

The trade payables are non-interest-bearing and are normally settled on terms of one to six months.

29. OTHER PAYABLES AND ACCRUALS

	Notes	**2024** **RMB'000**	2023 RMB'000
Deferred revenue		**47,773**	24,631
Contract liabilities	*(i)*	**426,294**	479,371
Refund liabilities		**–**	33
Accrued salaries		**712,748**	754,226
Provision for litigation expenses		**510,648**	385,821
Provision for financial guarantee for bankrupted subsidiaries		**2,097,146**	104,977
Other payables	*(ii)*	**5,708,034**	3,447,399
Accruals		**2,234,780**	2,497,995
		11,737,423	7,694,453

Notes:

(i) Contract liabilities include short-term advances received to deliver goods and provision for customer loyalty points programme.

(ii) Other payables to subsidiaries that were ruled bankrupt by the court were RMB2,504,167,000 (2023: RMB172,747,000).

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity*	RMB'000	Effective interest rate (%)	Maturity*	RMB'000
Current						
Bank loans – secured	4.55	2025	10,000#	3.85-6.00	2024	1,425,784#
Other loans – secured	N/A	N/A	N/A	5.00	2024	58,200
Other loans – unsecured	–	2025	66,618	–	2024	123,064
Bonds payable – unsecured	7.00-7.80	2025	10,922	N/A	N/A	N/A
Bonds payable – unsecured	7.00-8.00	2022-2024	2,454,849#	7.80-8.00	2022-2023	2,502,366#
Bank loans – secured	3.75-18.00	2022-2024	16,447,129#	3.75-18.00	2022-2023	14,464,384#
Bank loans – unsecured	8.85-10.50	2022-2024	42,209#	8.85-10.50	2022-2023	34,923#
Other loans – secured	5.00-18.00	2022-2024	4,046,265#	3.80-18.00	2022-2023	3,061,511#
Bank loans – secured	5.00	2027	10,000#	4.00-8.10	2025-2042	2,543,350#
Other loans – secured	N/A	N/A	N/A	10.00	2026	52,709#
			23,087,992			24,266,291
Non-current						
Bonds payable – unsecured	7.00	2026	99,909	7.00-7.80	2025-2026	205,403

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable:*		
Within one year	16,499,338	15,925,091
In the second year	–	75,000
In the third to fifth years, inclusive	10,000	1,611,503
Beyond five years	–	856,847
	16,509,338	18,468,441
Other borrowings repayable:*		
Within one year	6,578,654	5,745,141
In the second year	99,909	5,743
In the third to fifth years, inclusive	–	252,369
	6,678,563	6,003,253

* The maturity analysis on loans with a repayment on demand clause upon default based on scheduled repayments.

\# Mature or default or cross default.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

(i) Certain of the Group's bank and other borrowings are secured by:

(a) certain of the Group's buildings situated in Mainland China which had an aggregate net carrying amount at the end of the reporting period of RMB3,049,670,000 and RMB126,136,000 (2023: RMB3,026,036,000 and nil) were pledged as collateral and seized by the court, respectively;

(b) certain of the Group's investment properties situated in Mainland China which had an aggregate fair value at the end of the reporting period of RMB4,121,288,000 and RMB8,044,000 (2023: RMB4,792,611,000 and nil) were pledged as collateral and seized by the court, respectively;

(c) certain of the Group's property under development situated in Mainland China which had an aggregate net carrying amount at the end of the reporting period of nil (2023: RMB688,129,000) were pledged as collateral;

(d) certain of the Group's right-of-use assets situated in Mainland China which had an aggregate net carrying amount at the end of the reporting period of RMB188,925,000 (2023: RMB194,086,000) were pledged as collateral;

(e) certain of the Group's time deposits and related interest receivables served as guarantees at the end of the reporting period amounted to nil and nil (2023: RMB329,720,000 and RMB9,363,000), respectively; and

(f) certain of the Group's investments in associates amounting to RMB50,430,000 (2023: RMB125,354,000) were pledged as collateral.

(ii) Except for the bonds payable denominated in USD with carrying amounts of RMB2,330,444,000 (2023: RMB2,392,280,000), all the Group's bank and other borrowings are denominated in RMB at the end of the reporting period.

(iii) During the year ended 31 December 2024, the Group has redeemed and renewed certain corporate bonds of nil and nil (2023: RMB9,241,000 and RMB206,970,000) upon its maturity.

31. CONVERTIBLE BONDS

On 17 April 2020, the Company, as issuer, and Hongkong Walnut Street Limited ("Pinduoduo"), a company with limited liability incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Pinduoduo Inc., as subscriber, entered into a subscription agreement (the "Pinduoduo Subscription Agreement") in relation to the subscription of the convertible bonds at the subscription price equal to 100% of the principal amount of the convertible bonds, being US$200 million. The initial conversion price is HK$1.215 per share. Assuming that the conversion rights have been exercised in full, 1,283,950,617 new shares of the Company will be allotted and issued. The issuance was completed on 28 April 2020. On 9 March 2021, as a result of the placing of existing and the subscription of new shares of the Company and pursuant to the terms of Pinduoduo Subscription Agreement, the conversion price changed to HK$1.20 per share and the maximum number of shares that will be issued upon conversion of the convertible bonds is 1,300,000,000 shares.

On 28 May 2020, the Company, as issuer, and JD.com International Limited ("JD"), a limited liability company established in Hong Kong and a wholly-owned subsidiary of JD.com, Inc., as subscriber, entered into a subscription agreement (the "JD Subscription Agreement') in relation to the subscription of the convertible bonds at the subscription price equal to 100% of the principal amount of the convertible bonds, being US$100 million. The initial conversion price is HK$1.255 per share. Assuming that the conversion rights have been exercised in full, 621,513,944 new shares of the Company will be allotted and issued. The issuance was completed on 30 June 2020. On 9 March 2021, as a result of the placing of existing and the subscription of new shares of the Company and pursuant to the terms of JD Subscription Agreement, the conversion price changed to HK$1.24 per share and the maximum number of shares that will be issued upon conversion of the convertible bonds is 629,032,258 shares.

The convertible bonds issued under the Pinduoduo Subscription Agreement and the JD Subscription Agreement (collectively the "CBs") bear interest from (and including) the issuance date at the rate of 5% per annum payable annually. The CBs initially have a maturity date falling on the third anniversary of the issue date, which may be extended for another 2 years at the option of bondholders of the CBs under certain conditions. Upon the occurrence of certain bondholder redemption events, the bondholders have the option to redeem in whole, or in part, the CBs then outstanding.

At the issuance date, the liability components, and the above-mentioned conversion options, extension option and redemption options (collectively the "embedded derivatives") of the CBs were measured at fair value. The liability components are presented as interest-bearing borrowings on the amortised cost basis until extinguished on conversion or redemption. The embedded derivatives are separated from the liability components, and presented as derivative financial liabilities at fair value. As at 31 December 2024 and 2023, the fair value of the derivative embedded was nil.

On 27 December 2023, the Group entered into an agreement with one of the bondholders in relation to the partial settlement of the bonds payable. Pursuant to the agreement, the Group sold 21.6495% of the equity interest in 深圳十分到家服務科技有限公司("Shenzhen Shifen Daojia Service Technology Co., Ltd." or "Shenzhen Shifen Daojia") to the bondholder at a consideration of RMB105,000,000. On 23 January 2024, the equity interest of Shenzhen Shifen Daojia was transferred to the bondholder. In addition, the bondholder has converted total amounts of the bonds equivalent to the amount of RMB145,000,000 into shares of the Company. Based on the adjusted conversion price of HK$1.24, an aggregate of 128,640,000 Conversion Shares has been issued to the bondholder on 28 May 2024. Gain on settlement of RMB151,640,000 was recognised.

32. ISSUED CAPITAL

2024	Number of shares '000	HK$'000	Equivalent to RMB'000
Authorised:			
Ordinary shares of HK$0.025 each	**200,000,000**	**5,000,000**	
Issued and fully paid:			
Ordinary shares of HK$0.025 each	**47,891,079**	**1,197,277**	**1,082,460**

2023	Number of shares '000	HK$'000	Equivalent to RMB'000
Authorised:			
Ordinary shares of HK$0.025 each	200,000,000	5,000,000	
Issued and fully paid:			
Ordinary shares of HK$0.025 each	47,762,439	1,194,061	1,079,531

A summary of movements in the Group's share capital is as follows:

	Notes	Number of shares in issue '000	share capital HK$'000	Equivalent to RMB'000
At 1 January 2023		35,719,044	892,977	814,144
Issue of shares	*(i)*	12,043,395	301,084	265,387
At 31 December 2023		47,762,439	1,194,061	1,079,531
Issue of shares	*(ii)*	128,640	3,216	2,929
At 31 December 2024		**47,891,079**	**1,197,277**	**1,082,460**

32. ISSUED CAPITAL *(Continued)*

Notes:

(i) On 30 December 2022, the Company entered into an agreement with a creditor pursuant to which the Company agreed to capitalise the debt owed by the Group to the creditor and the creditor agreed to subscribe and the Company agreed to issue to the creditor an aggregate of 4,062,856,000 new shares at the issue price of HK$0.1023 per share. The Company will issue to the creditor the capitalisation shares at the issue price as settlement of the debt owed to the creditor. The issuance of new shares under general mandate were completed on 9 January 2023.

Details of the issuance of new shares under general mandate are set out in the Company's announcements dated 2 January 2023.

On 18 January 2023, the Company entered into an agreement with the first creditor and the second creditor (i.e. the Creditors) pursuant to which the Company conditionally agreed to capitalise the debt owed by the Group to the Creditors and the Creditors conditionally agreed to subscribe and the Company conditionally agreed to issue to the first creditor and the second creditor 4,347,826,000 and 3,632,713,000 new shares, respectively, at the issue price of HK$0.115 per share. The Company proposed to issue to the first creditor and the second creditor 4,347,826,000 and 3,632,713,000 capitalisation shares, respectively, at the issue price as full settlement of certain debt owed to the Creditors. The issuance of new shares under general mandate were completed on 31 March 2023.

Details of the issuance of new shares under general mandate are set out in the Company's announcements dated 18 January 2023 and the circular of the Company dated 10 March 2023.

(ii) On 28 May 2024, the Company completed the issuance of 128,640,000 conversion shares to a bondholder at HK$1.24 per share for the partial settlement of the bonds held by the bondholder in the principal amount of RMB145,000,000.

(iii) All the new shares issued during the year rank pari passu with the existing shares in all aspects.

33. SHARE-BASED PAYMENTS

Restricted Share Award Scheme

The Company operates a restricted share award scheme (the "RSA Scheme") to grant restricted shares units ("RSU") and/or awarded shares to selected individuals being a director (including executive and non-executive director), employee, officer, agent or consultant of the Company and/or its subsidiaries (the "Selected Participants"): (1) to recognise and motivate the contributions by Selected Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group; (2) to attract suitable personnel for further development of the Group; and (3) to provide certain employees with a direct economic interest in attaining a long-term employer-employee relationship between the Group and the employees. The RSA Scheme became effective on 3 October 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum amount of the fund to be contributed by the Company for purchasing the Company's shares for the pool of the RSA Scheme is initially set at HK$2,000,000,000. The maximum amount may be refreshed for such or other amount and at such time as determined by the board of directors after having taking into account the results and all relevant circumstances and affairs of the Group. The shares will be acquired by an independent trustee (the "Trustee") at the cost of the Company and be held in trust for the Selected Participants until the end of each vesting period, then grant the premium above the exercise price to the Selected Participants after selling certain amount of the shares. Under the RSA Scheme, the Trustee shall not purchase any further shares if the relevant purchase would result in the Trustee holding in aggregate more than 10% of the total number of shares of the Company in issue.

33. SHARE-BASED PAYMENTS *(Continued)*

Restricted Share Award Scheme *(Continued)*

The maximum number of shares of the Company which could be granted under the Share Award Scheme was initially set at 2,061,855,670 Shares, representing 9.39% of the issued share capital of the Company at the time of adoption of the Share Award Scheme, which may be refreshed as determined by the Board after having taking into account the results and all relevant circumstances and affairs of the Group.

As at 31 December 2024 and 2023, an accumulated sum of HK$1,289,065,000 (excluding transaction costs) has been used by the Company to acquire 1,506,543,000 ordinary shares of the Company by the Trustee, and 580,999,000 forfeited or unawarded shares were held by the share award scheme trust and would be granted in future. The number of shares that may be issued under the Share Award Scheme divided by the weighted average number of shares in issue as at 31 December 2024 was 1.2% (2023: 1.3%).

Share Option Scheme

The shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme") on 14 July 2022. The purpose of the Share Option Scheme is to enable the long-term stable development of the enterprise by motivating and binding directors, core talents and consultants, etc. Under the terms of the Share Option Scheme, the Company may grant up to 10% of the total number of shares of the Company in issue at the date of adoption of Share Option Scheme. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting, while in no event should the further grants result in the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and the other share incentive schemes exceeding 30% of the total number of shares of the Company in issue from time to time.

On 14 July 2022, the Company granted an aggregate of 978,950,000 share options at the exercise price of HK$0.60 per option share, a total of 34,000,000 options and 944,950,000 options were granted to 2 substantial shareholders, an executive director and 767 employees of the Group. The independent non-executive directors of the Company have approved the grant of the above options to the substantial shareholders and director of the Company.

During the year ended 31 December 2023, the Group has recognised reverse of options expense of RMB10,633,000. On 14 July 2023, the Company and the grantees have mutually agreed to terminate and cancel the above options granted.

34. TREASURY SHARES

	Number of shares '000	HK$'000	Equivalent to RMB'000
At 1 January 2023, 31 December 2023 and 31 December 2024	580,999	498,816	444,985

35. RESERVES

The movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

Reserves funds

Pursuant to the relevant PRC laws and regulations, Sino-foreign equity joint ventures registered in the PRC are required to transfer a certain percentage, as approved by the board of directors, of their profits after income tax, as determined in accordance with the PRC accounting rules and regulations, to the reserve funds, the enterprise expansion fund and the employee bonus and welfare fund. These funds are restricted as to use.

In accordance with the relevant PRC laws and regulations, each of Mainland China domestic companies is required to transfer 10% of the profit after income tax, as determined in accordance with the PRC accounting regulations, to the statutory common reserve fund, until the balance of the fund reaches 50% of its registered capital of these companies. Subject to certain restrictions as set out in the relevant PRC laws and regulations, the statutory common reserve fund may be used to offset against accumulated losses, if any.

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

The Group's subsidiaries, GOME Real Happiness Limited, Meixin Network Technology Co., Ltd. and Liaoning GOME Jiamei Appliances Co., Ltd., have material non-controlling interests. Details are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
GOME Real Happiness Limited	**40%**	40%
Meixin Network Technology Co., Ltd.	**40%**	40%
Liaoning GOME Jiamei Appliances Co., Ltd.	**40%**	40%

	2024 RMB'000	2023 RMB'000
Profit (loss) for the year allocated to non-controlling interests:		
GOME Real Happiness Limited	**(73,697)**	(10,144)
Meixin Network Technology Co., Ltd.	**18,732**	(19,851)
Liaoning GOME Jiamei Appliances Co., Ltd.	**29**	–

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

	2024 RMB'000	2023 RMB'000
GOME Real Happiness Limited		
Revenue	79,230	228,748
Total expense	(57,904)	(7,079)
Total comprehensive expenses for the year	(184,243)	(25,361)
Total assets	698,486	5,820,895
Total liabilities	(10,110,743)	(15,048,595)
Meixin Network Technology Co., Ltd.		
Revenue	–	1,724
Total expense	(15,526)	(47,158)
Total comprehensive income (expenses) for the year	46,831	(49,628)
Total assets	124,657	112,330
Total liabilities	(1,617,092)	(1,651,588)
Liaoning GOME Jiamei Appliances Co., Ltd.		
Revenue	71,000	–
Total expense	(15,311)	–
Total comprehensive income for the year	146	–
Total assets	51,223	–
Total liabilities	(51,723)	–

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year ended 31 December 2024, the Group entered into modification and cancellation of subleasing agreements and derecognised right-of-use assets and lease liabilities of RMB137,052,000 (2023: RMB892,473,000) and RMB247,948,000 (2023: RMB877,894,000) respectively and transferred lease liabilities of RMB103,483,000 (2023: RMB1,172,434,000) to other payables.

(b) Changes in liabilities arising from financing activities

	Liabilities	
2024	**Interest-bearing bank and other borrowings and related interest payable RMB'000**	**Lease liabilities RMB'000** *(note 21)*
At 1 January 2024	**24,471,694**	**330,703**
Changes from financing cash flows	**(1,209,679)**	**(450)**
New leases	**–**	**49,231**
Foreign exchange movement	**31,542**	**–**
Disposal, modifications and terminations	**(2,094,904)**	**(247,948)**
Transfer to other payables	**–**	**(103,483)**
Interest expense	**1,989,248**	**4,016**
At 31 December 2024	**23,187,901**	**32,069**

	Liabilities	
2023	Interest-bearing bank and other borrowings and related interest payable RMB'000	Lease liabilities RMB'000 *(note 21)*
At 1 January 2023	25,894,974	2,347,088
Changes from financing cash flows	(4,205,336)	(76,190)
New leases	–	35,934
Foreign exchange movement	39,344	–
Disposal, modifications and terminations	–	(877,894)
Transfer to other payables	–	(1,172,434)
Interest expense	2,742,712	74,199
At 31 December 2023	24,471,694	330,703

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

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

	2024 RMB'000	2023 RMB'000
Within operating activities	**5,047**	49,402
Within financing activities	**450**	76,190
	5,497	125,592

38. COMMITMENTS AND LEGAL PROCEEDINGS

The Group had the following capital commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Property and equipment	**584,286**	566,315

As at 31 December 2024 and 2023, the Group did not make any third party guarantee except for disclosed in note 29 for the provision for financial guarantee for bankrupted subsidiaries.

As at 31 December 2024, the Group involved in a total of 772 (2023: 1,329) pending litigation cases, with an aggregate amount in dispute of RMB5.5 billion (2023: RMB12.7 billion), of which RMB4.1 billion (2023: RMB10.9 billion) relates to pending litigation cases involving banks and financial institutions and RMB1.4 billion (2023: RMB1.8 billion) relates to pending litigation cases involving non-banks and financial institutions. There were also 1,374 (2023: 521) court-adjudicated cases involving an aggregate amount of RMB14.6 billion (2023: RMB4.4 billion).

39. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH INVESTEES

(a) In addition to the transactions and balances which are disclosed elsewhere in the financial statements, the Group had the following significant transactions with the related parties and investees:

	Notes	2024 RMB'000	2023 RMB'000
Transactions with Anxun Logistics:	*(i)*		
Service fee*		**30**	4,539
Warehousing service income*		**13,978**	29,987
Warehousing service expense*		**–**	610
Transactions with Meiyunbao:	*(i)*		
Supply of goods or service*		**–**	206
Purchase of goods or service*		**–**	62
Transactions with associates:	*(ii)*		
Purchase of goods and rental**		**7,611**	7,617
Service revenue**		**–**	863
Transactions with Tong Tong AI:	*(i)*		
Rental income***		**1,641**	–

39. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH INVESTEES *(Continued)*

(a) *(Continued)*

(i) These companies represent 通通AI社交集團有限公司 ("Tong Tong AI Social Group Limited" or "Tong Tong AI", formerly GOME Finance Technology Co., Ltd.) and its subsidiaries, 安迅物流有限公司 ("Anxun Logistics Co., Ltd." or "Anxun Logistics") and its subsidiaries and 美雲保(北京)科技服務有限公司 ("Meiyunbao Beijing Tech Service Co., Ltd." or "Meiyunbao"), which are controlled by Mr. Wong Kwong Yu, the substantial shareholder of the Company.

(ii) The balance represented transactions with 國美通訊設備股份有限公司 ("GOME Telecom Equipment Co., Ltd.") and its subsidiaries, which are controlled by Mr. Wong Kwong Yu, the substantial shareholder of the Company.

* The transactions constitute continuing connected transactions under the Listing Rules.

** The transactions do not constitute continuing connected transactions under the Listing Rules.

*** The transactions constitute connected transactions under the Listing Rules, but are exempted from all the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

	2024 RMB'000	2023 RMB'000
Fees	**2,341**	2,520
Other emoluments:		
Salaries, allowances and other expense	**6,378**	10,317
Pension scheme contributions	**251**	301
	8,970	13,138

Further details of Directors' and the chief executive's emoluments are included in note 8.

All the above related party transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024 Financial assets	Financial assets at amortised cost RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income	–	26,520	–	26,520
Financial assets at fair value through profit or loss	–	–	2,033,633	2,033,633
Trade receivables	91,375	–	–	91,375
Financial assets included in prepayments, other receivables and other assets	2,060,136	–	–	2,060,136
Due from related companies	329,100	–	–	329,100
Pledged bank deposits and restricted cash	59,538	–	–	59,538
Cash and cash equivalents	49,163	–	–	49,163
	2,589,312	26,520	2,033,633	4,649,465

2024 Financial liabilities	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	(23,187,901)
Trade payables	(5,107,155)
Lease liabilities	(32,069)
Financial liabilities included in other payables and accruals	(9,028,576)
Due to related companies	(307,821)
	(37,663,522)

40. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2023 Financial assets	Financial assets at amortised cost RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income	–	12,988	–	12,988
Financial assets at fair value through profit or loss	–	–	2,488,852	2,488,852
Trade receivables	129,796	–	–	129,796
Financial assets included in prepayments, other receivables and other assets	1,537,651	–	–	1,537,651
Due from related companies	548,265	–	–	548,265
Pledged bank deposits and restricted cash	443,215	–	–	443,215
Cash and cash equivalents	66,247	–	–	66,247
	2,725,174	12,988	2,488,852	5,227,014

2023 Financial liabilities	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	(24,471,694)
Trade payables	(4,860,606)
Lease liabilities	(330,703)
Financial liabilities included in other payables and accruals	(4,692,423)
Due to related companies	(294,393)
	(34,649,819)

41. FAIR VALUE AND FAIR VALUE HIERARCHY

The management considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments included in financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings ("P/E") multiple and price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss and other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity and debt security investments included in financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

The Group issued convertible bonds with certain embedded derivatives. These embedded derivatives are measured using valuation techniques. The models incorporate significant unobservable inputs including volatility of stock price, discount rate and risk-free interest rate. The carrying amounts of derivative financial instruments are the same as their fair values.

41. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable inputs	Weighted average	Sensitivity of fair value to the input
Unlisted debt security	Market approach and Black-Scholes model	Risk-free rate	1.13% (2023: 2.56%)	5% increase (decrease) in risk-free rate would result in decrease (increase) in fair value by RMB1 million (2023: RMB11 million).
Other unquoted investments	Market approach and enterprise value allocation model	LOMD*	20%-45% (2023: 18%-32%)	5% increase (decrease) in the LOMD would result in decrease (increase) in fair value by RMB19 million (2023: RMB4 million).
		P/S	0.60-2.57 (2023: 0.69-2.09)	5% increase (decrease) in the P/S would result in increase (decrease) in fair value by RMB25 million (2023: RMB5 million).
		EV/EBIT (Enterprise Value ("EV") over earning before interest and tax ("EBIT"))	38.53 (2023: 34.14)	5% increase (decrease) in the EV/EBIT would result in increase (decrease) in fair value by RMB3 million (2023: RMB6 million).

* The discount for lack of marketability ("LOMD") represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

41. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

2024	Total RMB'000	Fair value measurement using Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Financial assets at fair value through other comprehensive income	**26,520**	**–**	**–**	**26,520**
Financial assets at fair value through profit or loss	**2,033,633**	**243,945**	**–**	**1,789,688**
Total	**2,060,153**	**243,945**	**–**	**1,816,208**

2023	Total RMB'000	Fair value measurement using Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Financial assets at fair value through other comprehensive income	12,988	–	–	12,988
Financial assets at fair value through profit or loss	2,488,852	303,171	–	2,185,681
Total	2,501,840	303,171	–	2,198,669

41. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Derivative financial liabilities RMB'000
At 1 January 2023	243,511	2,185,786	(87)
Disposal	–	(6,051)	–
Total (losses) gains recognised in the statement of profit or loss	–	5,946	88
Total losses recognised in other comprehensive income	(230,523)	–	–
Exchange realignments	–	–	(1)
At 31 December 2023 and 1 January 2024	12,988	2,185,681	–
Disposal	–	(4,375)	–
Total losses recognised in the statement of profit or loss	–	(391,618)	–
Total gains recognised in other comprehensive income	13,532	–	–
At 31 December 2024	**26,520**	**1,789,688**	**–**

During the year ended 31 December 2024 and 2023, no financial assets at fair value though profit or loss was transferred from Level 3 to Level 1.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, comprise cash and cash equivalents, pledged bank deposits and restricted cash, interest-bearing bank and other borrowings and lease liabilities. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables, other receivables and payables and amounts due from/to related companies, which arise directly from its operations.

Interest rate risk

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Directors review and agrees policies for managing each of these risks and they are summarised below.

The Group's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at 31 December 2024, the Group had bank borrowings of RMB2,431,149,000 with floating interest rates (2023: RMB2,394,255,000).

The following table demonstrates the sensitivity to a reasonably possible change in the interest rate, with all other variables held constant, of the Group's loss before tax (due to changes in finance costs).

2024	**Increase (decrease) in basis points**	**Increase (decrease) in loss before tax RMB'000**
If interest rate increase by	**50**	**12,156**
If interest rate decreases by	**(50)**	**(12,156)**

2023	Increase (decrease) in basis points	Increase (decrease) in loss before tax RMB'000
If interest rate increase by	50	11,971
If interest rate decreases by	(50)	(11,971)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

As at 31 December 2024, the Group had cash and bank balance and time deposits of RMB13,352,000 (2023: RMB38,154,000) and bonds payable of RMB2,330,444,000 (2023: RMB2,392,280,000) which were denominated in foreign currencies, mainly in USD, EUR and HKD. At 31 December 2024, the Group had financial assets at fair value through profit or loss of RMB2,103,000 (2023: RMB4,933,000), which were denominated in HKD.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of USD, EUR and HKD 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). Other components of equity would not change.

2024	**Change in foreign currency rate**	**Increase (decrease) in loss before tax RMB'000**
If RMB weakens against USD	**5%**	**116,476**
If RMB strengthens against USD	**5%**	**(116,476)**
If RMB weakens against EUR	**5%**	**(5)**
If RMB strengthens against EUR	**5%**	**5**
If RMB weakens against HKD	**5%**	**(721)**
If RMB strengthens against HKD	**5%**	**721**

2023	Change in foreign currency rate	Increase (decrease) in loss before tax RMB'000
If RMB weakens against USD	5%	119,536
If RMB strengthens against USD	5%	(119,536)
If RMB weakens against EUR	5%	(198)
If RMB strengthens against EUR	5%	198
If RMB weakens against HKD	5%	(1,879)
If RMB strengthens against HKD	5%	1,879

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades on credit only with third parties who have an established trading history with the Group and who have no history of default. It is the Group's policy that new customers who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, pledged bank deposits and restricted cash, other receivables and amounts due from related companies, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial instruments. Concentrations of credit risk are managed by analysis by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different geographical regions.

Maximum exposure and year-end staging

The tables below show 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.

2024	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	166,127	166,127
Financial assets included in prepayments, other receivables and other assets	1,093,671	996,022	677,030	–	2,766,723
Pledged bank deposits and restricted cash	59,538	–	–	–	59,538
Cash and cash equivalents	49,163	–	–	–	49,163
Due from related companies	329,100	–	–	–	329,100
	1,531,472	996,022	677,030	166,127	3,370,651

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging *(Continued)*

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	–	–	–	207,478	207,478
Financial assets included in prepayments, other receivables and other assets	606,214	1,050,766	439,350	–	2,096,330
Pledged bank deposits and restricted cash	443,215	–	–	–	443,215
Cash and cash equivalents	66,247	–	–	–	66,247
Due from related companies	548,265	–	–	–	548,265
	1,663,941	1,050,766	439,350	207,478	3,361,535

Liquidity risk

The Group monitors its risk to a shortage of funds based on the maturity of its financial instruments, financial assets and liabilities and projected cash flows from operations.

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 (including lease liabilities). Management has reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period, based on contractual undiscounted payments.

2024	**On demand or within 1 year RMB'000**	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Lease liabilities	**22,605**	**11,664**	**–**	**34,269**
Interest-bearing bank and other borrowings	**23,075,689**	**121,181**	**5,262**	**23,202,132**
Trade payables	**5,107,155**	**–**	**–**	**5,107,155**
Financial liabilities included in other payables and accruals	**9,028,576**	**–**	**–**	**9,028,576**
Due to related companies	**307,821**	**–**	**–**	**307,821**
	37,541,846	**132,845**	**5,262**	**37,679,953**

2023	On demand or within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	125,223	232,002	11,263	368,488
Interest-bearing bank and other borrowings	24,902,079	205,403	–	25,107,482
Trade payables	4,860,606	–	–	4,860,606
Financial liabilities included in other payables and accruals	4,692,423	–	–	4,692,423
Due to related companies	294,393	–	–	294,393
	34,874,724	437,405	11,263	35,323,392

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from financial assets at fair value through other comprehensive income (note 19) and financial assets at fair value through profit or loss (note 20) as at 31 December 2024 and 2023.

The following table demonstrates the sensitivity to 10% decrease in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

2024	**Carrying amount RMB'000**	**Increase in loss before tax RMB'000**	**Decrease in equity RMB'000**
Financial assets at fair value through comprehensive income	**26,520**	**–**	**2,652**
Financial assets at fair value through profit loss	**1,221,932**	**122,193**	**–**

2023	Carrying amount RMB'000	Increase in loss before tax RMB'000	Decrease in equity RMB'000
Financial assets at fair value through comprehensive income	12,988	–	1,299
Financial assets at fair value through profit loss	1,518,908	151,891	–

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objective of the Group's capital management is to ensure that the Group has healthy capital structure in order to support the Group's stability and growth.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities.

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

	2024 **RMB'000**	2023 RMB'000
Trade payables	**5,107,155**	4,860,606
Other payables and accruals	**11,737,423**	7,694,453
Due to related companies	**307,821**	294,393
Lease liabilities	**32,069**	330,703
Interest-bearing bank and other borrowings	**23,187,901**	24,471,694
Less: Cash and cash equivalents	**(49,163)**	(66,247)
Pledged bank deposits and restricted cash	**(59,538)**	(443,215)
Net debt	**40,263,668**	37,142,387
Equity attributable to owners of the parent	**(16,243,392)**	(4,955,819)
Total capital	**(16,243,392)**	(4,955,819)
Capital and net debt	**24,020,276**	32,186,568
Gearing ratio	**168%**	115%

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Financial assets at fair value through profit or loss	2,103	4,933
Investment in subsidiaries	85,278	144,375
Right-of-use assets	7,374,108	11,499,314
Total non-current assets	7,461,489	11,648,622
Current assets		
Prepayments, other receivables and other assets	8,442	8,791
Cash and cash equivalents	1,709	9,667
Total current assets	10,151	18,458
Current liabilities		
Interest bearing bank and other borrowings	2,330,444	2,725,828
Other payables and accruals	49,187	51,157
Total current liabilities	2,379,631	2,776,985
Net current liabilities	(2,369,480)	(2,758,527)
Total assets less current liabilities	5,092,009	8,890,095
Non-current liabilities		
Amounts due to subsidiaries	5,782	5,687
Total non-current liabilities	5,782	5,687
Net assets	5,086,227	8,884,408
Equity		
Issued capital	1,082,460	1,079,531
Reserves (note)	4,003,767	7,804,877
Total equity	5,086,227	8,884,408

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Treasury shares RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *Note (i)*	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	(444,985)	35,164,654	42,849	(830,425)	10,633	1,328,654	(26,384,473)	8,886,907
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	674,798	(2,681,980)	(2,007,182)
Issue of shares	–	935,785	–	–	–	–	–	935,785
Shares awarded under share award scheme	–	–	–	–	(10,633)	–	–	(10,633)
At 31 December 2023 and 1 January 2024	**(444,985)**	**36,100,439**	**42,849**	**(830,425)**	**–**	**2,003,452**	**(29,066,453)**	**7,804,877**
Loss for the year and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**506,596**	**(4,308,761)**	**(3,802,165)**
Issue of shares	**–**	**1,055**	**–**	**–**	**–**	**–**	**–**	**1,055**
Shares awarded under share award scheme	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2024	**(444,985)**	**36,101,494**	**42,849**	**(830,425)**	**–**	**2,510,048**	**(33,375,214)**	**4,003,767**

Note:

(i) The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Capital Automation (BVI) Limited and the value of net assets of the underlying subsidiaries acquired as at 27 March 1992. At the Group level, the contributed surplus is reclassified into various components of reserves of the underlying subsidiaries.

Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

(a) it is, or after the payment would be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued capital and share premium.

44. EVENTS AFTER THE REPORTING PERIOD

On 31 March 2025, the Company and 北京鵬澤物業有限公司 (Beijing Pengze Real Estate Co., Ltd., a subsidiary of the Company), entered into an agreement with a bondholder on the settlement of the remaining outstanding principal amount of the 5% conversion bonds due 2023 in the principal amount of US$100,000,000 issued by the Company on 30 June 2020 and accrued and penalty interests by way of (i) asset transfer, and (ii) share issue. Details of the transaction are set out in the Company's announcement dated 31 March 2025.

Corporate Information

DIRECTORS

Executive Directors

ZOU Xiao Chun
DING Jiang Ning
WEI Ting

Non-executive Director

ZHANG Da Zhong *(Chairman)*

Independent Non-executive Directors

WANG Gao
LUI Wai Ming
LIU Yin Hong

COMPANY SECRETARY

SZETO King Pui, Albert

AUTHORISED REPRESENTATIVES

DING Jiang Ning
SZETO King Pui, Albert

PRINCIPAL BANKERS

China Construction Bank
Industrial Bank
ICBC
Agricultural Bank
China Everbright Bank

AUDITOR

KTC Partners CPA Limited
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Victoria Place
1st Floor
31 Victoria Street
Hamilton HM10
Bermuda

HEAD OFFICE

Suite 2915, 29th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR IN BERMUDA

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court,
22 Victoria Street,
Po Box HM 1179,
Hamilton HM EX
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

GOME RETAIL HOLDINGS LIMITED

Suite 2915, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

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