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信基沙溪集团股份有限公司

XINJI SHAXI GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3603)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xinji Shaxi Group Co., Ltd (the “**Company**”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**FY2024**”) together with the comparative figures for the year ended 31 December 2023 (the “**FY2023**”). These annual results have been reviewed by the Company’s audit committee.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2024	2023
	RMB’000	RMB’000
Revenue	254,789	273,372
Loss for the year	(162,123)	(80,267)
Core net profit ⁽ⁱ⁾	73,776	82,782
Core net profit margin ⁽ⁱⁱ⁾	29%	30%
Loss per share (expressed in RMB)	(0.11)	(0.05)

Notes:

- (i) Core net profit for FY2023 and FY2024 is a non-HKFRS measure, which is used for investors to evaluate the performance results of the underlying business of the Group, by excluding losses from the changes in fair value of the investment properties and further adjusted for income tax effects for the aforementioned items.
- (ii) Core net profit margin is calculated through dividing core net profit by revenue of the Group in the respective years.

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Year ended 31 December	
		2024	2023
		RMB'000	RMB'000
Revenue	5	254,789	273,372
Cost of sales		(43,856)	(43,212)
Fair value losses on investment properties		(314,532)	(217,399)
Selling and marketing expenses		(12,336)	(14,876)
Administrative expenses		(35,452)	(39,003)
Net impairment losses on financial assets and lease receivables		(3,913)	(5,625)
Other income	6	3,403	11,677
Other gains – net		3,781	1,975
Operating loss		(148,116)	(33,091)
Finance income	7	3,076	3,993
Finance expenses	7	(56,389)	(61,989)
Finance expenses – net	7	(53,313)	(57,996)
Loss before income tax		(201,429)	(91,087)
Income tax credit	8	39,306	10,820
Loss for the year		(162,123)	(80,267)
Loss attributable to:			
– Owners of the Company		(162,314)	(79,989)
– Non-controlling interests		191	(278)
		(162,123)	(80,267)
Loss per share attributable to owners of the Company	9		
Basic and diluted (RMB)		(0.11)	(0.05)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(162,123)	(80,267)
Other comprehensive income for the year, net of tax	<u>—</u>	<u>—</u>
Total comprehensive loss for the year	<u>(162,123)</u>	<u>(80,267)</u>
Total comprehensive loss attributable to:		
– Owners of the Company	(162,314)	(79,989)
– Non-controlling interests	<u>191</u>	<u>(278)</u>
	<u>(162,123)</u>	<u>(80,267)</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		5,497	10,886
Investment properties	11	1,971,588	2,284,851
Intangible assets		2,239	2,569
Deferred income tax assets	17	2,639	2,037
Lease and trade receivables and other receivables	12	25,276	40,156
Financial assets at fair value through profit or loss		5,522	1,355
		<u>2,012,761</u>	<u>2,341,854</u>
Current assets			
Inventories		1,168	2,895
Lease and trade receivables and other receivables	12	68,691	70,494
Restricted cash		36	6,026
Cash and cash equivalents		582,501	513,011
		<u>652,396</u>	<u>592,426</u>
Total assets		<u>2,665,157</u>	<u>2,934,280</u>
EQUITY			
Share capital and premium		285,115	285,178
Other reserves	13	120,412	117,825
Retained earnings		769,537	934,784
		<u>1,175,064</u>	<u>1,337,787</u>
Non-controlling interests		<u>(1,860)</u>	<u>(2,051)</u>
Total equity		<u>1,173,204</u>	<u>1,335,736</u>

	<i>Note</i>	As at 31 December	
		2024	2023
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	574,420	691,589
Trade and other payables	14(a)	15,853	36,931
Lease liabilities	14(b)	166,184	185,660
Deferred income tax liabilities	17	183,485	235,688
Amounts due to related parties		–	378
		939,942	1,150,246
Current liabilities			
Borrowings	16	239,004	188,847
Trade and other payables	14(a)	162,795	130,625
Lease liabilities	14(b)	27,675	29,207
Contract liabilities	15	22,420	19,976
Advance from customers		64,807	49,229
Current income tax liabilities		32,746	27,880
Amounts due to related parties		2,564	2,534
		552,011	448,298
Total liabilities		1,491,953	1,598,544
Total equity and liabilities		2,665,157	2,934,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Xinji Shaxi Group Co., Ltd (the “**Company**”) was incorporated in the Cayman Islands on 27 July 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.

On 28 December 2018, in preparation for the Listing, Mr. Cheung Hon Chuen, Mr. Mei Zuoting and Mr. Zhang Weixin executed the concert parties agreement, pursuant to which they have confirmed their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner upon Listing to consolidate their control over our Group through Honchuen Investment Limited, Zuoting Investment Limited and Weixin Development Overseas Limited until the concert parties agreement is terminated by them in writing.

As such, the Directors of the Company is in the view that, Honchuen Investment Limited, Zuoting Investment Limited and Weixin Development Overseas Limited are the ultimate holding company of the Company as at 31 December 2024.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in operating and managing hospitality supplies and home furnishing shopping malls in the People’s Republic of China (the “**PRC**”).

The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 November 2019.

These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000), unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors (the “**Board**”) of the Company on 28 March 2025.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

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

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except as mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 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 future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“**Listing Rules**”) on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost basis, except for the investment properties and the financial assets at fair value through profit or loss which are measured at fair value.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The CODM considers business from a service perspective and has identified the following two operating segments:

– **Property leasing**

The Group is engaged in (a) managing owned/leased portfolio shopping mall which derives revenue from leasing floor areas to the tenants and providing comprehensive and continuous operation and management (b) selling hospitality products and home furnishings through online shopping mall; (c) providing the business management service to other shopping malls which are not owned by the Group.

– **Property management services**

The Group provides property management services to tenants and apartment properties.

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

(a) **Segment revenue and results**

The following is an analysis of the Group’s revenue and results by reportable segments:

	Year ended 31 December 2024		
	Property leasing RMB’000	Property management services RMB’000	Total RMB’000
Reportable segment revenue			
Revenue from contracts with customers			
– at a point in time	8,211	–	8,211
– over time	–	57,965	57,965
Revenue from rental income	188,613	–	188,613
Inter-segment revenue	–	–	–
	196,824	57,965	254,789
Segment (loss)/profit	(172,814)	24,698	(148,116)
Finance expenses – net			(53,313)
Loss before income tax			(201,429)

	Year ended 31 December 2023		
	Property leasing <i>RMB'000</i>	Property management services <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue			
Revenue from contracts with customers			
– at a point in time	11,712	–	11,712
– over time	908	61,310	62,218
Revenue from rental income	199,442	–	199,442
Inter-segment revenue	–	–	–
	<u>212,062</u>	<u>61,310</u>	<u>273,372</u>
Segment (loss)/profit	<u>(59,844)</u>	<u>26,753</u>	<u>(33,091)</u>
Finance expenses – net			<u>(57,996)</u>
Loss before income tax			<u>(91,087)</u>

(b) Segment assets and liabilities

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

	As at 31 December 2024			
	Property leasing <i>RMB'000</i>	Property management services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
ASSETS				
Segment assets	<u>2,666,938</u>	<u>16,280</u>	<u>(20,700)</u>	<u>2,662,518</u>
Unallocated:				
– Deferred income tax assets				<u>2,639</u>
Consolidated total assets				<u>2,665,157</u>
LIABILITIES				
Segment liabilities	<u>429,227</u>	<u>53,771</u>	<u>(20,700)</u>	<u>462,298</u>
Unallocated:				
– Deferred income tax liabilities				<u>183,485</u>
– Current income tax liabilities				<u>32,746</u>
– Borrowings				<u>813,424</u>
Consolidated total liabilities				<u>1,491,953</u>

	As at 31 December 2023			
	Property leasing <i>RMB'000</i>	Property management services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
ASSETS				
Segment assets	<u>2,952,549</u>	<u>12,547</u>	<u>(32,853)</u>	2,932,243
Unallocated:				
– Deferred income tax assets				<u>2,037</u>
Consolidated total assets				<u>2,934,280</u>
LIABILITIES				
Segment liabilities	<u>421,002</u>	<u>66,391</u>	<u>(32,853)</u>	454,540
Unallocated:				
– Deferred income tax liabilities				235,688
– Current income tax liabilities				27,880
– Borrowings				<u>880,436</u>
Consolidated total liabilities				<u>1,598,544</u>

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements.

These assets and liabilities are allocated based on the operations of the segment. Segment assets consist primarily of property and equipment, investment properties, intangible assets, receivables from property management services and property leasing and cash and cash equivalents.

Segment liabilities consist primarily of trade and other payables (excluding other payables due to related parties with non-trade nature), lease liabilities, contract liabilities, advances from customers.

(c) **Other segment information**

	Year ended 31 December 2024		
	Property leasing	Property management services	Total
	RMB'000	RMB'000	RMB'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>			
Capital expenditure (<i>Note</i>)	366	–	366
Depreciation of property and equipment	5,338	23	5,361
Amortisation of intangible assets	450	–	450
Impairment losses on operating lease receivables recognised	5,257	–	5,257
Impairment losses on finance lease receivables reversed	(988)	–	(988)
Impairment losses on trade receivables (reversed)/recognised	(123)	1,397	1,274
Impairment losses on other receivables reversed	(1,630)	–	(1,630)
Gains on transfer of investment properties to finance lease receivables	(833)	–	(833)
Losses on lease modification from finance lease receivables	1,200	–	1,200
Fair value gains on financial assets at fair value through profit or loss	–	(4,167)	(4,167)
Fair value losses on investment properties	314,532	–	314,532
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>			
Finance income:			
– Interest income	(766)	(7)	(773)
– Interest income from sublease	(2,303)	–	(2,303)
Finance expenses:			
– Interest on lease liabilities	9,475	–	9,475
– Interest expenses	46,914	–	46,914
Income tax (credit)/expenses	(43,950)	4,644	(39,306)

	Year ended 31 December 2023		
	Property leasing RMB'000	Property management services RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>			
Capital expenditure (Note)	12,778	–	12,778
Depreciation of property and equipment	5,257	45	5,302
Amortisation of intangible assets	654	–	654
Impairment losses on operating lease receivables recognised	4,457	–	4,457
Impairment losses on finance lease receivables recognised	1,348	–	1,348
Impairment losses on trade receivables (reversed)/recognised	(180)	637	457
Impairment losses on other receivables reversed	(637)	–	(637)
Gains on transfer of investment properties to finance lease receivables	(1,517)	–	(1,517)
Losses on lease modification from finance lease receivables	731	–	731
Fair value gains on financial assets at fair value through profit or loss	–	(231)	(231)
Fair value losses on investment properties	217,399	–	217,399
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>			
Finance income:			
– Interest income	(1,137)	(6)	(1,143)
– Interest income from sublease	(2,850)	–	(2,850)
Finance expenses:			
– Interest on lease liabilities	10,452	–	10,452
– Interest expenses	51,537	–	51,537
Income tax (credit)/expenses	<u>(15,903)</u>	<u>5,083</u>	<u>(10,820)</u>

Note: Capital expenditure comprises additions to property and equipment, investment properties (Note 11) and intangible assets.

(d) Information about major customers

There was no revenue derived from a single external customer that accounted for 10% or more of the Group's revenues during the year ended 31 December 2024 (2023: same).

5 REVENUE

	Year end 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers:		
– Property management services (<i>Notes (a) and (c)</i>)	57,965	61,310
– Sales of goods (<i>Note (b)</i>)	8,137	11,335
– Shopping mall business management services (<i>Note (a)</i>)	–	472
– Others	74	813
	<u>66,176</u>	<u>73,930</u>
Rental income:		
– Property lease income	188,613	199,442
	<u>188,613</u>	<u>199,442</u>
Total revenue recognised	<u>254,789</u>	<u>273,372</u>
Disaggregation of revenue from contracts with customers:		
Timing of revenue recognition:		
– at a point in time	8,211	11,712
– over time	57,965	62,218
	<u>66,176</u>	<u>73,930</u>
Total revenue from contracts with customers	<u>66,176</u>	<u>73,930</u>

Notes:

- (a) Revenue generated from property management services and shopping mall business management services are recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.
- (b) Revenue generated from sales of goods is recognised at a point in time when the customer obtains control of the assets.

- (c) The following table shows unsatisfied performance obligations resulting from fixed-price long-term property management services contracts:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to long-term property management services contracts that the performance obligations of which are partially or fully unsatisfied as at 31 December:		
Expected to be recognised over one year	268,436	315,807
Expected to be recognised within one year	45,967	54,079
	314,403	369,886

The amount disclosed above does not include any variable consideration.

- (d) As at 31 December 2024, no assets recognised from incremental costs to obtain a contract.

6 OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Compensation for land occupation (<i>Note (a)</i>)	1,742	8,009
Forfeiture of advances received from customers	775	2,641
Commission income due to amendment of rental contracts	226	196
Others	660	831
	3,403	11,677

Note:

- (a) Guangzhou Panyu District Land Development Center entered into an agreement with Guangzhou Shaxi International Hospitality Supplies City Company Limited* (廣州沙溪國際酒店用品城有限公司) (“**Guangzhou Shaxi Hotel**”), an indirect wholly-owned subsidiary of the Company, for compensation of the land occupation in order to develop the Guangzhou Shaxi metro station in November 2023. During the prior year ended 31 December 2023, RMB8,009,000 was recognised as other income for compensation of land occupation.

During the year ended 31 December 2024, Guangzhou Panyu District Land Development Center entered into a supplemental agreement with Guangzhou Shaxi Hotel for compensation of land occupation to develop the Guangzhou Shaxi metro station. The compensation of land occupation amounted to approximately RMB1,742,000 was recognised as other income.

7 FINANCE EXPENSES – NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income:		
– Interest income	(773)	(1,143)
– Interest income from finance lease receivables (<i>Note 12</i>)	(2,303)	(2,850)
	<u>(3,076)</u>	<u>(3,993)</u>
Finance expenses:		
– Interest on lease liabilities (<i>Note 14</i>)	9,475	10,452
– Interest expenses on bank and other borrowings	46,914	51,537
	<u>56,389</u>	<u>61,989</u>
Finance expenses – net	<u>53,313</u>	<u>57,996</u>

8 INCOME TAX CREDIT

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	13,499	17,939
Deferred income tax (<i>Note 17</i>)	(52,805)	(28,759)
	<u>(39,306)</u>	<u>(10,820)</u>

(a) PRC corporate income tax

The Group's subsidiaries in the PRC are subject to corporate income tax at tax rate of 25% during the year ended 31 December 2024 (2023: same).

(b) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

(c) Cayman Islands income tax

The Company is incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(d) British Virgin Islands income tax

The Group's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

(e) **Hong Kong profits tax**

Hong Kong profits tax has not been provided as the Group's subsidiaries incorporated in Hong Kong did not have any assessable profits during the year (2023: same).

- (f) The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	<u>(201,429)</u>	<u>(91,087)</u>
Tax calculated at applicable PRC corporate income tax rate of 25%	(50,357)	(22,772)
Tax effects of:		
Expenses not deductible for tax purposes	966	2,434
Tax losses for which no deferred income tax asset was recognised	<u>10,085</u>	<u>9,518</u>
Income tax credit	<u>(39,306)</u>	<u>(10,820)</u>

9 LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's net loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the income and share data used in the computations for basic and diluted loss per share attributable to owners of the Company:

	Year end 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(162,314)</u>	<u>(79,989)</u>
	Number of shares	
	Year end 31 December	
	2024	2023
	'000	'000
Weighted average number of shares for the purposes of basic and diluted loss per share	<u>1,495,257</u>	<u>1,500,000</u>

The Company did not have any potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023. Diluted loss per share is the same as the basic loss per share.

10 DIVIDEND

No dividends have been paid or declared by the Company during the year ended 31 December 2024 (2023: Nil).

11 INVESTMENT PROPERTIES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Opening net book amount	2,284,851	2,396,940
Lease modification	(3,424)	135,525
Additions	73	1,915
Transfer from/(to) finance lease receivables	4,620	(32,130)
Loss on change in fair value recognised in consolidated income statements	(314,532)	(217,399)
Closing net book amount	<u>1,971,588</u>	<u>2,284,851</u>
Analysis of investment properties:		
– properties on land use right certificates owned by the Group	888,200	1,040,680
– properties on right-of-use assets	<u>1,083,388</u>	<u>1,244,171</u>
	<u>1,971,588</u>	<u>2,284,851</u>

Amounts of rental income recognised in consolidated income statement for investment properties as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income	<u>188,613</u>	<u>199,442</u>

In prior years, the Group leased various land with shopping malls for its operations. Lease contracts are entered into for fixed term of 5 years to 30 years (2023: 5 years to 30 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, lease liabilities of RMB193,859,000 were recognised with related right-of-use assets of RMB1,083,388 as at 31 December 2024 (2023: lease liabilities of RMB214,867,000 and related right-of-use assets of RMB1,244,171). The lease agreements do not impose the covenants other than the security interests in the leased assets that are held by the lessor.

As at 31 December 2024, investment properties of RMB859,600,000 (2023: RMB1,011,880,000) were pledged as collateral for the Group's borrowings (Note 16).

The Group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

For the year ended 31 December 2024, the Group incurred rental expenses relating to short-term leases amounted to RMB99,000 (2023: RMB61,000). No rental expenses relating to leases of low-value assets was incurred by the Group for the year ended 31 December 2024 (2023: Nil).

The total cash outflow for leases in the year ended 31 December 2024 was RMB27,158,000 (2023: RMB89,970,000).

Investment properties were revalued at 31 December 2024 and 2023 on income capitalisation method and comparison method by Masterpiece Valuation Advisory Limited, an independent valuer, who has appropriate professional qualification and relevant experience in the location and category of the investment properties being valued.

The fair value of investment properties is a level 3 recurring fair value measurement.

12 LEASE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Operating lease receivables (<i>Note (a)</i>)	56,978	43,565
Less: allowance for impairment of operating lease receivables	(14,692)	(9,435)
Operating lease receivables – net	42,286	34,130
Finance lease receivables (<i>Note (b)</i>)	27,785	56,179
Less: allowance for impairment of finance lease receivables	(2,286)	(3,274)
Finance lease receivables – net	25,499	52,905
Trade receivables (<i>Note (c)</i>)	8,534	9,663
Less: allowance for impairment of trade receivables	(2,937)	(1,663)
Trade receivables – net	5,597	8,000
Other receivables (<i>Note (d)</i>)	21,646	17,338
Less: allowance for impairment of other receivables	(7,339)	(8,969)
Other receivables – net	14,307	8,369
Prepaid tax and other levies	44	175
Prepayment for lease	1,042	2,340
Other Prepayments	2,048	2,533
Input VAT available for future deduction	3,144	2,198
	93,967	110,650
Less: non-current portion		
Finance lease receivables	(25,276)	(40,156)
Current portion	68,691	70,494

Notes:

(a) Operating lease receivables

The operating lease receivables at end of the year are analysed as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	56,978	43,565

(b) Finance lease receivables

The finance lease receivables are arising from the property leasing business. For finance lease receivables, the customers are obligated to settle the amounts according to the terms set out in the relevant lease contracts.

The finance lease receivables at end of the year are analysed as follows:

	As at 31 December 2024	
	Minimum lease payment	Present value
	RMB'000	RMB'000
Not later than 1 year	647	223
Later than 1 year but not later than 5 years	31,393	27,562
More than 5 years	—	—
	32,040	27,785
Less: unearned finance income	(4,255)	—
Present value of minimum lease payments	27,785	27,785

	As at 31 December 2023	
	Minimum lease payment	Present value
	RMB'000	RMB'000
Not later than 1 year	14,443	13,538
Later than 1 year but not later than 5 years	45,492	42,641
More than 5 years	—	—
	59,935	56,179
Less: unearned finance income	(3,756)	—
Present value of minimum lease payments	56,179	56,179

Amounts of finance income recognised in consolidated income statement for finance lease receivables are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income on the finance lease receivables (<i>Note 7</i>)	2,303	2,850

(c) Trade receivables

The aging analysis of trade receivables based on recognition date at the respective balance sheet date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	8,534	9,663

Note:

(i) Transferred receivables

As at 31 December 2023, the carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group had retained late payment and credit risk. The Group therefore continued to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing in Note 15. The Group considered that the held to collect business model remains appropriate for these receivables and hence continued measuring them at amortised cost.

The relevant carrying amounts are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Transferred receivables	–	3,385
Associated secured other borrowing (<i>Note 16</i>)	–	1,012

As at 31 December 2024, no carrying amounts of trade receivables include receivables which subjects to a factoring arrangement as the associated secured other borrowing was fully repaid by the Group during the year ended 31 December 2024 (*Note 15*).

(d) Other receivables

An analysis of other receivables is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Deposits paid (<i>Note (i)</i>)	5,256	5,311
Refundable payments (<i>Note (ii)</i>)	9,984	5,677
Advance payment for acquisition of subsidiaries (<i>Note (iii)</i>)	5,283	5,283
Sundry receivables (<i>Note (iv)</i>)	1,123	1,067
	21,646	17,338

Notes:

(i) Included in the deposits paid is rental deposits paid for leasing the right-of use assets for its shopping mall operation. As at 31 December 2024, an impairment loss of RMB1,465,000 (2023: RMB1,465,000) was recognised for the rental deposits paid.

(ii) It represents a payment for purchasing the goods. As at 31 December 2024, an impairment loss of RMB249,000 (2023: RMB2,065,000) was recognised for the refundable deposits.

As at the date of approval of the consolidated financial statements, a refundable payment of RMB9,735,000 was refunded.

(iii) It represents an advance payment paid for acquisition of subsidiaries in prior years. As at 31 December 2024, the advance payment was fully impaired an impairment loss of RMB5,283,000 (2023: RMB5,283,000) was recognised.

(iv) As at 31 December 2024, an impairment loss of RMB342,000 (2023: RMB156,000) was recognised on sundry receivables.

(e) As at 31 December 2024, lease and trade receivables and other receivables were denominated in RMB and the fair values of lease and trade receivables and other receivables approximated their carrying amounts (2023: same).

13 OTHER RESERVES

	Merger and other reserves RMB'000	Statutory reserves RMB'000	Total RMB'000
At 1 January 2023	56,892	57,748	114,640
Changes in ownership interests in subsidiaries without change of control	150	–	150
Appropriation to statutory reserves (<i>Note (a)</i>)	–	3,035	3,035
At 31 December 2023	<u>57,042</u>	<u>60,783</u>	<u>117,825</u>
At 1 January 2024	57,042	60,783	117,825
Changes in ownership interests in subsidiaries without change of control	(346)	–	(346)
Appropriation to statutory reserves (<i>Note (a)</i>)	–	2,933	2,933
At 31 December 2024	<u>56,696</u>	<u>63,716</u>	<u>120,412</u>

Note:

- (a) In accordance with the relevant laws and regulations in the PRC and the articles of association of the group companies incorporated in the PRC, the PRC group companies are required to appropriate 10% of the annual net profits of the companies, after offsetting any prior years' losses as determined under the applicable PRC accounting standards, to the statutory surplus reserve fund before distributing any net profits. When the balance of the statutory surplus reserve fund reaches 50% of the registered capitals of the respective PRC group companies, any further appropriation is at the discretion of the shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of registered capitals of the respective PRC group companies.

14 TRADE AND OTHER PAYABLES AND LEASE LIABILITIES

(a) Trade and other payables

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	17,502	3,993
Construction contract payables	22,179	23,771
Salary payables	20,907	15,365
Other tax liabilities	877	1,386
Deposits from tenants	59,199	57,529
Deposits from Property Developer (<i>Note (i)</i>)	50,000	50,000
Consideration payable	–	9,470
Accrued expenses	3,179	5,134
Other deposits received (<i>Note (ii)</i>)	3,736	96
Other payables	1,069	812
	<u>178,648</u>	<u>167,556</u>
Less: non-current portion		
Deposits from tenants	<u>(15,853)</u>	<u>(36,931)</u>
Current portion	<u>162,795</u>	<u>130,625</u>

At 31 December 2024, the aging analysis of the trade and construction contract payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	25,706	21,290
Over 1 year	13,975	6,474
	<u>39,681</u>	<u>27,764</u>

As at 31 December 2024 and 2023, trade and other payables were denominated in RMB and their fair values approximated their carrying amounts.

Note:

- (i) In June 2023, Guangzhou Shaxi Hotel, being an indirect wholly-owned subsidiary of the Company, was informed by Guangzhou Shenglong Fangyuan Real Estate Co., Ltd. (the “**Property Developer**”), a property developer, about a proposed redevelopment plan of Shaxi Village, which would cover the leased land and the shopping mall erected thereon. The Property Developer subsequently proposed to enter into an agreement (the “**Proposed Compensation Agreement**”) with the landlord and Guangzhou Shaxi Hotel pursuant to which the Property Developer intends to pay a compensation amount of approximately RMB845 million to Guangzhou Shaxi Hotel in consideration of an early termination of the tenancy agreement between Guangzhou Shaxi Hotel and Shaxi Village. The Proposed Compensation Agreement will be effective upon the Shaxi Village Redevelopment Plan having been approved by the landowners of Shaxi Village. As at 31 December 2024, the Shaxi Village Redevelopment Plan has not been approved.

The Group has received a deposit of RMB50 million from the Property Developer, which is included in other payables.

- (ii) Included in other deposits received is a refundable advance payment of RMB3,000,000 received from a potential lessee for leasing a property. As at the date of approval of the consolidated financial statements, an advance payment of RMB3,000,000 was fully refunded due to unsuccessful negotiation of the lease agreement.

(b) Lease liabilities

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities payable:		
Within 1 year	27,675	29,207
Within a period of more than 1 year but not exceeding 2 years	23,506	28,975
Within a period of more than 2 years but not exceeding 5 years	59,494	61,404
Within a period of more than 5 years	83,184	95,281
	<u>193,859</u>	<u>214,867</u>
Less: Amount due for settlement within 12 months shown under non-current liabilities	<u>(166,184)</u>	<u>(185,660)</u>
Amount due for settlement after 12 months shown under current liabilities	<u>27,675</u>	<u>29,207</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 4.30% to 4.65% (2023: from 4.30% to 4.65%).

Set out below is the movement of lease liabilities:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Balance at beginning of the year	214,867	158,799
Lease modification (<i>Note (ii)</i>)	(3,424)	135,525
Interest on lease liabilities recognised (<i>Note 7</i>)	9,475	10,452
Settlement of lease liabilities	<u>(27,059)</u>	<u>(89,909)</u>
	<u>193,859</u>	<u>214,867</u>

- (i) The Group mainly leases land use right and properties. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use assets are presented as property and equipment and investment properties (*Note 11*).
- (ii) Lease modification is a change in the scope of a lease or the consideration for a lease, that was not part of the original terms and conditions of the lease. During the years ended 31 December 2024 and 2023, lease modification of the Group consist of scenarios including extending the contractual lease term and modifying the consideration of original leased assets.

15 CONTRACT LIABILITIES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Business management service	5,465	5,465
Property management service	9,683	13,670
Sales of goods	7,272	841
	22,420	19,976

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Business management service RMB'000	Property management service RMB'000	Sales of goods RMB'000
For the year ended 31 December 2024			
Balance at beginning of the year	5,465	13,670	841
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	–	(13,670)	(841)
Increase in contract liabilities as receipts in advance	–	9,683	7,272
Balance at end of the year	5,465	9,683	7,272
	Business management service RMB'000	Property management service RMB'000	Sales of goods RMB'000
For the year ended 31 December 2023			
Balance at beginning of the year	6,965	9,089	698
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(500)	(9,089)	(698)
Decrease in contract liabilities as a result of a refund to customers during the year that was included in the contract liabilities at the beginning of the year	(1,000)	–	–
Increase in contract liabilities as receipts in advance	–	13,670	841
Balance at end of the year	5,465	13,670	841

16 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Bank borrowings – Secured (<i>Note (a), (c) and (d)</i>)	813,424	879,424
Other borrowings – Secured (<i>Note (b) and (e)</i>)	–	1,012
Total borrowings	813,424	880,436
Less: non-current portion		
– Bank borrowings – Secured	(574,420)	(691,589)
Current portion	239,004	188,847

Notes:

- (a) As at 31 December 2024, bank borrowings of RMB813,424,000 (31 December 2023: RMB879,424,000) bore floating interest ranging from 4.43% to 6.06% (31 December 2023: 4.45% to 6.13%) per annum and were secured by investment properties of RMB859,600,000 (2023: RMB1,011,880,000) of the Group (*Note 11*).
- (b) As at 31 December 2024, other borrowings of RMB1,012,000 from a factoring institution with an interest of 14.5% per annum were guaranteed by the Group's trade receivables (*Note 12(c)(i)*). The secured other borrowing of RMB1,012,000 was fully repaid by the Group during the year ended 31 December 2024.
- (c) The exposure of bank borrowings to interest-rate changes at the end of the reporting dates are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
6 months or less	813,424	879,424

- (d) The maturity of the bank borrowings is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	239,004	187,835
1 – 2 years	356,811	325,930
2 – 5 years	136,326	243,612
Over 5 years	81,283	122,047
	813,424	879,424

- (e) The maturity of the other borrowings is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	<u>–</u>	<u>1,012</u>

- (f) The weighted average effective interest rates of borrowings are as follows:

	For the year ended	
	2024	2023
Bank borrowings	5.56%	5.70%
Other borrowings	–%	10.89%
Total borrowings	<u>5.56%</u>	<u>5.73%</u>

- (g) The carrying amounts of current borrowings approximate their fair values due to their short-term maturities.

As at 31 December 2024, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values (2023: same).

17 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts of deferred income tax assets and liabilities of the Group after offsetting are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Gross deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	<u>(61,957)</u>	<u>(66,411)</u>
Set-off of deferred income tax assets pursuant to set-off provisions	<u>59,318</u>	<u>64,374</u>
Net deferred income tax assets	<u>(2,639)</u>	<u>(2,037)</u>
Gross deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	<u>242,803</u>	<u>300,062</u>
Set-off of deferred income tax liabilities pursuant to set-off provisions	<u>(59,318)</u>	<u>(64,374)</u>
Net deferred income tax assets	<u>183,485</u>	<u>235,688</u>

The net movements on deferred income tax are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Balance at beginning of the year	233,651	262,410
Credited to profit or loss (<i>Note 8</i>)	(52,805)	(28,759)
Balance at end of the year	180,846	233,651

The movement in deferred income tax assets before offsetting during the year is as follows:

Deferred income tax assets	Temporary difference on recognition of cost of sales and expenses RMB'000	Allowance on doubtful receivables RMB'000	Lease liability RMB'000	Total RMB'000
At 1 January 2023	6,638	5,060	38,030	49,728
Credited to profit or loss	221	775	15,687	16,683
At 31 December 2023 and at 1 January 2024	6,859	5,835	53,717	66,411
(Charged)/credited to profit or loss	(181)	979	(5,252)	(4,454)
At 31 December 2024	6,678	6,814	48,465	61,957

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB51,908,000 (31 December 2023: RMB52,998,000) in respect of losses amounting to RMB207,633,000 (31 December 2023: RMB211,993,000) of certain subsidiaries that can be carried forward against future taxable income as at 31 December 2024. These tax losses will expire up to years 2023 to 2027.

The movement in deferred income tax liabilities before offsetting during the year is as follows:

Deferred income tax liabilities	Temporary difference of investment properties <i>RMB'000</i>	Finance lease receivables <i>RMB'000</i>	Fair value of financial assets at fair value through profit of loss <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	299,767	12,090	281	312,138
Transfer to finance lease receivables/transfer from investment properties	(10,595)	10,595	–	–
(Credited)/charged to profit or loss	<u>(8,096)</u>	<u>(4,038)</u>	<u>58</u>	<u>(12,076)</u>
At 31 December 2023 and at 1 January 2024	281,076	18,647	339	300,062
Transfer to finance lease receivables/transfer from investment properties	(410)	410	–	–
(Credited)/charged to profit or loss	<u>(53,087)</u>	<u>(5,214)</u>	<u>1,042</u>	<u>(57,259)</u>
At 31 December 2024	<u>227,579</u>	<u>13,843</u>	<u>1,381</u>	<u>242,803</u>

As at 31 December 2024, deferred income tax liabilities amounting to RMB35,921,000 (31 December 2023: RMB35,921,000), have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of the Group's subsidiaries in the PRC. Such amounts are permanently reinvested.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the FY2024. No interim dividend was paid or declared during FY2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased slightly by approximately 6.8% to approximately RMB254.8 million for FY2024 as compared to approximately RMB273.4 million recorded for FY2023. Lower revenue for FY2024 as compared to FY2023 was mainly due to the lower occupancy rate of shopping malls during the year.

The table below sets forth the breakdown of the Group's revenue by business as indicated:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Rental Income	188,613	74	199,442	73
Property Management Service	57,965	23	61,310	22
Sales of Goods	8,137	3	11,335	4
Shopping Mall Business Management Service	–	–	472	0.2
Others	74	–	813	0.8
Total	<u>254,789</u>	<u>100</u>	<u>273,372</u>	<u>100</u>

Rental Income

Rental income is the revenue received by our Group from the tenants who signed lease contracts with us to run business at our Group's owned/leased portfolio shopping malls, which accounted for approximately 74% of our total revenue during FY2024. During FY2024, our rental income decreased by approximately RMB10.8 million or 5.4% to approximately RMB188.6 million (FY2023: RMB199.4 million). Such decrease was mainly due to the lower occupancy rate of the Group's shopping malls during the year.

Property Management Service

Revenue from our property management service is the management fees paid by our Group's tenants under the property management agreements. During FY2024, income from property management services decreased by approximately RMB3.3 million or 5.5% to approximately RMB58.0 million (FY2023: RMB61.3 million). The decrease in revenue from property management service was mainly due to the lower occupancy rate of the Group's shopping malls during the year.

Sales of Goods

Revenue from sales of goods is the revenue generated from sales of hospitality products and home furnishings through our online shopping mall. During FY2024, revenue from sales of goods decreased by approximately RMB3.2 million or 28.2% to approximately RMB8.1 million (FY2023: RMB11.3 million). Such decrease in revenue from sales of goods was mainly due to the decrease in revenue in the business-to-customer platform business of our Group.

Cost of Sales

During FY2024, the Group's cost of sales was approximately RMB43.9 million as compared to approximately RMB43.2 million for FY2023, representing a small change.

Fair Value Losses on Investment Properties

Our fair value losses on investment properties increased by approximately RMB97.1 million to fair value losses of approximately RMB314.5 million for FY2024 (FY2023: fair value losses of RMB217.4 million). The impact of further shortening of the lease term of land in some of the Group's markets and a decline in the market rents resulted in an increase in the fair value losses on investment properties recognised by the Group in the FY2024.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by approximately RMB2.5 million or 17.1% from approximately RMB14.9 million for FY2023 to approximately RMB12.3 million for FY2024. Such decrease was mainly due to the decrease in expenses related to selling and marketing for the Group during the FY2024.

Administrative Expenses

Our administrative expenses decreased by approximately RMB3.6 million or 9.1% from approximately RMB39.0 million for FY2023 to approximately RMB35.5 million for FY2024. Such decrease was mainly attributable to the Group's continued implementation of cost reduction and efficiency improvement policies, and the absence of acquisitions or mergers of professional services during FY2024, resulting in a reduction in related expenses.

Other Income

Our other income decreased by approximately RMB8.3 million or 70.9% from approximately RMB11.7 million for FY2023 to approximately RMB3.4 million for FY2024. The decrease was primarily due to the lower demolition and relocation compensation during FY2024 as compared to FY2023.

Operating Loss and Operating Loss Margin

As a result of the foregoing, our operating loss increased by approximately RMB115.0 million or 347.6% from approximately RMB33.1 million for FY2023 to an operating loss of approximately RMB148.1 million for FY2024. Such increase was mainly due to the increase in fair value loss on investment properties.

Finance Income

Our finance income for FY2024 was approximately RMB3.1 million, representing a decrease of approximately RMB0.9 million as compared to FY2023, mainly due to the decrease in bank interest rates.

Finance Expenses

Our finance expenses for FY2024 was approximately RMB56.4 million, representing a decrease of RMB5.6 million as compared to FY2023, mainly due to repayment of certain bank loans during the year under review.

Net Finance Expenses

Net finance expenses for the FY2024 amounted to approximately RMB53.3 million as compared to approximately RMB58.0 million for the FY2023 without significant change.

Loss for the Year

As a result of the foregoing, loss recorded by our Group increased by approximately RMB81.9 million or 102.0% from loss of approximately RM80.3 million for the FY2023 to loss of approximately RMB162.1 million for the FY2024. The increase in the loss was mainly due to the increase in fair value losses on investment properties held by the Group for the FY2024.

Core Net Profit

Our management believes core net profit will be useful for investors in evaluating the performance results of our underlying business across accounting periods by eliminating the effects of certain non-recurring items including the fair value changes on investment properties which are considered not indicative for evaluation of the actual performance of our business.

Our core net profit decreased by approximately RMB9.0 million or 10.9% from approximately RMB82.8 million for FY2023 to approximately RMB73.8 million for FY2024. The decrease was mainly due to the decrease of approximately RMB10.8 million in the revenue from the Group's property leasing for the FY2024.

The following table sets forth the loss and the core net profit of the Group for the years indicated:

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Loss for the year	(162,123)	(80,267)
Add:		
Fair value losses on investment properties	314,532	217,399
Income tax expense in relation to above reconciled items	(78,633)	(54,350)
Core net profit for the year	73,776	82,782
– Owners of the Company	73,585	83,060
– Non-controlling interests	191	(278)

LIQUIDITY AND FINANCIAL RESOURCES

Cash and Cash Equivalents

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB582.5 million (31 December 2023: RMB513.0 million), which are mainly denominated in Renminbi.

Borrowing and Charges on the Group's Assets

As at 31 December 2024, the Group's bank borrowings of approximately RMB813.4 million (31 December 2023: RMB879.4 million) bore interest at interest rates ranging from 4.43% to 6.06% (31 December 2023: 4.45% to 6.13%) per annum and were secured by investment properties of the Group. The value of investment properties pledged as collateral for the Group's borrowings was approximately RMB859.6 million (31 December 2023: RMB1,011.9 million).

Gearing Ratio

The gearing ratio as at 31 December 2024, calculated on the basis of net debt over total capital, was 20% as compared with 27% as at 31 December 2023.

Net Current Assets and Current Ratio

As at 31 December 2024, the Group had net current assets of RMB100.4 million as compared with net current assets of RMB144.1 million as at 31 December 2023. The current ratio was 1.18 as at 31 December 2024 (31 December 2023: 1.32).

Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2024.

BUSINESS REVIEW

The Group is principally engaged in the operation of shopping malls for hospitality supplies and home furnishings which generate rental revenue in the PRC. Our business operations comprise six main business lines:

- (i) our shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings;
- (ii) subleasing apartments;
- (iii) property management projects;
- (iv) managed shopping malls;
- (v) our online shopping mall for sales of hospitality supplies and home furnishings; and
- (vi) our exhibition management business.

The Group's revenue is mainly derived from the operating lease rental income and revenue generated from property management service of our Group's owned/leased portfolio shopping malls.

Business Segment Review

Shopping Malls

We have five shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings.

Shopping Malls for Hospitality Supplies

- (1) Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城)
- (2) Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城)
- (3) Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城)

Shopping Malls for Home Furnishings

- (4) Xinji Dashi Home Furnishings Center (信基大石傢俬城)
- (5) Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心)

Subleasing Apartments

Reference is made to the announcement of the Company dated 23 December 2021. On 23 December 2021, Guangzhou Xinji Yuzheng Commerce Operation Management Co., Ltd* (廣州信基譽正商業運營管理有限公司) (“**Xinji Yuzheng**”), an indirect wholly-owned subsidiary of the Company, and Guangzhou Longmei Dongman Technology Co., Ltd* (廣州龍美動漫科技有限公司) (“**Longmei Dongman**”) entered into a sublease agreement pursuant to which Xinji Yuzheng agreed to sublease Building C1 and C2, Zone C, Xinji Longmei International Animation Industrial Park, Longmei Village, Panyu Avenue, Panyu District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市番禺區番禺大道龍美村信基龍美國際動漫產業園C區C1及C2大廈) with a total gross floor area of approximately 34,394 sq.m. together with the 237 underground car parking spaces known as Yuanyang Bangshe* (遠洋邦舍) from Longmei Dongman for a term of approximately 14.4 years commencing from 11 January 2022 and expiring on 31 May 2036 (both days inclusive) at the consideration of approximately RMB153.8 million.

On 23 December 2021, Xinji Yuzheng and Beijing Bangshe Gongyu Management Co., Ltd. Guangzhou Branch* (北京邦舍公寓管理有限公司廣州分公司) (“**Bangshe Gongyu Guangzhou**”) entered into a sub-sublease agreement pursuant to which Xinji Yuzheng agreed to sub-sublease Yuanyang Bangshe* (遠洋邦舍) to Bangshe Gongyu Guangzhou for a term of 10 years commencing from 11 January 2022 and expiring on 10 January 2032 (both days inclusive) at the total consideration of approximately RMB170.9 million.

Property Management Projects

In June 2022, the Group has completed the acquisitions of Guangzhou Xinji Youxiang Property Co., Ltd.* (廣州信基優享物業有限公司) (“**Guangzhou Youxiang**”) and Foshan Xinji Youxiang Commercial Service Co., Ltd.* (佛山信基優享商業服務有限公司) (“**Foshan Youxiang**”), which are principally engaged in the provision of property management service for commercial complex. The property projects currently under the management of Guangzhou Youxiang and Foshan Youxiang include (i) the Xiajiao project (廈滯項目), which comprised of the premises known as Xinji Plaza Hall A* (信基廣場A館) and Xiajiao Commercial Building* (廈滯商業大廈); (ii) the Shangjiao Comprehensive Building Project (上漵綜合樓項目), which comprised of the premises known as Shangjiao Comprehensive Building* (上漵綜合樓); (iii) the Yuedao Project (玥島項目); (iv) the Longmei Project (龍美項目), which comprised of the premises known as Lingxiu Mansion* (領秀公館); and (v) the Xinji Plaza Project (信基廣場項目), which comprised of the premises known as Foshan Jiujiang Xinji Plaza* (佛山九江信基廣場).

The following table sets forth the income from property leasing and property management service respectively for the three abovementioned business segments (shopping malls, subleasing apartments and property management projects) by region during the years indicated:

	Property leasing income		Property management service income	
	For the year ended 31 December		For the year ended 31 December	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Guangzhou region	174,756	185,340	33,394	35,870
Foshan region	–	–	8,966	8,245
Shenyang region	14,137	14,102	15,325	17,195

Managed Shopping Mall

In this segment, we provide shopping mall operation services to other shopping mall owners. Under this business model, we would be responsible for managing the marketing and daily operations of the shopping malls, while the shopping mall owners would be responsible for bearing all the operating expenses of the shopping malls and paying us a brand licencing fee and operation management fee. Our operation management fee would be determined with reference to the length of operation and the rental income of the relevant shopping malls.

Xinji Shaxi Yuetang International Hotel Supplies Trading Exhibition Center (信基沙溪·岳塘國際酒店用品交易展示中心)

In October 2018, we entered into a cooperation agreement with Hunan Hongyue Commercial Management Company Limited* (湖南省泓岳商業管理有限公司), an independent third party. Pursuant to the cooperation agreement, the Group agreed to act as the shopping mall manager of a planned hospitality supplies shopping mall located in Yuetang International Trade City* (岳塘國際商貿城), a commercial complex developed by Hunan Hongyue Commercial Management Company Limited at No. 88 Hetang Section, Furong Avenue, Yuetang District, Xiangtan City, Hunan Province, the PRC. It is expected that this shopping mall would have a total operating area of approximately 120,000 sq.m. and could accommodate a maximum of 400 tenants. It is the first managed hospitality supplies shopping mall of the Group.

We are still negotiating with the landlord in relation to the specific opening time of the shopping mall. As at the date of this announcement, there is no concrete schedule.

Online Shopping Mall

During the FY2024, our online shopping mall generated revenue of approximately RMB8.1 million for the sales of goods (FY2023: RMB11.3 million). The goods sold by the Group were entirely hospitality goods and home furnishings. The operating profit margin of the online shopping mall during the FY2024 was approximately 9% (FY2023: 6%).

Exhibition Management Business

We provided exhibition management services for the China Hospitality Expo (華南酒店業博覽會) (“CHE”) in the PRC annually. CHE was considered as the major managed exhibition of the Group. CHE provides a one-stop trade platform for global hospitality supplies providers and purchasers to broaden their sale and purchase channels.

Because of the continuous impact of the global outbreak of COVID-19 pandemic in 2020, the Company has already suspended the organisation of exhibitions for CHE since 2020 and no revenue was generated from CHE.

FUTURE PROSPECTS

The year 2024 was a year full of challenges and opportunities for the Group. Looking forward, the Board believes that the economy will recover in an orderly manner in the coming year, which is expected to have a positive impact on the Group’s six main business lines.

The next 12 months look likely to be challenging, and the Group is uncertain about wider prospects of economic recovery. Internally, the Group will continue to adjust its operational strategies to address market changes. We therefore remain cautious about our own performance, but quite confident that we have the reputation, the quality and the management experience to manage what lies ahead successfully.

We will maintain a model of rapid development of light asset projects featured by “Brand Export, Management Export, and Cooperative Operation”, while establishing a vertical e-commerce platform for the hospitality supplies industry and expanding the online shopping mall business, thereby further expanding the market share and brand influence of the Group. We will focus on the platform sharing concept of “Industrial Alliance and Collective Development”, enhancing the brand stickiness along with the development of the industry. Our aim is to maintain our market leadership status, to continue our reputation for premium quality, and consequently to deliver consistently steady returns for investors. Meanwhile, the Group will continue to expand the business of property management service (especially through the acquisition and merger of mature property management service projects), with an aim to increase the stable cash flow of the Group, so as to advance the interests of the Company and its Shareholders, which will bring sustainable and stable development to the Group.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Listing Rules.

During the FY2024, the Company has complied with the principles and the applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules other than code provision C.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Cheung Hon Chuen ("**Mr. Cheung**") is one of our founders, chairman of the Board and chief executive officer of the Company. As the industry leader of the hospitality supplies industry in China, Mr. Cheung has extensive experience in hospitality supplies industry and he is responsible for formulating strategic direction and overseeing the management and business operation of our Group. As Mr. Cheung is key to the Group's development, the Board considers that vesting the roles of chairman and chief executive officer in Mr. Cheung would not create any potential harm to the interest of our Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management and our Board, which are comprised of experienced individuals, effectively oversees and balances the power and authority of Mr. Cheung, as both the chairman and chief executive officer of the Company. In addition, the balance of power is further ensured by the following:

- the audit committee of the Company is comprised of all independent non-executive Directors; and
- the independent non-executive Directors have free and direct access to the Company's external auditor and independent professional advisers when considered necessary.

The Board believes that the present structure is considered to be appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Cheung, and believes that his appointment to the positions of chairman and chief executive officer is beneficial to the business prospects of the Company.

The Company has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

The Group's internal control system also includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual departments which are accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Group’s senior management, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the FY2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year under review.

PURCHASE, SALE OR REDEMPTION OF COMPANY’S LISTED SECURITIES

During the FY2024, the Company conducted share repurchases of its 7,056,000 listed shares on the Stock Exchange pursuant to a general mandate granted by the shareholders of the Company to the Directors at the annual general meeting of the Company held on 25 May 2023. Such shares of the Company were repurchased on 10 April 2024 and all were cancelled on 30 April 2024.

The following table outlines details of the shares of the Company repurchased on a monthly basis:

Month of repurchase	Number of shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate price paid HK\$
April 2024	7,056,000	0.068	0.061	451,912.01
Total	7,056,000			451,912.01

Save for the above, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the FY2024.

CHANGE OF AUDITOR

Reference is made to the announcement of the Company dated 31 December 2024. PricewaterhouseCoopers accepted to resign as the auditor of the Company with effect from 31 December 2024. The Board, with the recommendation of the Audit Committee, resolved to appoint CCTH CPA Limited as the new auditor of the Company to fill the casual vacancy following the said resignation with effect from 31 December 2024 and to hold office until the conclusion of the next annual general meeting of the Company.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this announcement, there are no significant events after the year ended 31 December 2024 and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, according to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the public float as required under the Listing Rules with more than 25% of the issued shares of the Company being held by the public.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with paragraph D.3 of the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Dr. Zeng Zhaowu, Mr. Tan Michael Zhen Shan and Dr. Zheng Decheng. Dr. Zeng Zhaowu currently serves as the chairman of the Audit Committee.

The Audit Committee has considered and reviewed the Group’s annual results for the FY2024, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the FY2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for FY2024 as set out in this annual results announcement have been agreed by the Company’s auditors to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Company’s auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditors on this annual results announcement.

CLOSURE OF REGISTER OF MEMBERS

The Company will hold the annual general meeting (the “**AGM**”) on Friday, 30 May 2025.

For the purpose of ascertaining the Shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, and during which period no transfer of Shares will be registered.

In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 May 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.xjsx.net.cn. The 2024 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company in April 2025 and will be published on the above websites.

CLARIFICATION ON DISTRIBUTABLE RESERVES IN 2023 ANNUAL REPORT

Reference is made to the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), in both English and Chinese versions, published on 24 April 2024.

The Company noted that due to inadvertent clerical error, the Group’s distributable reserves as at 31 December 2023 shown on page 39 of the 2023 Annual Report should be approximately RMB935 million, instead of approximately RMB938 million.

Save as disclosed above and the clarification disclosed in the announcement of the Company dated 28 August 2024, other information in the English and Chinese versions of the 2023 Annual Report remains unchanged. This clarification is supplemental to and should be read in conjunction with the 2023 Annual Report and the said announcement.

By order of the Board
Xinji Shaxi Group Co., Ltd
Cheung Hon Chuen
Chairman

Guangzhou, the PRC, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Cheung Hon Chuen as chairman and executive Director; Mr. Mei Zuoting and Mr. Zhang Weixin as executive Directors; Mr. Lin Lie, Ms. Wang Yixue and Mr. Zhao Hui as non-executive Directors; and Dr. Zeng Zhaowu, Mr. Tan Michael Zhen Shan and Dr. Zheng Decheng as independent non-executive Directors.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” is for identification purpose only.*