Overseas Chinese Town (Asia) Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03366

ANNUAL REPORT 2024

CONTENTS

Commercial Area of Heifei Airport International Town

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Liu Yu *(Chairman)*
Mr. Wang Jianwen *(Chief Executive Officer)*
Ms. Qi Jianrong

Non-Executive Director

Mr. Yang Guobin

Independent Non-Executive Directors

Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon
Mr. Chu Wing Yiu

AUDIT COMMITTEE

Ms. Wong Wai Ling *(Chairman)*
Professor Lam Sing Kwong Simon
Mr. Yang Guobin

REMUNERATION COMMITTEE

Ms. Wong Wai Ling *(Chairman)*
Professor Lam Sing Kwong Simon
Mr. Yang Guobin

NOMINATION COMMITTEE

Ms. Liu Yu *(Chairman)*
Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

Ms. Liu Yu *(Chairman)*
Mr. Wang Jianwen
Ms. Qi Jianrong
Mr. Chu Wing Yiu

JOINT COMPANY SECRETARIES

Ms. Cheng Mei
Ms. Ho Sze Man

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2103, 21/F, Prudential Tower
The Gateway, Harbour City
Kowloon, Hong Kong

REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
KY1-1108, Cayman Islands

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8/F, Prince's Building, Central, Hong Kong

HONG KONG LEGAL ADVISER

HW Lawyers

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd. Hong Kong Branch
Hang Seng Bank Limited
Industrial Bank Co., Ltd. Hong Kong Branch
Nanyang Commercial Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–16, 17/F, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK INFORMATION

Listing date: 2 November 2005
Stock code: 03366
Stock short name: OCT (ASIA)

COMPANY'S WEBSITE

http://www.oct-asia.com

AUTHORISED REPRESENTATIVES

Mr. Wang Jianwen
Ms. Cheng Mei

Financial Highlights

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Revenue	966,530	1,262,753
Loss attributable to equity holders of the Company	(173,139)	(464,528)
Basic loss per share (RMB)	(0.23)	(0.79)

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	2024 RMB'000	2023 RMB'000
Current liabilities	5,804,239	11,885,461
Total assets	11,597,151	22,931,605
Total assets less current liabilities	5,792,912	11,046,144
Total deficits attributable to equity holders of the Company	(527,290)	(220,171)
Total equity	1,196,930	3,337,307

■ Innovation Demonstration Zone of Heifei Airport International Town

Business Structure

* Includes the actively managed funds of the Group and the funds invested in by the Group

Chairman's Statement

Dear Shareholders,

On behalf of Overseas Chinese Town (Asia) Holdings Limited (the "Company"), I present to you the annual report of the Company as of 31 December 2024 (the "Current Period").

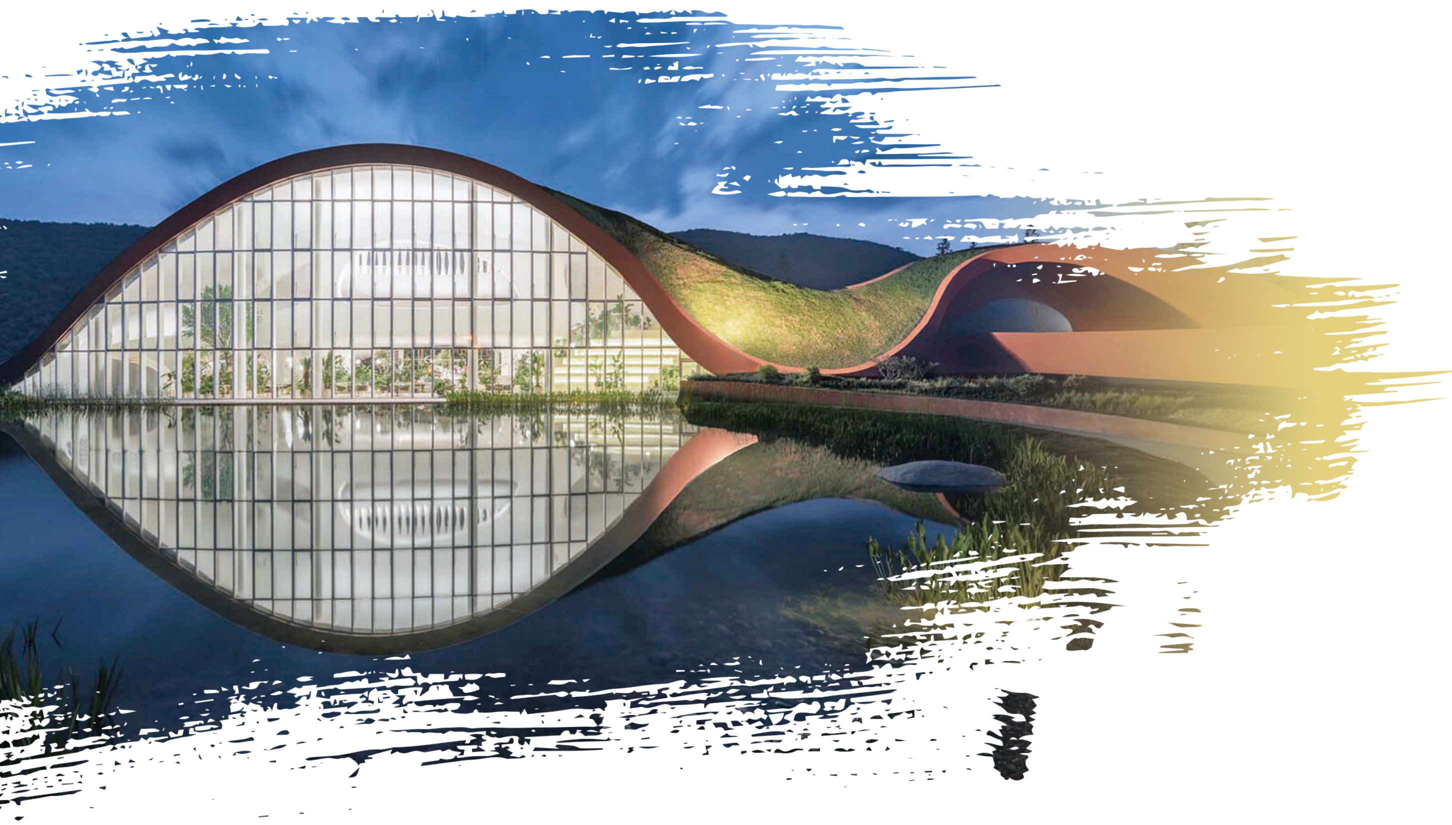
Chairman's Statement

Over the past year, we together witnessed the great headway made by the Company amid the complex market landscape. Affected by the profound adjustment of the real estate market and the volatile macroeconomic environment, the Company faced multiple internal and external difficulties and challenges. Confronting the tough situation, we actively sought changes by fully promoting the business transformation and upgrading to enhance the Company's core competitiveness.

In 2024, we, based on the streamlined management, took a holistic approach to all efforts. In revitalizing assets, we worked to sort out our assets and released the value of partial assets by optimizing allocation and effective disposal. In terms of improving quality and efficiency, we significantly reduced our operating costs through efficient and precise efforts in optimized operational processes and reasonable resource distribution. In terms of internal control, we managed to improve the Company's capacity for risk prevention by improving systems and processes and strengthening post-investment management. Meanwhile, we took multiple measures to mitigate all kinds of risks. Thanks to these efforts, we have seen preliminary results in business structure adjustment and cost control optimization, laying a solid foundation for the Company's sustainable development.

OCT Zhongshan Yu Hong Project

Chairman's Statement



■ Hefei OCT Bantang Hot Spring Town Project

Looking into 2025, the Company, staying committed to the philosophy of robust operation and innovation and development, will capture new market opportunities to steadfastly promote the business transformation. We will strengthen the efforts in streamlined management and continue to improve the operational efficiency of assets for better profitability of the Company. We will do more in team building for better professional competencies to embrace challenges with more enthusiasm and more professional capacities. Taking into full consideration the interest of shareholders, we will actively fulfill our social responsibilities and work harder for the Company's high-quality development and greater value for shareholders.

I would like to extend my gratitude to all shareholders for your unremitting support for and trust in the Company. Let's join hands to create a better future!

Liu Yu
Chairman of the Board
Overseas Chinese Town (Asia) Holdings Limited

28 March 2025

Management Discussion and Analysis

OPERATING RESULTS AND BUSINESS REVIEW

In 2024, the global economic recovery lacked momentum, geopolitical conflicts persisted, major economies experienced slower growth, and the US Federal Reserve's interest rate hike cycle continued to drive up global financing costs. Given the evolving complexity of the external environment, China faced growing difficulty in boosting internal demand and securing economic and social stability. Under the cyclical evolution of the domestic real estate market, the Company and its subsidiaries (collectively, the "Group") adhered to the fundamental principle of "seeking progress while maintaining stability", deepened lean management, focused on improving the quality and efficiency of principal business, optimized asset structure, and strengthened risk prevention and control; through the activation of existing assets and strategic business focus, the Group effectively responded to market volatility, and reduced debt scale, solidifying the foundation for sustainable development.

As of the end of 2024, the Group's total assets were approximately RMB11.597 billion, representing a year-on-year decrease of approximately 49.43%, primarily due to disposal of equity interest in a subsidiary, and the repayment of part of the loans. During the Current Period, the Group realized revenue of approximately RMB967 million, representing a decrease of approximately 23.44% as compared to the same period of last year, primarily due to a decrease in revenue recognized for the comprehensive development business as compared to the same period of last year. The loss attributable to equity holders of the Company was approximately RMB173 million, representing a decrease in loss of approximately RMB292 million as compared to the same period of last year.

Hefei OCT International Town Lakeside Club

Management Discussion and Analysis

Comprehensive Development Business

In 2024, the real estate market continued its bottoming-out and adjustment trend. The sales area of commercial housing decreased by approximately 12.9% year-on-year, and the area pending to be sold increased by approximately 10.6% throughout the year. The inventory destocking cycle was prolonged, and the market remained in the initial stage of stabilization and restoration. The sales rebounded in the fourth quarter because of the introduction of continuously favorable policies, with the successive implementation of reduction in interest rate, reduction in reserve requirement ratio reductions, relaxation of purchase restrictions at the end of September 2024, thus market confidence is improving significantly.

The Group focuses on cities in the metropolitan areas of the River Yangtze Delta + Guangdong-Hong Kong-Macao Greater Bay Area. The Group holds projects in Hefei, Chongqing, Zhongshan, Xi'an, Shanghai and other places, with a total land reserve of approximately 935,800 square meters as of the end of 2024. During the Current Period, total area sold by the Group was 47,400 square meters, with a total sales amount of approximately RMB746 million and sales amount (on an equity basis) of approximately RMB245 million.

In 2024, the Group continued to apply flexible sales policies to increase destocking efforts. The Group prudently assessed its development plans and adjusted construction progress with reference to changes in market demand to avoid increasing investment stagnation. As a demonstration project for the city-industry integration, the Hefei Airport International Town (covering a land area of approximately 1.304 million square meters) established an integrated commercial ecosystem encompassing residential communities, commercial spaces, micro-resort facilities, and industrial offices. It synergistically develops alongside key enterprises in the surrounding integrated circuit industry, such as ChangXin Memory Technologies, and the Hefei Xinqiao Electric Vehicle Industrial Park. Amid the continuous downturn in the regional market and insufficient rigid demand in this sector, the Hefei Airport International Town faced challenges with slower destocking and relatively higher inventory level. Catching the opportunities which arose from the "housing voucher" policy, the project implemented strategies including on-site promotion, attracting customers online, and industrial group buying. The project ranked first in Hefei City for housing voucher exchanges for two consecutive years.

In late October 2024, the disposal of equity interests in Overseas Chinese Town (Shanghai) Land Company Limited ("OCT (Shanghai) Land") was completed. The proceeds of approximately RMB2.055 billion were applied to repay offshore loans, effectively reduced the Group's interest-bearing liabilities and improved its debt structure.

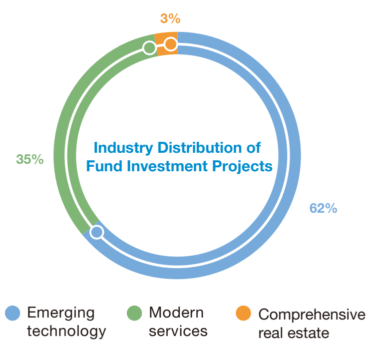
■ OCT Zhongshan Yu Hong Project

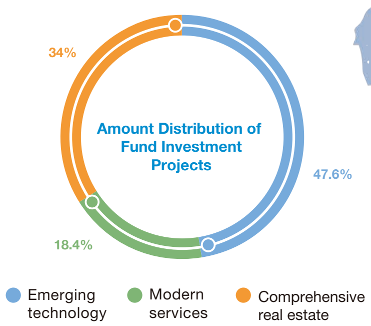
Management Discussion and Analysis

Sales of the Group's comprehensive development projects are as follows:

No.	Project Name	Location	Land use	Shareholding ratio	Gross floor area *(ten thousand m^2, full calibre)*	Total saleable area being launched *(ten thousand m^2, full calibre)*	Accumulated sales area *(ten thousand m^2, full calibre)*
1	Hefei Airport International Town Project	Southeast of the intersection of Hongqiao Road and Hualian Road, Xinqiao Science and Technology Innovation Demonstration Zone, Shushan District, Hefei	Residential + Commercial + Hotel	51%	159.3	65.9	48.7
2	Hefei OCT Bantang Hot Spring Town Project	Northwest of the intersection of Jinchao Avenue and Beiwaihuan Road, Chaohu Economic Development Zone	Residential + Commercial + Hotel	51%	34.5	–	–
3	Chongqing OCT Land Project	No. 6 Huanghuan West Road, Liangjiang New Area, Chongqing	Residential	49%	44	61.6	47.4
4	Zhongshan Yuhong Project	No. 2 Huzhong Road, Zhongshan Torch Industrial Development Zone	Residential	21%	27.2	30.1	28.7

The Group has three industrial park projects in Huizhou, Guangdong and in Suzhou, Jiangsu, and the total leasable area is approximately 154,400 square meters. As of the end of 2024, the occupancy rate remained high at approximately 96.3%. In 2024, the Group continued to optimize the operational capabilities of its industrial parks. By launching a smart park system, renovating infrastructure, and exploring value-added services, the Group further strengthened its service competitiveness. During the Current Period, the industrial parks recorded a rental income of approximately RMB35.54 million, representing an increase of approximately 7.22% as compared to the same period of last year.





■ Changshu Industrial Park

Management Discussion and Analysis

Equity Investment and Fund Business

In 2024, the domestic private equity fund market demonstrated resilience despite the complex economic environment. Market concentration significantly increased, dominance of leading institutions was deepened, and the industry experienced accelerated consolidation. Fundraising was polarized, state-backed capital has taken a leading role, and, the participation of market-oriented capital remained insufficient. Regulatory requirements and compliance systems for fund management continued to improve, raising the bar for investment target selection. On the exit side, difficulty of exiting investment increased due to the reduced number of IPOs, making mergers and acquisitions, and equity transfers the primary exit.

In 2024, against the backdrop of increasing polarization in the private equity market, the Group accelerated the exit process for its actively managed funds. Through various approaches, we achieved exits from several projects, realizing a cash recovery of approximately RMB188 million for our managed and invested funds. The continuous accumulation of industrial and capital resources provided enhanced channels for fund project exits. As of the end of 2024, the Group had a total of 8 funds (including 2 actively managed funds) under its umbrella; the total size of the managed and invested funds was approximately RMB4.172 billion, with approximately RMB1.3 billion attributed to actively managed funds.

In 2024, the Group's fund business developed steadily. The Group's fund management company was recognized as one of the "Top 50 Most Influential State-owned Investment Institutions in China for 2024" by the China Venture Capital Research Institute.

As previously disclosed, the Group, on behalf of its joint venture, Qiaoheng No. 1 Investment Enterprise (Limited Partnership) ("Qiaoheng No. 1"), filed a claim against another shareholder of Qiaoheng No. 1 to demand for funds and repayment of the loan in compliance with the contract and obtained a favorable judgement. The effective enforcement of the judgement is subject to external factors and uncertainties. Qiaoheng No. 1 is actively pursuing the enforcement of the judgement. The Company will make an announcement in accordance with the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") if there are material developments.

Management Discussion and Analysis

Major Awards in 2024

1 2024 China Influence State-owned Capital Investment Institutions Top 50

2 ESG Report Benchmark Award

3 ESG Communication and Investor Relations Excellence Award

Management Discussion and Analysis

FINANCIAL REVIEW

As at 31 December 2024, the Group's total assets amounted to approximately RMB11.597 billion, representing a decrease of approximately 49.43% as compared to approximately RMB22.932 billion as at 31 December 2023, primarily due to OCT (Shanghai) Land was no longer consolidated into the Group's accounts following the Group's disposal of its equity interests, as well as the repayment of part of the loans. The Group's total equity amounted to approximately RMB1.197 billion, representing a decrease of approximately 64.13% as compared to approximately RMB3.337 billion as at 31 December 2023, which was mainly due to the sale of equity interest in OCT (Shanghai) Land for the Current Period.

For the Current Period, the Group realized revenue of approximately RMB0.967 billion, representing a decrease of approximately 23.44% as compared to approximately RMB1.263 billion for the same period of 2023, of which, the revenue of the comprehensive development business was approximately RMB0.961 billion, representing a decrease of approximately 23.24% as compared to approximately RMB1.252 billion for the same period of 2023, primarily due to a decrease in revenue recognized from the Hefei Airport International Town Project as compared to the same period of last year.

The Group's gross profit margin for the Current Period was approximately 13.97% (2023: approximately 11.02%), representing an increase of approximately 2.95 percentage points compared to the same period of 2023, of which, the gross profit margin of the comprehensive development business was approximately 13.69%, representing an increase of approximately 2.92 percentage points compared to approximately 10.77% for the same period of 2023, mainly due to the relatively high gross profit margin from the products carried forward during the Current Period.

For the Current Period, loss attributable to equity holders of the Company was approximately RMB173 million as compared to the loss of approximately RMB465 million in 2023. The loss attributable to the comprehensive development business was approximately RMB136 million (2023: loss of approximately RMB247 million), representing a decrease in loss of approximately 44.94% compared to the same period of 2023, mainly attributable to the year-on-year loss reduction of over RMB200 million of OCT (Shanghai) Land.

Loss attributable to the equity investment and fund business was approximately RMB100 million for the Current Period (2023: loss of approximately RMB185 million), representing a decrease in loss of approximately 45.95% compared to the same period of 2023, mainly attributable to the substantial year-on-year decrease in the Group's share of losses of listed associates for the Current Period.

The basic loss per share attributable to the shareholders of the Company for the Current Period was approximately RMB0.23 (2023: basic loss per share of approximately RMB0.79), representing a decrease in loss per share of approximately RMB0.56 compared to the same period in 2023. The losses for the Current Period were approximately RMB213 million (2023: losses of approximately RMB602 million), representing a decrease in losses of approximately RMB389 million compared to the same period in 2023, mainly due to the recognization of a gain on the disposal of equity interest in OCT (Shanghai) Land.

Management Discussion and Analysis

Distribution Costs and Administrative Expenses

For the Current Period, the Group's distribution costs were approximately RMB40.35 million (2023: approximately RMB80.71 million), representing a decrease of approximately 50.01% compared to the same period in 2023.

For the Current Period, the Group's administrative expenses were approximately RMB114 million (2023: approximately RMB201 million), representing a decrease of approximately 43.27% compared to the same period of 2023, of which, administrative expenses of the comprehensive development business were approximately RMB82 million (2023: approximately RMB159 million), representing a decrease of approximately 48.58% compared to the same period of 2023, mainly due to effective lean management and cost reduction and efficiency improvement measures, and the decrease in corresponding administrative expenses in the Current Period; administrative expenses of the investment and fund business were approximately RMB2.04 million (2023: approximately RMB6.61 million), representing a decrease of approximately 69.19% compared to the same period of 2023, mainly due to the decrease in amortization of investment-related intermediary fees.

Interest Expenses

For the Current Period, the Group's interest expenses were approximately RMB511.59 million (2023: approximately RMB355.05 million), representing an increase of approximately 44.09% compared to the same period of 2023. A reason for the increase is that part of the Group's borrowing in 2023 was incurred for an around six-month interest-bearing period following the Group's repayment of its perpetual bonds during that year. Such interest bearing period became a full year in 2024. Out of the above interest expenses, interest expenses of the comprehensive development business were approximately RMB171.51 million (2023: approximately RMB203.89 million), representing a decrease of approximately 15.88% compared to the same period of 2023, mainly due to the decrease in the balance of interest-bearing liabilities of the project compared with the same period of last year; and interest expenses of the equity investment and fund business were approximately RMB55.19 million (2023: approximately RMB17.67 million), representing an increase of approximately 212.29% compared to the same period of 2023, mainly due to a substantive increase in head office interest expense costs as the HIBOR (Hong Kong Interbank Offered Rate) remained at a high level in the Current Period and a year-on-year increase in the sharing of segment expenses for the Current Period.

Management Discussion and Analysis

Dividends

The Board did not recommend the payment of a final dividend for the Current Period (2023: Nil) after considering the Group's long-term development and active participation in potential investment opportunities.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2024 was approximately RMB1.197 billion (31 December 2023: approximately RMB3.337 billion); current assets were approximately RMB8.060 billion (31 December 2023: approximately RMB18.769 billion); and current liabilities were approximately RMB5.804 billion (31 December 2023: approximately RMB11.885 billion). The current ratio was approximately 1.39 as at 31 December 2024, representing a decrease of approximately 0.19 as compared to that as at 31 December 2023 (31 December 2023: approximately 1.58), as the Group applied working capital for repayment of borrowings classified as long-term liabilities in the Current Period. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

As at 31 December 2024, the Group had outstanding bank and other loans of approximately RMB1.851 billion, without fixed-rate loans (31 December 2023: outstanding bank and other loans of approximately RMB3.648 billion, without fixed-rate loans). As at 31 December 2024, the interest rates of bank and other loans of the Group ranged from 2.85% to 6.64% per annum (31 December 2023: 3.05% to 6.82% per annum). Some of those bank loans were secured by certain assets of the Group and corporate guarantees provided by certain related companies of the Company. The Group's gearing ratio (being total borrowings including bills payables and loans divided by total assets) was approximately 70.78% as at 31 December 2024, representing an increase of approximately 19.32% percentage points as compared to approximately 51.46% as at 31 December 2023, which was mainly due to the disposal of subsidiaries with low gearing ratio and accounting for a large proportion of the Group's total assets.

As at 31 December 2024, approximately 64.55% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB1.195 billion was denominated in Hong Kong dollars (31 December 2023: approximately 51.67%); and approximately 35.45% amounting to approximately RMB0.656 billion was denominated in Renminbi (31 December 2023: approximately 48.33%). As at 31 December 2024, approximately 0.23% of the total amount of cash and cash equivalents of the Group was denominated in United States dollars (31 December 2023: approximately 0.02%); approximately 94.71% was denominated in Renminbi (31 December 2023: approximately 95.41%); and approximately 5.06% was denominated in Hong Kong dollars (31 December 2023: approximately 4.57%).

The Group's transactions and monetary assets are principally denominated in RMB, Hong Kong Dollars and United States Dollars. As of 31 December 2024, the Group had not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates. The Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risk purposes during the Current Period.

Management Discussion and Analysis

Contingent liabilities

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly instalment before the issuance of the individual property ownership certificate, the banks could draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance if the deposit balance is insufficient.

The amount of guarantee deposits required varies among different banks, but is usually within a range of 0% to 5% of the mortgage loans granted to buyers, with a prescribed capped amount.

The management does not consider it probable that the Group will sustain a loss under these guarantees over the term of the guarantee as the bank has the right to sell the properties and recover the overdue payments from the sale proceeds if the property buyers default on payment. The management also considers that the market value of the relevant properties can cover the outstanding mortgage loans guaranteed by the Group. Accordingly, no liabilities are recognized in respect of these guarantees.

As at 31 December 2024, guarantees given by financial institutions for mortgage facilities granted to buyers of the Group's properties amounted to approximately RMB486 million in total (31 December 2023: approximately RMB559 million).

Outlook for 2025

In 2025, the global economy is expected to transition to a path of moderate recovery, supported by easing inflationary pressures and the nearing conclusion of interest rate hike cycles by major central banks. However, geopolitical conflicts, trade barriers, and energy price volatility will continue to pose challenges on growth momentum. In 2025, China will implement a more proactive fiscal policies and appropriately loose monetary policies to further promote infrastructure investment and a recovery in consumer demand. Real estate policies are expected to continue to be strengthened, combined with the expansion of special loans for "guaranteed delivery of properties"; monetary policies are expected to continue its loose orientation, and the reduction in LPR will help lower financing costs for enterprises. Simultaneously, the rapid adoption of AI-driven technological innovations, with breakthroughs in areas such as large models and intelligent terminals, is further driving industrial upgrading. Through the concerted efforts of fiscal and monetary policies, and the dual drive of domestic demand and innovation, we will provide better support for China's high-quality development.

In 2025, the Group will prioritize three key initiatives: "inventory reduction, asset revitalization, and risk prevention".

Management Discussion and Analysis

The Group will capitalize on policy opportunities, placing primary emphasis on sales and inventory reduction. By employing flexible sales strategies to respond effectively to market dynamics, and will actively approach the local government and make the best use of policy opportunities such as land resumption and land regulation, we aim to accelerate the destocking of existing real estate projects. Through innovative marketing approaches, enhancing sales and property management services, we will expedite asset turnover and improve cash flow. Concurrently, the Group will explore opportunities for project investment exits and strengthen post-investment management. The Group will strengthen risk management, reinforce project monitoring, optimizing our compliance management system. The Group will accelerate capital turnover, reduce debt scale, improve our asset-liability ratio, alleviate cash flow pressures, mitigate debt risks, and optimize capital allocation to provide a solid foundation for the Group's sustained growth.

In 2025, the Group will leverage lean management, seize policy dividends and opportunities arising from technological advancements, strengthen risk control and cash flow management, actively explore business transformation amidst industry changes, strive to overcome challenges, establish a new pattern of stable growth, and create long-term value for shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed 133 full-time staff in total. The basic remunerations of the employees of the Group are mainly determined with reference to the industry's remuneration benchmark, the employees' experience and their performance. Equal opportunities are offered to all staff members. Staff salaries are maintained at a competitive level and are reviewed periodically (and not less frequent than annually), with reference to the relevant labour market and the economic situation. The Company currently does not maintain any share scheme under Chapter 17 of the Listing Rules. Apart from the basic remuneration and statutory benefits, the Group also provides bonuses to the staff based upon the Group's results and their individual performance.

The Group provides comprehensive training to its employees, covering areas such as operation and business-oriented training, legal and risk management, and integrity education. The Group has not experienced any significant problems with its employees or disruption of its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced staff, during the Current Period.

The Group maintains a good relationship with its employees in general. Most members of the senior management have been working for the Group for many years.

Management Discussion and Analysis

IMPORTANT EVENTS

Disposal of Interest in OCT (Shanghai) Land

On 29 July 2024, Great Tec Investment Limited (an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement with respect to the sale of its entire interests in OCT (Shanghai) Land (representing approximately 50.5% of the equity interest of such target company) for a consideration of RMB2,055,399,300. The disposal constitutes a very substantial disposal and a connected transaction of the Company pursuant to Chapters 14 and 14A of the Listing Rules, respectively, and was approved by the independent shareholders of the Company (the "Shareholders") at an extraordinary general meeting held on 25 October 2024. The disposal has been completed. More information is set out in the Company's circular dated 3 September 2024.

Change of Address of Head Office and Principal Place of Business in Hong Kong

With effect from 31 July 2024, the Company's head office and principal place of business in Hong Kong has been changed to Suite 2103, 21/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong.

Amendments to the Memorandum and Articles of Association

In view of the Core Shareholder Protection Standards as set out in the Listing Rules and the updates on the applicable laws in the Cayman Islands, the Company adopted the third amended and restated memorandum and articles of association with effect from 17 June 2024 with the approval of the Shareholders by way of a special resolution at a general meeting. More information is set out in the Company's circular dated 23 May 2024.

Continuing Connected Transaction — Product Procurement Services

On 8 March 2024, Hefei OCT Industry Development Co., Ltd. (an indirect non-wholly owned subsidiary of the Company) ("Hefei OCT Industry") entered into the supplemental Konka products procurement framework agreement with Yilifang (Hainan) Technology Limited ("Yilifang") and Shenzhen Konka Zhitung Technology Co., Ltd. ("Konka ZT") for Konka ZT to replace Yilifang to provide Konka products procurement services to Hefei OCT Industry for a new term until 31 December 2025. The annual caps for 2024 and 2025 are RMB9 million and RMB4 million, respectively. The arrangement terminated the previous continuing connected transactions with Yilifang and constituted new continuing connected transactions with Konka ZT. More information is set out in the Company's announcement dated 8 March 2024.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this annual report, the Group had no other significant investments held, nor material acquisitions and disposal of subsidiaries, associates or joint ventures during the Current Period; and there are no plans for material investments or capital assets which have been approved by the Board as of the date of this annual report.

Directors and Senior Management

DIRECTORS

Executive Directors

Ms. Liu Yu (劉宇), aged 45, is the deputy general accountant of Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd.", currently listed on the Shenzhen Stock Exchange, stock code: 000069.SZ) and the chairman of the board of directors of Overseas Chinese Town (HK) Company Limited ("OCT (HK)"). Ms. Liu joined the OCT Group in December 2003, and she was a senior manager of the finance department of OCT Ltd., the financial controller of Shenzhen Splendid China Development Co., Ltd., and a standing deputy general manager of the financial operations department of OCT Group. Ms. Liu graduated from Dongbei University of Finance and Economics, the People's Republic of China (the "PRC"), majoring in finance, with a bachelor's degree in economics in July 2003. She is qualified as a senior accountant and an economist in the PRC. Ms. Liu is the Chairman of the Company's ESG Committee and the Nomination Committee.

Mr. Wang Jianwen (王建文), aged 47, is a director and the general manager of Shenzhen OCT Capital Investment Management Co., Ltd. and a director and the general manager of OCT (HK). He also holds various positions including director, supervisor or general manager in various subsidiaries of the Company. Mr. Wang joined the OCT Group in 2002. He was previously a senior manager of the finance department of OCT Ltd., a director of the finance department of the Company, the finance director of Chengdu Tianfu OCT Industry Development Co., Ltd., the finance director of Overseas Chinese Town (Xi'an) Industry Company Limited (西安華僑城實業有限公司), a deputy general manager of OCT Western Investment Company Limited (華僑城西部投資有限公司), a deputy general manager of the western region business division of OCT Ltd., a deputy general manager of Shenzhen OCT Capital Investment Management Co., Ltd., and a deputy general manager of OCT (HK). Mr. Wang graduated from the Jiangxi University of Finance and Economics in 1999, with a bachelor's degree in economics, specialising in audit. He was conferred a master of business administration degree by the Northwestern Polytechnical University in 2006. He was conferred the qualification of an accountant in China. Mr. Wang is a member of the Company's ESG Committee.

Ms. Qi Jianrong (祁建榮), aged 54, is a deputy general manager of the Company. She also holds directorships or supervisor positions in various subsidiaries of the Company. Ms. Qi joined OCT Group in July 1994, and had served in various positions including manager of financial securities department and finance department, accounting manager of the finance department and the financial assistant of Shenzhen Bay Hotel, manager of financial and business support department and chief accountant of the Venice Raytour Hotel Shenzhen, the vice financial officer of Shenzhen Seaview Austin Hotel, the supervisor of the finance department of OCT (HK) and deputy general manager, financial officer and secretary of board of directors of Shenzhen City Rough Diamond Trading Centre Company Limited. Ms. Qi graduated from the Department of International Finance of Jinan University in China in June 1994, where she obtained her bachelor's degree in economics. She holds the qualifications of accountant and economist in China and Senior International Finance Manager, and she is a member of the Association of International Accountants. Ms. Qi is a member of the Company's ESG Committee.

Directors and Senior Management

Non-Executive Director

Mr. Yang Guobin (楊國彬), aged 56, is a director of Shenzhen OCT Capital Investment Management Co., Ltd., and a director of OCT (HK). Mr. Yang joined the OCT Group in July 1991, and he was a deputy general manager of the finance department, and an officer of the settlement centre of OCT Group, a deputy general manager of the finance department (audit department) of OCT Group, a deputy president of the corporate management department of OCT Group, and the financial controller and vice president of Konka Group Co., Ltd. (a company whose shares are listed on the Shenzhen Stock Exchange, stock code: SZ000016)). Mr. Yang graduated from Jinan University, the PRC, majoring in accounting, in June 1991, with a bachelor's degree in economics. He is qualified as a senior accountant in the PRC. Mr. Yang is a member of the Company's Audit Committee and the Remuneration Committee.

Independent Non-Executive Directors

Ms. Wong Wai Ling (黃慧玲), aged 63, joined the Group in 2007. Ms. Wong holds a Bachelor of Arts degree from the University of Hong Kong and a Postgraduate Diploma in Accounting and Finance from the London School of Economics and Political Science, University of London, United Kingdom. Ms. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, with over 30 years of extensive experience in accounting, taxation, auditing and business. She worked in an international accounting firm and a local accounting firm for more than seven years until she began to be in private practice as a Certified Public Accountant in 1993. She is a non-executive director of Hin Sang Group (International) Holdings Co., Ltd (stock code: 6893.HK). Ms. Wong previously served as an independent non-executive director and Chairman of the audit committee and remuneration committee of Yongsheng Advanced Materials Company Limited (a company previously listed on the Main Board of the Stock Exchange and delisted voluntarily on 7 February 2024), an independent non-executive director and Chairman of the audit committee of AVIC International Holdings Limited (a company previously listed on the Main Board of the Stock Exchange and delisted voluntarily on 17 April 2020), an independent non-executive director and Chairman of the audit committee of China Ruifeng Renewable Energy Holdings Limited (stock code: 0527.HK), an independent non-executive director of Glory Flame Holdings Limited (stock code: 8059.HK) and an executive director of Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (stock code: 8326.HK). Ms. Wong is the Chairman of the Company's Audit Committee and Remuneration Committee and a member of the Nomination Committee.

Directors and Senior Management

Professor Lam Sing Kwong Simon (林誠光), aged 65, joined the Group in 2009. He is currently serving as a professor in management and business strategy at the Faculty of Business and Economics of the University of Hong Kong. Professor Lam is well known for his studies and research in corporate strategy, organization development and operations management, and has published a number of academic papers and case analyses on the said topics. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance. Professor Lam has been serving as an independent non-executive director of the following companies listed on the Main Board of the Stock Exchange: Qingci Games Inc. (stock code: 6633.HK), Kwan On Holdings Limited (stock code: 1559.HK) and Pharma Corporation Limited (stock code: 2633.HK). He was an independent non-executive director of Sinomax Group Limited (stock code: 1418.HK). Professor Lam is a member of the Company's Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Chu Wing Yiu (朱永耀), aged 67, joined the Group in 2019. Mr. Chu is a life insurance administrator of the Life Office Management Association. Mr. Chu is currently an independent non-executive director and chairman of the risk committee of Zurich Life Insurance (Hong Kong) Limited, an independent non-executive director and chairman of the risk committee of SCOR Reinsurance Co. (Asia) Limited, an independent non-executive director of Dah Sing Insurance Company Limited and a member of the group insurance risk management committee of Dah Sing Financial Holdings Limited (stock code: 0440.HK). Mr. Chu entered the insurance industry in Hong Kong in 1981, and is equipped with rich management experience. In the past, he acted as a director, chief executive officer of BOCI — Prudential Trustee Limited and a director of BOC Group Trustee Company Limited, director and head of employee benefits of HSBC Insurance (Asia) Limited, and a director of BOC Insurance Company Limited. In the insurance industry, Mr. Chu is also currently the vice chairman of the Insurance Industry Training Advisory Committee, a Trustee of the Hospital Authority Provident Fund Scheme and a non-official member of the Industry Advisory Committee of the Insurance Authority on Long Term Business of Hong Kong. He is a member of the Company's ESG Committee.

Senior Management

Mr. Wang Jianwen is an executive Director and the Chief Executive Officer of the Company. His biography is set out above.

Mr. Zhang Xiaojun (張曉軍), aged 55, is a deputy general manager of the Company and also holds various positions including director, supervisor or general manager in various subsidiaries of the Company. Mr. Zhang joined OCT Group in 1993. He served as the general manager of Shenzhen OCT Gangya Holdings Development Co., Ltd. and has been the deputy general manager of the Company since 2007. Mr. Zhang graduated from Zhuzhou Institute of Technology (now known as the Hunan University of Technology) and obtained his bachelor's degree in engineering.

Ms. Qi Jianrong is an executive Director and a deputy general manager of the Company. Her biography is set out above.

Directors and Senior Management

Ms. Cheng Mei (成玫), aged 52, is a deputy general manager, a joint company secretary and an authorised representative of the Company. She also serves as a director, supervisor or general manager and other positions of various subsidiaries of the Company. Ms. Cheng joined the Company in 2005, and was a vice supervisor and subsequently a supervisor of the Company's office of the board secretary. Prior to joining the Group, Ms. Cheng had successively worked for a tourism group and OCT (HK). Ms. Cheng graduated from Beijing International Studies University and obtained her bachelor's degree in Arts in 1995.

Joint Company Secretary

Ms. Cheng Mei was appointed as one of the joint company secretaries of the Company on 26 June 2023. Her biography is set out above.

Ms. Ho Sze Man was appointed as one of the joint company secretaries of the Company on 26 June 2023. Ms. Ho is a practicing solicitor of Hong Kong. Ms. Ho specializes in corporate finance and has extensive experience in handling compliance matters of listed companies in Hong Kong. She is currently a partner of HW Lawyers. She was awarded the Bachelor of Laws by the University of Hong Kong in 2006, and the Postgraduate Certificate in Laws by the University of Hong Kong in 2007.

Corporate Governance Report

CORPORATE AND GOVERNANCE CULTURE

The Company believes that high standard corporate governance and a highly efficient management team are very important in enhancing the investors' confidence and safeguarding the interests of the shareholders as a whole, and can also increase long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasizing good communication with shareholders and investors, and promoting the corporate culture of absolute integrity, continuously improving management transparency, making timely, truthful and accurate disclosure of information. The Company fully understands and supports the principles of the Corporate Governance Code (the "CG Code") under Appendix C1 of the Listing Rules, and regards these standards as the cornerstone of the Group's corporate governance practices, typically applying these standards as amended and affirming the Group's identity. The Company has also established appropriate policies and procedures to promote and enhance the aforementioned culture, allowing employees and stakeholders to express concerns regarding any suspected misconduct. The Board is convinced that the strategic direction and business model of the Group align with its culture.

For the Current Period, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code.

BOARD OF DIRECTORS

Board Responsibilities and Delegation

The Board is responsible for the leadership and governance of the Company and ultimately assumes responsibility for the Company's business, financial performance and preparation of financial statements. The Board formulates strategies, policies and business plans of the Group, controls corporate risks and monitors the operation and financial performance of the Company. The Board endeavors to make decisions in the interests of the shareholders and the Company as a whole, and delegates powers and responsibilities to the management led by the Chief Executive Officer of the Company to carry out the daily management and operation of the Group. The Board reserves for its decisions all major matters relating to strategies, overall objectives and policies, financial results and budgets, material transactions, appointment of directors, share capital and other significant operational matters of the Company. All Board members have separate and independent access to the senior management, and are provided with full and timely information about the operation and business development of the Company, including monthly reports. In order to assist the Directors to perform their duties, the Board has established procedures to enable the Directors to seek independent professional advice upon reasonable request under appropriate circumstances at the Company's expense.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision A.2 of Part 2 of the CG Code. The Board is responsible for, and has reviewed and monitored during the Current Period: (a) the Company's corporate governance policies and practices, (b) the training and continuous professional development of Directors and senior management, (c) the Company's policies and practices in compliance with laws and regulations, (d) the Company's code of conduct and compliance manual applicable to employees and Directors and (e) the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

Corporate Governance Report

Composition of the Board

The Board currently comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. Independent non-executive Directors represent more than one-third of the Board and all are experienced professionals with profound expertise and experience in various fields including accounting, financial, economic and risk management aspects. The Board considers that all the independent non-executive Directors are independent in their judgment. They ensure that the Board attains strict standards in financial and other statutory reporting areas and they provide and balances to safeguard the interests of the shareholders and the Company as a whole.

As at the date of this report, the Directors are as follows:

Executive Directors

Ms. Liu Yu *(Chairman)*
Mr. Wang Jianwen *(Chief Executive Officer)*
Ms. Qi Jianrong

Ms. Liu Yu and Ms. Qi Jianrong were both re-elected as executive Directors at the annual general meeting of the Company held on 17 June 2024, and have entered into service contracts with the Company for a term commencing from 17 June 2024 until the conclusion of the 2026 annual general meeting of the Company to be held in 2027.

Mr. Wang Jianwen was appointed as an executive Director by the Board on 23 March 2023, and has entered into a service contract with the Company for a term commencing from 20 June 2023 until the conclusion of the 2025 annual general meeting of the Company to be held in 2026.

Non-Executive Director

Mr. Yang Guobin

Mr. Yang Guobin was re-elected as a non-executive Director at the annual general meeting of the Company held on 17 June 2024, and has entered into a service contract with the Company for a term commencing from 17 June 2024 until the conclusion of the 2026 annual general meeting of the Company to be held in 2027.

Independent Non-Executive Directors

Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon
Mr. Chu Wing Yiu

Ms. Wong Wai Ling, Professor Lam Sing Kwong Simon and Mr. Chu Wing Yiu were re-elected as independent non-executive Directors at the annual general meeting of the Company held on 17 June 2024, and have entered into service contracts with the Company for a term commencing from 17 June 2024 until the conclusion of the 2026 annual general meeting of the Company to be held in 2027.

Corporate Governance Report

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years. The Company has received the confirmation from them of his/her independence with reference to the criteria set out in Rule 3.13 of the Listing Rules. Although each of Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon has served as independent non-executive Directors for more than nine years, the Board considers that Ms. Wong and Professor Lam are persons of integrity and independence in judgement and character. They are independent of the management and free from any business or other relationships or circumstances which could materially interfere with the exercise of their independent judgement. The Company is not aware of any cross-directorship nor significant links of them with other Directors, or in any relationship which would interfere their exercise of independent judgment. Having regard to the above and the confirmation on meeting the factors of assessing independence under Rule 3.13, the Company considers the independent non-executive Directors are independent, and that the independence of Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon is not affected by their length of tenure with the Company.

The biographies of each Director are set out on pages 21 to 23 of this report. Information about the re-election of the Directors is set out in the circular of the Company issued on the same date with this annual report.

The independent non-executive Directors represented at least one-third of the Board throughout the Current Period, in compliance with Rules 3.10(1) and 3.10(A) of the Listing Rules; and at least one of them possesses appropriate professional qualifications or accounting or related financial management expertise throughout the Current Period, in compliance with Rule 3.10(2) of the Listing Rules.

The Company has established a Nomination Committee. The Nomination Committee evaluates the independence of all independent non-executive Directors each year and makes sure that they comply with the independence requirement under Rule 3.13 of the Listing Rules. The Chairman, the Chief Executive Officer and other Directors do not have any financial, business, family or other material/relevant relationships with each other that are not disclosed in this annual report.

Chairman and Chief Executive Officer

To facilitate the independence, accountability of management and a clear delineation of authorities. The positions of the Chairman and the Chief Executive Officer of the Company are assumed by different persons. The Chairman oversees the operation of the Board and the formulation of the Company's strategies and policies. The Chief Executive Officer is responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation.

Corporate Governance Report

Appointment and Re-election of Directors

The Nomination Committee identifies appropriate individuals qualified to become Board members and provides advice to the Board in respect of nominating such persons to the Board. The Nomination Committee also makes recommendations to the Board on the appointment, re-appointment of and succession planning for Directors, in particular the Chairman and the Chief Executive Officer. The Board is responsible for formulating the procedures for appointing Directors, and nominating suitable candidates for approval at the annual general meetings so as to fill vacancies due to the resignation of Directors. When selecting candidates for appointment as Directors, factors including (without limitation) the candidates' integrity, achievements, experience, expertise and background in the relevant industry and whether they have sufficient time to assume the duties and responsibilities as a Director will be considered.

Pursuant to the memorandum and articles of association of the Company (the "Articles"), at every annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the nearest number to but not less than one-third) shall retire by rotation, and every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Board Meetings and Procedures

The Board held 8 meetings during the Current Period.

The Board has established meeting procedures. The Board shall meet at least four times each year and can convene additional meetings as and when needed. The agenda and other reference documents shall be distributed prior to the Board meeting to allow sufficient time for the Directors to review. Directors can express different opinions at Board meetings. Important decisions will be made only after detailed discussions by the Board. Directors who have conflicts of interest or material interests in the relevant transactions will not be counted in the quorum of the meeting and shall abstain from voting on the relevant resolutions. Minutes of Board meetings and other committee meetings will be prepared by the Company Secretary and will be sent to all Board members for their comments or record. Directors are entitled to inspect the minutes.

Corporate Governance Report

DIRECTORS' ATTENDANCE OF MEETINGS

The Directors' attendances of the meetings of the Board, the meetings of the Board committees and general meetings of the Company during the Current Period are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee	General meetings
Executive Directors						
Liu Yu *(Note 2)*	8/8	N/A	N/A	1/1	1/1	1/2
Wang Jianwen	8/8	N/A	N/A	N/A	1/1	2/2
Qi Jianrong	8/8	N/A	N/A	N/A	1/1	2/2
Non-executive Director						
Yang Guobin	8/8	2/2	1/1	N/A	N/A	2/2
Independent non-executive Directors						
Wong Wai Ling	8/8	2/2	1/1	1/1	N/A	2/2
Lam Sing Kwong Simon	8/8	2/2	1/1	1/1	N/A	2/2
Chu Wing Yiu	8/8	N/A	N/A	N/A	1/1	2/2

Notes:

1. During the Current Period, the Company held the annual general meeting and one extraordinary general meeting. Ms. Liu was unable to attend the one extraordinary general meeting held in 2024 due to other unavoidable business engagements. Prior to the meeting, she discussed with the management on the content of the meeting (and where applicable, messages she wanted to relate to the Shareholders). The Company has also ensured the Directors and management presented at the meeting had sufficient knowledge, background and authority to address any question raised by the Shareholders. Updates on the meeting were also provided to her afterwards.

2. In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Current Period.

Corporate Governance Report

DIRECTORS' PROFESSIONAL DEVELOPMENT

Directors' training is an ongoing process. During the Current Period, Directors were provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance with and enhance their awareness of good corporate governance practices. New Directors are provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant laws, rules and regulations.

The Company also organises training sessions for Directors and management members from time to time. Topics such as new developments on ESG and climate information disclosure by the Stock Exchange were covered. Below shows the training received by the Directors in the Current Period.

Name of Directors	Reading training materials, rules and regulations, and attending training session	Watching training videos
Executive Directors		
Liu Yu	✓	✓
Wang Jianwen	✓	✓
Qi Jianrong	✓	✓
Non-Executive Director		
Yang Guobin	✓	✓
Independent Non-Executive Directors		
Wong Wai Ling	✓	✓
Lam Sing Kwong Simon	✓	✓
Chu Wing Yiu	✓	✓

BOARD COMMITTEES

The Board has set up the following committees:

Audit Committee

As of 31 December 2024, the Audit Committee consisted of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling (Chairman) and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Yang Guobin.

The principal roles and functions of the Audit Committee include:

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment or removal of the external auditors, and the approval of remuneration and terms of engagement of the external auditors;

(b) reviewing risk management and internal control systems and monitoring the work of the internal audit department;

(c) reviewing the financial statements of the Company, the Company's annual reports and accounts, interim reports and quarterly reports (if any);

(d) examining financial statements and reporting to the Board for any significant financial reporting judgment;

(e) discussing with auditors on any question or doubt arising from the audit process, as well as other issues the external auditors wish to discuss; and

(f) examining external auditor's management letter, and ensuring timely responses from the Board.

The Audit Committee held two meetings during the Current Period, principal tasks performed by the Audit Committee included:

1. reviewed the annual audited financial results and report for the year ended 31 December 2023 and the unaudited interim financial results and report for the six months ended 30 June 2024;

2. reviewed the internal control and risk management of the Company (including the report by the internal audit department), reviewed the effectiveness of the Company's internal audit function; and

3. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

The Audit Committee has reviewed the Company's annual results for the Current Period and this annual report, and confirmed that it is complete and accurate and complies with the Listing Rules.

Corporate Governance Report

Remuneration Committee

As of 31 December 2024, the Remuneration Committee consisted of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling (Chairman) and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Yang Guobin.

The principal roles and functions of the Remuneration Committee include:

(a) consulting the chairman of the Board and/or chief executive on remuneration proposals for other executive Directors and senior management;

(b) making recommendations to the Board on matters relating to the overall remuneration policy and structure for the Directors and senior management, as well as establishing a formal and transparent procedure for developing the remuneration policy of the Company;

(c) with authority delegated by the Board, determining remuneration packages for all executive Directors and senior management; making recommendations to the Board on remuneration for non-executive Directors;

(d) reviewing and approving compensations payable to executive Directors and senior management, for loss or termination of their office or appointment to ensure that it is consistent with contractual terms or is otherwise fair and reasonable; and

(e) reviewing and/or approving matters relating to share schemes as set out in Chapter 17 of the Listing Rules.

The Remuneration Committee held one meeting during the Current Period, and principal tasks performed by the Remuneration Committee included:

1. determine/make recommendations to the remuneration package of the Directors and senior management;

2. reviewed and assessed executive Directors and senior management's performance and service contracts, reviewed and discussed the Company's remuneration policy and structure, and valuation and performance assessment system;

3. listened to and assessed the report on the optimization direction of the remuneration and assessment system; and

4. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

Nomination Committee

As of 31 December 2024, the Nomination Committee consisted of three members, including one executive Director, namely Ms. Liu Yu (Chairman), and two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon.

The Board has a diversity policy (the "Board Diversity Policy"). All Board appointments will be based on individual merits, and candidates will be considered against selection criteria based on a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and term of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Company embraces the benefits of having a diverse Board to enhance the overall effectiveness of the Board and thereby the shareholders' value. Currently, the Board comprises four male Directors and three female Directors, and half of the Company's senior management (including executive Directors) are female. The Company believes that the current Board composition reflects a balance of skills, experience and expertise appropriate for the requirements of the Company's business development and for effective leadership. All the executive Directors (including male and female) possess extensive experience in the Company's industry while the non-executive Directors (including independent non-executive Directors) possess professional knowledge and broad experience in diversified areas including business management, finance and accounting, covering different gender and age groups. With the contribution of the other senior management members, the present structure provides an effective channel for opinions from different diversity aspects to be considered, ensuring the independence and objectivity of the Board. The balanced composition of the Board and committees, combined with the fixed-fee remuneration structure of non-executive Directors, the conflict management mechanism, transparent and timely information distribution to all Directors, and availability of access to professional advice provided to all Directors, ensure that independent views and input are available to the Board. These mechanisms remained effective during the Current Period.

The Group has a fairly balanced workforce in terms of gender. As of 31 December 2024, out of 133 full-time employees (including senior management), around 38.9% were female. Further information about the Group's staff by gender and other employment and labour practices is set out in the ESG Report.

The Board believes that the Board and the Group's overall workforce is diverse in terms of gender, and intends to continue the current balance of gender diversity on the Board and senior management level, and on the level of its overall workforce. The Company will also review its Board Diversity Policy (including gender diversity) and re-visit its above gender diversity objectives from time to time to promote the implementation of its Board Diversity Policy and the overall effectiveness of the Board. To support diversity at different levels, the Group is enhancing diversity awareness through employee networks, hiring and recruitment practices, and awareness raising promotions and training for all employees.

The Board has also adopted a director nomination policy (the "Nomination Policy") with reference to the principles in the CG Code, which establishes criteria and procedures for the Nomination Committee to identify and consider individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for the selection and appointment of new Directors.

Corporate Governance Report

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant skills, experience and diversity of perspectives critical to the Group's business to enable the Board to make sound and well-considered decisions.

Nomination Process

When receiving the proposal to appoint a new Director, the Nomination Committee shall (i) assess the candidate with reference to the selection criteria as set out in the Nomination Policy to determine the eligibility of the candidate to serve as a Director; (ii) if there is more than one desirable candidate, rank them in accordance with the needs of the Company and the merits of each candidate; and (iii) make recommendations to the Board on the appointment of a suitable candidate to serve as a Director (if applicable).

When a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee shall (i) review the overall contribution and services of the retiring Director and his/her performance and level of participation; (ii) assess whether the retiring Director satisfies the selection criteria as set out in the Nomination Policy; and (iii) if considered appropriate, make recommendations to the Board in turn recommend the Shareholders on the voting direction.

Selection Criteria

Candidates would be assessed with reference to the Company's Nomination Policy and the Board Diversity Policy, with object criteria including his/her (i) character (in terms of his/her honesty, integrity, motivation or reputation), (ii) merits (in terms of his/her qualifications (including professional qualifications), skills, knowledge, accomplishments and experience related to the business and strategy of the Company and the diversity), (iii) expertise, (iv) commitment and resources (including time) for proper discharge of its duties; and (v) (for a candidate for independent non-executive Director) his/her independence.

The Board shall review and reassess the Nomination Policy and its effectiveness on a regular basis or as required.

The roles and functions of the Nomination Committee include:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) reviewing the Board Diversity Policy of the Company and the implementation progress of targets set by such policy;

(c) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

(d) assessing the independence of independent non-executive Directors; and

(e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

Corporate Governance Report

The Nomination Committee held one meeting during the Current Period and the principal tasks performed by the Nomination Committee included:

1. examined the structure, size and composition of the Board, to ensure the Directors have the expertise, skills and experience required to meet the Company's business;

2. reviewed the Board Diversity Policy of the Company and the implementation progress of targets set by such policy;

3. assessed the independence of all independent non-executive Directors;

4. reviewed the re-election of members of the Board, and made recommendations to the Board; and

5. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

Environmental, Social and Governance (ESG) Committee

As at 31 December 2024, the ESG Committee consisted of four members, including three executive Directors, namely Ms. Liu Yu (Chairman), Mr. Wang Jianwen, and Ms. Qi Jianrong, and one independent non-executive Director, Mr. Chu Wing Yiu.

The major roles and functions of the ESG Committee include:

(a) formulating and reviewing the ESG strategy, vision, tactics, principles and policies of the Group, and implementing ESG policies and measures approved by the Board;

(b) reviewing and determining the ESG management structure and mechanism optimisation operation plan of the Group, reviewing the ESG management structure and policies of the Group, and providing suggestions to the Board on the related ESG management structure of the Group;

(c) reviewing material ESG issues involved in the business operations of the Group, confirming the identified risks and opportunities related to ESG, reviewing and approving the material ESG issues on a regular basis, and reviewing whether the ESG risks of the Group are effectively managed and controlled;

(d) monitoring communication with the stakeholders and ensuring that there are policies established to effectively promote the relationship between the Group and the stakeholders, and identifying the communication results with the stakeholders;

(e) monitoring incorporation of ESG principles into the business decision-making procedures;

(f) monitoring the ESG performance of the Group in compliance with regulators' and investors' requirements and recommending to the Board;

Corporate Governance Report

(g) identifying the formulation of the ESG goals of the Group, the corresponding implementation rules and effectiveness, regularly reviewing and reporting to the Board the progress regarding the achievement of ESG goals, and identifying corresponding initiatives and measures on actions required to improve performance;

(h) ensuring that the Company prepares and discloses the ESG Report in accordance with the requirements of the Listing Rules, identifying the ESG data analysis results of the Company, and reporting to the Board that the annual disclosure of ESG is in compliance with relevant requirements; and

(i) reporting to the Board the ESG-related governance matters.

The ESG Committee held one meeting during the Current Period, and the principal tasks performed by the ESG Committee included:

1. reviewed the 2023 ESG report;

2. reviewed the sustainable development goals set and assess the level of achievements;

3. reviewed and confirmed the content of the Company's ESG Statements of the Board; and

4. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

Risk Management and Internal Control

The Company's management pays high attention to comprehensive risk management. The Company believes that the challenge facing the Company lies in identifying and managing risks in order to manage, contain, transfer, avoid, or understand and accommodate the relevant risks, and that sound and effective risk management and internal control systems play an important role in achieving the Company's strategic goals.

The Board acknowledges its ultimate responsibility to establish and maintain appropriate risk management and internal control systems for the business of the Company. To this end, the Board ensures that the Company has a robust framework of continuous risk management processes in place to identify, assess and manage the material risks facing the Company to facilitate its long-term success. The Board fully recognises that good risk management and internal control systems are designed to manage rather than eliminate the risks, and the systems and procedures that have been put in place do not provide an absolute shield against factors including unpredictable risks and uncontrollable events such as natural disasters or errors of judgment. Accordingly, they can only provide reasonable but not absolute assurance against misstatement of management and financial information and records or against financial losses or fraud.

The Company has not encountered any material risk incident in the capital market since its listing. There has been no significant error or weakness in respect of internal control during the Current Period, nor such condition or consequence which may have a material impact on the truthfulness, accuracy and fairness on the financial matters of the Company.

Corporate Governance Report

The Company has set up a functional department, which is responsible for internal control and internal audit functions. This department monitors the effectiveness of internal control of the Company by conducting a comprehensive inspection of the risk management system, control measures and governance procedures of the Company. The Company has set up an audit post, which is responsible for internal audits and is independent of other posts of the Company. The post conducts a special audit of subsidiaries based on the annual audit plan, and submits the audit results to the management of the Company. Meanwhile, its opinions and recommendations in respect of the existing problems of the subsidiaries are included in the audit results, which will be issued to the relevant subsidiaries. The relevant subsidiaries will then be required to make rectifications within a specific period.

The Company submits the comprehensive risk management report and the interim report to the Audit Committee on an annual basis. The comprehensive risk management report comprehensively describes the integrity and effectiveness of the risk management system of the various departments of the Company and its subsidiaries, the results of internal and external risk assessment on the strategy, finance, regulation and compliance, market and operation, identifies the significant risks which could have material impacts on the Company, and activates the supervision and improvement mechanisms for principal risk management strategies and solutions with respect to the aforementioned risks. The interim report presents the standardised operation procedures of the Company's business as well as the supervision of the business. The report describes how the Company prevents project risks before, during and after project investment in a comprehensive manner and formulates new systems and procedures for new businesses and situations to control risks efficiently. The existing control measures may not only identify and address all principal risks but also contribute to improving the skills, interests and costs required, thus helping the Board to assess the actual control status and effectiveness of risk management of the Company.

Three Lines of Defence

With respect to its existing businesses and under the risk management framework of the Stock Exchange regarding regulatory requirements for listed companies in Hong Kong, the Company has established and improved the three lines of defence for its risk management organisational system which cover decision-making and monitoring of comprehensive risk management, implementation of comprehensive risk management measures and assessment of comprehensive risk management.

The framework of the Group's risk management and internal control systems is guided by the "Three Lines of Defence" model:

First Line of Defence: Defence line for implementation of comprehensive risk management measures

All functional departments, subsidiaries, special teamwork groups and the "risk manager" system of the Company constitute the first line of defence for the implementation of comprehensive risk management measures, mainly responsible for conducting and implementing comprehensive risk management and internal control systems and relevant affairs, and strictly implementing day-to-day risk management measures; organising all departments and subsidiaries of the Company to identify and evaluate the actual risk management of their respective businesses; and promptly reporting risks in relation to the implementation of management strategies and solutions for significant risks.

Corporate Governance Report

Second Line of Defence: Defence line for assessment of comprehensive risk management

As the second line of defence for comprehensive risk management, the Company's risk management department is mainly responsible for supervising and assessing the implementation and quality of comprehensive risk management measures, and the ongoing effectiveness of risk countermeasures through risk management, legal management, internal audit and internal control, and issuing reports on supervision, assessment and audit, etc.

Third Line of Defence: Defence line for decision-making and monitoring of comprehensive risk management

The defence line for decision-making and monitoring of comprehensive risk management is the third defence line of the Company's comprehensive risk management organizational system, consisting of the Board and the management. The Company's Board and management, as comprehensive risk management decision-making and monitoring organizations, are mainly responsible for approving the Company's risk management organizational structure and responsibility plan, approving the Company's risk management policies, risk management measures and major risk solutions as well as monitoring and supervising the construction and implementation of the comprehensive risk management system and the internal control evaluation system.

Management Procedures for Significant Risks

In order to improve the monitoring and management of significant risks and fully leverage the effect of the three lines of defence for the Company's risk management organisational system, the Company on an annual basis carries out risk assessment under the lead of the risk management department.

Based on risk management regulations and actual corporate status, the Company conducts risk assessment mainly focusing on four aspects: strategic risk, financial risk, operational risk, as well as legal and compliance risk. To identify the abovementioned risks, potential significant risks are ultimately determined with qualitative and quantitative standards, while risk factors are identified and assessed based on the core business of the Company. The Company aims to prevent the occurrence of risk events by tracking and managing the whole process of the annual risk assessment and relevant significant risks, implementing the supervision and improvement mechanisms for significant risk management strategies and solutions, and establishing and implementing relevant solutions.

Corporate Governance Report

Measures and Means of Defence Lines:

The core staff of the functional departments are organised to carry out self-assessment on internal control and dissemination of knowledge related to comprehensive risk management, requiring all relevant departments and personnel to carry out risk assessment in accordance with the "Risk Management and Internal Control Manual of Overseas Chinese Town Group Company Limited" and the "OCT Risk Dictionary", and in close conjunction with their own business reality, so as to ensure the scientificity and effectiveness of the risk identification, assessment and countermeasures.

In order to strengthen the effect of risk awareness of all employees, the Company actively explores the innovative mode of internal control system construction. Through the training method of "sharing of experience", the Company provides systematic training for risk management personnel. At the same time, strong support is given in terms of the arrangement of training courses and budgets. The Company innovatively establishes the "risk manager" mechanism by selecting employees with more than three years of departmental experience as "risk managers" in each department of the Company and its subsidiaries to undertake certain risk monitoring duties in key positions such as accounting, internal audit, financial reporting, etc., and has them unified managed and trained by the risk management department.

Inside Information Policy

The Company has an inside information policy, regulating the maintenance of confidentiality and the timely and appropriate dissemination of inside information. Among other things, the policy:

— designated reporting channels for different operations to report any potential inside information to designated departments;

— designated persons and departments to determine the manner of reporting and disclosure as required; and

— designated persons authorised to act as spokespersons and respond to external enquiries.

During the Current Period, the Board examined the effectiveness of the risk management and internal control systems of the Group through the Audit Committee, and considered that the risk management and internal control systems are adequate and effective and the Group has complied with the code provisions on risk management and internal control of the CG Code.

Corporate Governance Report

Principal Risks

A number of factors may affect the results and business operations of the Group. The Group focuses on addressing the following principal risks:

Principal Risks and Control Measures in 2025

Type of Risk	Description	Key Control Measures	Caused by
Comprehensive development business risk	The slowdown in macroeconomic growth has led to a contraction in market demand, affecting the sales and leasing performance of the comprehensive development business. There is uncertainty as to whether the recovery process can be accelerated in 2025, and the Company needs to transform itself to adapt to the changing market and new trends in the industry.	(1) Better manage the comprehensive development projects in the participating enterprises, fulfil our management obligations practically, track the projects' fund reserve and usage, development and sales progress in a timely manner, strengthen supervision and appraisal to identify problems with the projects in a timely manner, and adopt a more flexible pricing strategy to promote the sale of the project; (2) Focus on risks such as mismatch of resources that may exist in the process of business transformation, formulate transformation risk assessment indicators, and monitor the progress of transformation and potential risks. Ensure that strategies can be adjusted in a timely manner when problems arise.	Influenced by multiple factors such as the weakening of residents' consumption expectations, the cycle of the real estate industry, and the macroeconomic environment. The domestic real estate industry continued its downward trend on both the supply and demand sides.
Policy and regulatory risk	Changes in relevant financial regulatory policies and investment policies may affect the Company's financing channels, investment strategies and exit mechanisms, increasing investment risks and operating costs.	Establish a policy and regulation research team or engage professional consultants, track and study changes in policies and regulations in a timely manner, so as to provide a basis for the Company's decision-making; strengthen communication and coordination with governmental departments, and actively participate in the feedback of opinions on the formulation of industry policies, so as to strive for a favourable policy environment; and adjust the Company's industrial operation and capital operation strategies in a timely manner according to changes in policies, so as to reduce the impact of policy risks.	Changes in the macro policy environment. The government will continue to adjust and improve policies and regulations to achieve the goals of economic adjustment, industrial upgrading, environmental protection, etc. It is difficult for the Company to fully and accurately predict and grasp these changes.

Corporate Governance Report

Principal Risks and Control Measures in 2025

Type of Risk	Description	Key Control Measures	Caused by
Post-investment project management risk	The global economic situation is complex and volatile, with factors such as slowing economic growth and rising inflation leading to increased market uncertainty. Changes in industry policies affect the development prospects of the industries in which the investee operates, and policy adjustments increase the operating pressure on the relevant companies. The investees are encountering various difficulties in the course of their operations, which slow down their business development and prevent their performance from reaching the expected level, thus increasing the difficulty and risk of post-investment management.	(1) Strengthen the tracking and prediction of the industry market in which the investee entity operates and relevant policies, timely predict risks and work out counter-measures, and provide sufficient buffer time for subsequent risk response and risk disposal; (2) Formulate a perfect post-investment management system and clarify the management process and division of responsibilities. Regularly conduct on-site research and comprehensive audits of the investee entity to ensure that the terms and conditions of the investment agreements are strictly implemented and the corporate governance structure is continuously optimised. In the event that the performance fails to meet expectations and the performance gambling provisions are triggered, a special working group will be set up immediately to conduct active and effective negotiation with the investee entity. In accordance with the laws and regulations and the investment agreement, the priority rights enjoyed by the Company as a shareholder will be firmly implemented, so as to protect the investment rights and interests of the Company to the greatest extent.	Adverse changes in the market environment and industry policies of the industry in which the investee entity operates; and misjudgement on business decisions and unstable management teams of the investee entity.

Corporate Governance Report

Principal Risks and Control Measures in 2025

Type of Risk	Description	Key Control Measures	Caused by
Financing risk	Problems such as high financing costs or unfavourable financing conditions in the financing process lead to a tight capital chain and affect the normal operation and development of the Company.	(1) Enhance financing risk prediction and advance planning of capital allocation. Firstly, by establishing a tiered communication mechanism with banks, communicate with the existing banks of the redemption plan at least six months in advance. Secondly, lay out the time nodes for revitalisation and financing payback in advance, match the time of debt payment, and track and supervise the revitalisation and payback. (2) Explore diversified financing channels, adjust financing strategies in a timely manner, and ensure the smooth and efficient implementation of financing solutions, such as the preparation of guidelines for business loans, the standardisation of business loans, and the enhancement of effectiveness of business loans. (3) Keep a close eye on the changes in RMB exchange rate, select the appropriate exchange rate window period, and communicate with banks to convert HKD loans into RMB loans, so as to reduce exchange rate risks and financing costs.	As a result of the continued downturn in the real estate industry, the Hong Kong Monetary Authority has continued to depress the size and concentration of loans to the real estate industry by banks in Hong Kong, making debt financing more difficult. Meanwhile, in terms of the cost, the substantial two-way fluctuations in the exchange rate between RMB and USD and the continued rise in offshore interest rates significantly increase the cost of offshore financing.
Human resources management risk	With the Company's strategic transformation and the adjustment in organisational structure, and based on the requirements of lean management, the Company needs to continue to optimise its staff structure, strengthen staff reuse, and reduce labour costs, during which it may face risks such as labour disputes, increased recruitment costs, and underperformed training results.	(1) Continuously optimise the personnel management process to ensure that all personnel procedures are in compliance with laws and regulations, enhance the awareness of labour and employment risk prevention, and effectively prevent the occurrence of labour and employment risks. (2) According to the new strategic plan, establish an external talent pool for key professional positions, clearly define the target recruitment agencies, strengthen the coordination and planning of talent introduction, and lay the foundation for subsequent introduction actions for special talents. (3) Improve and implement the training mechanism to meet the demands of talent value enhancement; strengthen team building, enhance team management capabilities, and enhance the Company's cohesion and centripetal force.	In the process of personnel optimisation, cost control and other reasons may lead to labour disputes; fierce competition in the external talent market leads to increased recruitment difficulties and higher costs; and an imperfect training system may lead to poor training results and insufficient enhancement of talent capabilities.

Corporate Governance Report

Financial Reporting

The Directors are responsible for overseeing the preparation of the financial statements, to ensure that the annual report gives a true and fair view of the financial position, results and cash flow of the Group for the year. In preparing the financial statements for the Current Period, the Directors have:

- selected appropriate accounting policies and applied them consistently; and

- made judgments and estimates that are reasonable. The Company recognises that high-quality corporate reporting is very important in reinforcing mutual trust between the Company and its stakeholders and aims at presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects in all corporate communications. In order to achieve effective communications with its shareholders, the Company publishes its annual results in a timely manner.

The auditors' responsibilities are set out in the Independent Auditor's Report on pages 60 to 62. Through the Audit Committee, the Board has reviewed the continued effectiveness of the Group's internal control system, covering material controls, including financial, operational and compliance controls. The assessment considered, among others, the system, its implementation and effectiveness, the management's ongoing monitoring of risks, the nature and extent of significant risks and changes since prior year, incidence/weakness identified during the Current Period, adequacy of resources and background of responsible staff. The Audit Committee considers that the necessary and adequate mechanisms have been put in place, and being implemented. The Board considers that the Group's risk management and internal control system to be effective and adequate throughout the Current Period and up to the date of this annual report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Directors' and senior managements' remuneration is determined based on the Company's remuneration policy, which takes into account a variety of factors such as individual duties and responsibilities within the Group, his/her qualifications and experience, and prevailing market conditions and the Company's performance and their individual performance. Executive Directors and senior management are eligible for discretionary bonuses, other benefits, incentives and allowances (if applicable).

Emoluments paid by the Group to the Directors in the Current Period are set out in note 7 to the Consolidated Financial Statements. No Director has waived or agreed to waive any emoluments during the Current Period.

Below sets out the remuneration of the members of the senior management team (including Mr. Wang Jianwen and Ms. Qi Jianrong) by bands for the Current Period:

	Number of senior management
RMB0 to RMB500,000	—
RMB500,001 to RMB1,000,000	4

Corporate Governance Report

SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules (the "Model Code") as its code of conduct regarding Directors' securities transactions. Upon specific enquiry, all Directors confirmed their compliance with the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Current Period.

The senior management and staff who are likely to possess inside information relating to the Company and the Shares due to their offices having been provided with guidelines no less exacting than the Model Code regarding securities dealings in the Company's securities.

COMPANY SECRETARY

The Company Secretaries of the Company play an important role in supporting the Board. All Directors have access to the advices of the Company Secretaries for ensuring that meeting procedures of the Board/committees and relevant legal requirements are following, and facilitating Directors in understanding their legal and other duties as Directors of a listed company by arranging professional training, regulatory updates and advice. The Company Secretaries assist the Board in implementing and strengthening the Company's corporate governance.

Ms. Cheng Mei (the deputy general manager and an employee of the Company) and Ms. Ho Sze Man (a practicing solicitor of Hong Kong who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules) became joint company secretaries with effect from 26 June 2023. More information about them and the waiver from strict compliance of Rules 3.28 and 8.17 of the Listing Rules granted by the Stock Exchange are set out in the Company's announcement dated 26 June 2023. The primary corporate contact person at the Company of Ms. Ho is Ms. Cheng.

Each of the joint company secretaries has complied with Rule 3.29 of the Listing Rules in respect of professional training requirements for the Current Period.

EXTERNAL AUDITOR

The term of the Company's external auditor shall last until the next annual general meeting. Subsequently, the external auditors will retire and propose the election/re-election of the auditors at the annual general meeting in accordance with the Articles.

For the Current Period, the audit and non-audit (including reporting accountant services for notifiable transactions) service fees paid to KPMG, the Company's external auditors, were approximately RMB2.76 million and RMB0.69 million, respectively.

The auditor's responsibilities to the shareholders of the Company are set out in the Independent Auditor's Report on pages 60 to 62 of this annual report.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company attaches great importance to the relationship and communication with shareholders and investors. The Company has a variety of communication channels in place, such as general meetings, earnings briefings, holding press conferences, seminars, contacting the media, analysts and fund managers and maintaining dialogue with designated senior managers and analysts, fund managers and investors, and it also arranges them to visit the Company and investment projects from time to time to allow them to understand the business and latest development of the Group. In addition, investors can also keep abreast of the latest information and business development of the Group on the Company's website (www.oct-asia.com).

SHAREHOLDERS ENGAGEMENT

The Board and senior management recognise the Company's responsibility to safeguard the interests of the Shareholders as a whole. The Company places high priority on ensuring that the Shareholders and investors can keep abreast of the Company's status. The Company has a Shareholders' Communication Policy with an aim to provide equal and timely access to balanced and understandable information on the Company, so as to enable Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investors to engage actively with the Company. The Company believes that maintaining good and effective communication with Shareholders can facilitate their understanding of the business performance and strategies of the Group. The Company provides regular financial reports and announcements to the shareholders, and also distributes the latest news and press releases on general information about its business through the Company's website (www.oct-asia.com).

The general meetings of the Company provide an appropriate platform for direct communication between the Board and the Shareholders. Shareholders are welcome to raise questions concerning the performance and future direction of the Group at general meetings or via procedures set out on the next page.

During the Current Period, the Company has amended its Articles to (among others) bring the Articles in alignment with the Listing Rules and applicable laws of the Cayman Islands. The amendments were approved by the Shareholders by way of a special resolution, and became effective on 17 June 2024.

The Board reviewed the Company's shareholders and investors engagement and communication activities conducted in 2024, and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for convening an extraordinary general meeting and for proposing a person for election as Director by Shareholders

In accordance with the requirements under Article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, Shares in the share capital of the Company that represent not less than one-tenth of the voting rights at general meetings of the Company, on a one vote per Share basis. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office of the Company. The minimum length of the period, during which the notices required under the articles of association of the Company, will be at least 7 days. The period for lodgment of the notice required under the articles of association of the Company will commence not earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Office of the board secretary
Overseas Chinese Town (Asia) Holdings Limited
Suite 2103, 21/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong
Email: ir-asia@chinaoct.com

Shareholders' enquiries and concerns will be processed and passed to the Board and/or relevant Board committees of the Company, where appropriate, to answer the questions of the shareholders.

Directors' Report

The Board presents the annual report together with the audited consolidated financial statements for the year ended 31 December 2024 included in this annual report.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 February 2005. The Company's registered office situates at Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong situates at Suite 2103, 21/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong, respectively.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. During the Current Period, the Group is principally engaged in comprehensive development, equity investment and fund management.

Further discussion and analysis of the business review required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of financial key performance indicators, possible future development plans for the Group's business, employment policy and subsequent event(s), can be found in "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 6 to 20 of this annual report. A summary of the Group's key risks is set out in the "Corporate Governance Report" on pages 40 to 42 of this annual report. The discussion forms part of the "Directors' Report".

RESULTS AND DISTRIBUTIONS

The results of the Group for the Current Period are set out in the consolidated statement of profit or loss on page 63 to this annual report.

The Board has adopted a dividend policy (the "Dividend Policy") to enhance the transparency of dividends distributed by the Company and to facilitate the Shareholders and potential investors to make informed investment decisions. There is no guarantee or assurance that dividends of any amount will be declared or distributed in any given period and the Company does not have a predetermined dividend payout ratio. The declaration, payment and form of dividends are at the absolute discretion of the Board, and the final dividend to be declared shall be subject to the approval of the Shareholders, the Articles, the laws of Cayman Islands, any other applicable laws and regulations, and the provision of this Dividend Policy.

The Board in determining the level of dividends will consider factors including (without limitation): 1. distributable profits; 2. earnings; 3. current financial position; 4. capital requirements and expense planning; 5. past financial performance; 6. Past and forecasted cash flows; 7. business status and strategies; 8. future operations and profitability; 9. Shareholder interests; 10. restrictions on dividend payments (including contractual restrictions such as restrictions stipulated in any financing agreement). Subject to the relevant laws and regulations and the Articles, the Company may also declare interim dividends, special dividends and/or any distributions that are considered appropriate by the Board in addition to the annual distributions with reference to the above factors. The Board will review the Dividend Policy from time to time.

The Directors do not propose the distribution of a final dividend to holders of Shares for the year ended 31 December 2024. There was no arrangement under which a shareholder has waived or agreed to waive any dividend during the Current Period.

Directors' Report

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 December 2024 and the financial position of the Group as of 31 December 2024 are set out in the consolidated financial statements.

ANNUAL GENERAL MEETING

Please refer to the notice of the annual general meeting ("AGM") and the circular with respect to the AGM for details of the business to be conducted at the AGM and the book closure arrangements for ascertaining the eligibility of shareholders who are entitled to attend, speak and vote at the AGM.

TRANSFER TO RESERVES

The loss attributable to Shareholders of the Company of approximately RMB173 million (2023: approximately RMB465 million) has been transferred to reserves. Other movements in the reserves are set out in the consolidated statement of changes in equity.

FIXED ASSETS

During the Current Period, the Group invested approximately RMB15 million for the acquisition of fixed assets (including construction in progress). Details of the movements of fixed assets and construction in progress are set out in Note 11 to the consolidated financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The ESG report has been published on the "Investor Relations" page on website of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.com) on the same date, in accordance with the ESG Reporting Guide in Appendix C2 to the Listing Rules.

TAX RELIEF

The Company is not aware of any tax relief available to the shareholders of the Company by reason of their holdings in the Company's securities.

SHARE CAPITAL

As of 31 December 2024, the total number of issued ordinary shares was 748,366,000 shares (31 December 2023: Same). Details of the movements in the share capital of the Company during the Current Period are set out in Note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the relevant rules of the Cayman Islands, the Company's distributable reserves as of 31 December 2024 amounted to approximately RMB854 million.

RIGHT OF FIRST REFUSAL

There was no provision in respect of pre-emptive rights in the Articles or any requirement in the laws of the Cayman Islands requiring the Company to issue new shares to the existing Shareholders proportionately.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Current Period, save as disclosed in this annual report, the Company or any of its subsidiaries has not purchased, sold or redeemed any listed securities of the Company including sale of treasury shares (as defined in the Listing Rules). As of December 2024, the Company did not hold any treasury shares.

CONTRACTS WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

Save as disclosed in this annual report, no contract of significance has been entered into or subsisting during the Current Period between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries, and no contract of significance for the provision of service to the Group by the controlling shareholder or its subsidiaries was entered into or subsisting during the Current Period.

Save as disclosed in this annual report, during or at the end of the Current Period, there was no equity-link agreement entered into by the Company or subsisting, and there was no transaction, arrangement or contract of significance entered into by the Company, any of his holding companies, its subsidiaries or fellow subsidiaries, any specified undertaking of the Company in which a person who was a Director had a material interest directly or indirectly.

Save as disclosed in this annual report, no contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, a Director or an entity connected with him/her is materially interested (whether director or indirectly).

There was no arrangements to which the Company or any of its parent or subsidiaries is a party, and whose object is to (or includes) enable Director to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate, during or at the end of the Current Period and which is not disclosed in this annual report.

No Director has an unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) during the Current Period and as of the date of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

In implementing green development and operations, the Group has always adhered to the development principles of "Innovation, Coordination, Greenness, Open-up and Sharing", integrating the concept of sustainable development into environmental management, production, daily operation and project investment. In recent years, the Group has been focusing on comprehensive development, investment and fund management. The Group will also continuously update and improve the environmental management system, facilitating green development in line with any adjustment in principal business and structure. More information regarding to Group's environmental policies and performance are set out in the ESG Report 2024 published on the same date.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Chinese Mainland. The Company was incorporated in the Cayman Islands, and its issued Shares are listed on the Stock Exchange. The Group and/ or its operations are subject to relevant laws and regulations in Chinese Mainland, Cayman Islands and Hong Kong as they may be applicable. During the Current Period, the Group did not violate applicable laws and regulations that have a significant impact on the Company.

Directors' Report

DIRECTORS AND SENIOR MANAGEMENT

The Directors as of the date of this report are Ms. Liu Yu, Mr. Wang Jianwen and Ms. Qi Jianrong (executive Directors); Mr. Yang Guobin (non-executive Director); Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu (independent non-executive Directors). There was no change in the composition of the Board during the Current Period and up to the date of this annual report. See also "Corporate Governance Report — Composition of the Board".

Biographies of Directors and senior management are set out on pages 21 to 24 of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business other than the Group's business that competes or is likely to compete, either directly or indirectly, with the Group's business which needs to be disclosed pursuant to Rule 8.10 of the Listing Rules during the Current Period and up to the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as disclosed below, as of 31 December 2024, no Directors or chief executive of the Company 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 Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code:

Long position in ordinary shares of the Company ("Shares")

Name of Directors	Capacity/Nature	Number of Shares	Approximate percentage of issued Shares
Lam Sing Kwong Simon	Beneficial owner	1,000,000	0.13%

Directors' Report

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2024, so far as the Directors are aware, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which have been notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in Shares

Name of substantial shareholders	Capacity/Nature	Number of Shares	Approximate percentage of issued Shares
Pacific Climax Limited ("Pacific Climax")	Beneficial owner *(Note 1)*	530,894,000	70.94%
OCT (HK)	Interest of a controlled corporation *(Note 2)*	530,894,000	70.94%
OCT Ltd.	Interest of a controlled corporation *(Note 3)*	530,894,000	70.94%
Overseas Chinese Town Group Company Limited ("OCT Group")	Interest of a controlled corporation *(Note 4)*	530,894,000	70.94%

Notes:

(1) Mr. Wang Jianwen was a director of Pacific Climax as of 31 December 2024.

(2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in all the Shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Liu Yu was the chairlady of the board of directors of OCT (HK); Mr. Wang Jianwen and Mr. Yang Guobin were directors of OCT (HK) as of 31 December 2024.

(3) OCT Ltd. is the beneficial owner of all the issued share capital of OCT (HK), which is in turn the beneficial owner of all the issued share capital of Pacific Climax. OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax pursuant to the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.

(4) OCT Group is the holding company of OCT Ltd. and together with its wholly-owned subsidiary, Shenzhen OCT Capital Investment Management Company Limited, hold 49.76% interest in OCT Ltd., which is the beneficial owner of all the issued shares of OCT (HK) and in turn, the beneficial owner of all the issued share capital of Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT Ltd., OCT (HK) and Pacific Climax for the purpose of the SFO.

(5) The section headed "Directors and Senior Management" sets out information of the Directors' positions in the above entities.

Save as disclosed above, as of 31 December 2024, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Current Period, other than the contract of service with Directors and the management staff regarding their full-time employment.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

Percentage of the Group's operating revenue and purchases attributable to the major customers and suppliers respectively during the Current Period is as follows:

	Percentage of the Group's total	
	Operating revenue	Purchases
Largest customer	40.29%	
Total percentage of the top five customers	46.52%	
Largest supplier		31.79%
Total percentage of the top five suppliers		53.14%

The Group recognised the importance of maintaining a good relationship with customers and suppliers. There were no material customers' or suppliers' disputes during the Current Period.

During the Current Period, none of the Directors, their close associates or any Shareholders (who to the knowledge of the Directors own more than 5% of the issued Shares) had any interest in the Group's top five suppliers or top five customers.

CONTINUING CONNECTED TRANSACTIONS

During the Current Period, the Group has the following continuing connected transactions (the "CCT") which were required to be disclosed under the Listing Rules and the Company has complied with the applicable announcement, reporting and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

1. On 11 August 2022, Hefei OCT Industry (a subsidiary of the Company) entered into a procurement framework agreement (the "Original Agreement") with Yilifang, pursuant to which Yilifang would provide Konka products procurement services to Hefei OCT Industry for Hefei Airport International Town Project for a term from 11 August 2022 and up to 31 December 2024. On 8 March 2024, Hefei OCT Industry entered into a new agreement (the "New Agreement") with Yilifang and Shenzhen Konka Zhitung Technology Co., Ltd. ("Konka ZT"), pursuant to which Konka ZT will replace Yilifang in relation to the transactions contemplated under the Original Agreement for a new term up to 31 December 2025 with a new respective annual cap of RMB9 million and RMB4 million in 2024 and 2025, respectively, and all rights and obligations under the Original Agreement will be terminated.

   Konka Group directly and indirectly holds a total of approximately 51% of the shares in Konka ZT. OCT Group (a controlling shareholder of the Company) controls Konka Group, and therefore Konka ZT is a connected person of the Company. Accordingly, the New Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Directors' Report

2. On 23 November 2022, Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd. ("Hefei OCT Huanchao") (a subsidiary of the Company) entered into a property management framework agreement with Hefei branch, OCT Property (Group) Co., Ltd. ("OCT Property (Hefei)"), pursuant to which OCT Property (Hefei) would provide the property services to Hefei OCT Huanchao for the Hefei Chaohu Bantang Hot Spring Town project and the office areas of Hefei OCT Huanchao for a term from 1 January 2023 and up to 31 December 2025 with a respective annual cap of RMB2.6 million for each year.

   OCT Property (Hefei) is a branch of OCT Property (Group) Co., Ltd. ("OCT Property"). OCT Property, in turn, is controlled by Overseas Chinese Town Holdings Company ("OCT Group") and OCT Group is the ultimate controlling shareholder of the Company. Therefore, OCT Property (Hefei) is a connected person of the Company, and the property management framework agreement and the transaction contemplated thereunder constitutes continuing connected transactions of the Company.

3. On 23 November 2022, Hefei OCT Huanchao (a subsidiary of the Company) entered into a property services framework agreement with Chaohu Economic Development Zone branch, OCT Property (Group) Co., Ltd. ("OCT Property (EDZ)"), pursuant to which OCT Property (EDZ) would provide the property services to Hefei OCT Huanchao for the Hefei Chaohu Bantang Hot Spring Town project for a term from 1 January 2023 and up to 31 December 2025, with a respective annual cap of RMB3.88 million, RMB2.65 million and RMB3.77 million.

   OCT Property (EDZ) is a branch of OCT Property. OCT Property, in turn, is controlled by OCT Group and OCT Group is the ultimate controlling shareholder of the Company. Therefore, OCT Property (EDZ) is a connected person of the Company, and the property services framework agreement and the transaction contemplated thereunder constitutes continuing connected transactions of the Company.

4. On 23 November 2022, Hefei OCT Industry (a subsidiary of the Company) entered into a property services framework agreement with OCT Property (Hefei), pursuant to which OCT Property (Hefei) would provide the property services to Hefei OCT Industry for the Hefei Airport International Town project and the office areas of Hefei OCT Industry for a term from 1 January 2023 and up to 31 December 2025, with a respective annual cap of RMB19.1 million, RMB29.86 million and RMB28.46 million.

   OCT Property (Hefei) is a branch of OCT Property. OCT Property, in turn, is controlled by OCT Group and OCT Group is the ultimate controlling shareholder of the Company. Therefore, OCT Property (Hefei) is a connected person of the Company, and the property services framework agreement and the transaction contemplated thereunder constitutes continuing connected transactions of the Company.

5. On 23 November 2022, OCT (Shanghai) Land, a former subsidiary of the Company (the disposal was completed on 4 November 2024), entered into a property services framework agreement with Shanghai Jing'an branch, OCT Property (Group) Co., Ltd. ("OCT Property (Jing'an)"), pursuant to which OCT Property (Jing'an) would provide the property services for the Shanghai Suhewan project for a term from 1 January 2023 and up to 31 December 2025, with a respective annual cap of RMB38.04 million, RMB43.16 million and RMB44.18 million.

   OCT Property (Jing'an) is a branch of OCT Property. OCT Property, in turn, is controlled by OCT Group and OCT Group is the ultimate controlling shareholder of the Company. Therefore, OCT Property (Jing'an) is a connected person of the Company, and the property services framework agreement and the transaction contemplated thereunder constitutes continuing connected transactions of the Company.

Directors' Report

Details of the aforesaid transactions are set out in the announcements of the Company dated 11 August 2022 and 8 March 2024 (regarding item 1), and the announcement of the Company dated 12 December 2022 (regarding items 2 to 5), respectively. When determining the price and terms of the above transactions conducted during the Current Period, the pricing policies and guidelines set out in the relevant agreement and the announcement/circular have been followed.

The transaction amount and annual cap of the CCT for the Current Period are as follows:

		Annual cap (RMB'000)	Actual transaction amount (RMB'000)
1	Products Procurement Service between Hefei OCT Industry and Yilifang	12,000	—
2	Products Procurement Service between Hefei OCT Industry and Konka ZT	9,000	5,450
3	Property Management Service Agreement between Hefei OCT Huanchao and OCT Property (Hefei)	2,600	146
4	Property Management Service Agreement between Hefei OCT Huanchao and OCT Property (EDZ)	2,650	—
5	Property Management Service Agreement between Hefei OCT Industry and OCT Property (Hefei)	29,860	1,422
6	Property Management Service Agreement between OCT (Shanghai) Land and OCT Property (Jing'an)	43,160	—

The independent non-executive Directors have reviewed the above CCT and confirmed that during the Current Period, the above CCT were:

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

2. on normal commercial terms or better, or if there are insufficient comparable transactions to judge whether the terms of those transactions are on normal commercial terms, as far as the Group is concerned, the terms of the above transactions are not less favourable than those available to or from independent third parties (as the case may be); and

3. entered into according to the terms of the agreements in respect of the relevant transactions, and the terms of the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In addition, the Company's auditors have confirmed in writing to the Board, nothing had come to their attention which caused them to believe that:

1. the CCT have not been approved by the Board;

2. the CCT were not entered into, in all material aspects, in accordance with the relevant agreements governing such transactions;

3. the CCT were not, in all material aspects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; and

4. with respect to the aggregate amount of each of the CCT, that the transaction has exceeded the annual cap as set by the Company (disclosed in the respective announcement).

During the Current Period, OCT Group and its associates provided financial support to the Group, and the interest and related expenses incurred by the Group to OCT Group and its associates amounted to approximately RMB403 million in total. Such financial support constitutes a connected transaction exempted from complying with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for such financial support received by the Group from its connected person(s) was conducted on normal commercial terms or better (for listed issuer's group) and was not secured by the assets of the Group.

The material related party transactions are set out in Note 31 to the consolidated financial statements of the Company. Except for those disclosed in this annual report, all the other related party transactions did not fall under the definition of "connected transaction" or "continuing connected transactions" in Chapter 14A of the Listing Rules and which are scope of non-exempt connected required to comply with the reporting, announcement annual review or independent shareholders' approval requirements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the Current Period.

BANK LOANS AND OTHER LOANS

Particulars of bank loans and other loans of the Company and the Group as of 31 December 2024 are set out in Note 23 to the consolidated financial statements.

FIVE-YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the preceding five years is set out on pages 154 to 156 of this annual report.

PENSION SCHEMES

The Group participates in two defined contribution pension schemes which cover the Group's full-time employees. Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension benefit schemes organised by the relevant local government authorities. The only obligation of the Group with respect to such pension benefit schemes is to make the specified contributions under the schemes. Furthermore, the Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong. The MPF Scheme is a defined contribution pension plan administered by independent trustees. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

Details of these pension schemes are set out in Note 25 to the consolidated financial statements.

Directors' Report

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Having regard to the criteria under Rule 3.13 of the Listing Rules and the confirmations received, the Company considers the independent non-executive Directors to be independent.

DIRECTORS' LIABILITY INSURANCE TO PERMITTED INDEMNITY

The Company has purchased appropriate and sufficient liability insurance to indemnify its Directors and senior management in respect of legal actions against the Directors and senior management.

AUDITOR

The term of the Company's external auditor shall last until the next annual general meeting. Subsequently, the external auditors will retire and propose the election/re-election of the auditors at the annual general meeting in accordance with the Articles. There has not been any change in the Company's auditors for the preceding three years.

PUBLIC FLOAT

So far as the Directors are aware of and based on the information that is publicly available to the Company, during the Current Period and as of the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DONATIONS

The Group did not make any charitable and other donations during the Current Period.

By order of the Board
Liu Yu
Chairman

Hong Kong, 28 March 2025

Independent Auditor's Report

Independent auditor's report to the shareholders of
Overseas Chinese Town (Asia) Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Overseas Chinese Town (Asia) Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 71 to 153, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report

KEY AUDIT MATTER *(continued)*

Net realisable value of inventories of comprehensive development business

Refer to note 17 to the consolidated financial statements and the accounting policies in note 1(l).

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the aggregate carrying value of the Group's properties held for future development and under development for sale and completed properties held for sale (together "inventories of comprehensive development business") totalled RMB7,781 million. These principally comprise residential and commercial properties in Hefei held for sale. Inventories of comprehensive development business are carried at the lower of cost and net realisable value. The calculation of the net realisable value for each property development project at the financial reporting date is performed by management. The calculation of the net realisable value of inventories of comprehensive development business involves significant management judgement and estimation in preparing the updated estimations of the costs to complete each property development project as well as in assessing the expected future net selling prices for each property development project (with reference to recent sales transactions in nearby locations), the estimated future selling costs and the relevant taxes.	Our audit procedures to assess the net realisable value of inventories of comprehensive development business included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project; • conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each property development project visited and the development budgets reflected in the latest forecasts for these property development projects; • evaluating the valuation methodology adopted by management for assessing the net realisable value of inventories of comprehensive development business and comparing the key estimates and assumptions adopted in the valuations, including those relating to average net selling prices, with market available data and the sales budget plans maintained by the Group;

Independent Auditor's Report

KEY AUDIT MATTER *(continued)*

Net realisable value of inventories of comprehensive development business *(continued)*

Refer to note 17 to the consolidated financial statements and the accounting policies in note 1(l).

The key audit matter	How the matter was addressed in our audit
We identified the assessment of net realisable value of the Group's inventories of comprehensive development business as a key audit matter because of the significance of inventories of comprehensive development business to the assets of the Group and because of the inherent risks involved in estimating the costs to complete each property development project and the future selling prices for each property development project, particularly in light of the current economic.	• comparing the estimated construction costs to complete each property development project with the Group's latest budgets and comparing the costs incurred to 31 December 2024 with budgets as at 31 December 2023 to assess the accuracy of management's forecasting and budgeting process; and • inspecting sensitivity analyses prepared by management for the extent of changes in key estimates and assumptions that, either individually or collectively, would be required for inventories of comprehensive development business to be materially misstated and considering the likelihood of such a movement in those key estimates and assumptions arising and the potential for management bias in their selection.

Independent Auditor's Report

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Yu Hei.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Revenue	3	966,530	1,262,753
Cost of sales		(831,513)	(1,123,587)
Gross profit		135,017	139,166
Other income	4(a)	16,193	27,573
Other net gains/(losses)	4(b)	626,075	(10,553)
Distribution costs		(40,346)	(80,710)
Administrative expenses		(113,760)	(200,518)
Profit/(loss) from operations		623,179	(125,042)
Finance costs	5(a)	(511,593)	(355,051)
Share of profits less losses of associates	14	(20,794)	(73,995)
Share of profits less losses of joint ventures	15	(62,851)	(39,592)
Profit/(loss) before taxation	5	27,941	(593,680)
Income tax	6	(241,336)	(8,778)
Loss for the year		(213,395)	(602,458)
Attributable to:			
Equity holders of the Company		(173,139)	(464,528)
Non-controlling interests		(40,256)	(137,930)
Loss for the year		(213,395)	(602,458)
Basic loss per share (RMB)	10	(0.23)	(0.79)

The notes on pages 71 to 153 form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Loss for the year		**(213,395)**	(602,458)
Other comprehensive income for the year (after tax and reclassification adjustments)	9		
Items that may be reclassified subsequently to profit or loss:			
Exchange differences		**(129,669)**	(61,095)
Share of other comprehensive income of associates and a joint venture		**(4,311)**	(982)
		(133,980)	(62,077)
Other comprehensive income for the year		**(133,980)**	(62,077)
Total comprehensive income for the year		**(347,375)**	(664,535)
Attributable to:			
Equity holders of the Company		**(307,119)**	(526,605)
Non-controlling interests		**(40,256)**	(137,930)
Total comprehensive income for the year		**(347,375)**	(664,535)

The notes on pages 71 to 153 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment property	11	392,747	407,153
Property, plant and equipment	11	494,307	509,936
Interests in leasehold land held for own use	11	228,958	235,603
		1,116,012	1,152,692
Intangible assets	12	—	16,040
Interests in associates	14	1,698,838	1,894,443
Interests in joint ventures	15	370,609	536,079
Other financial assets	16	351,651	368,958
Deferred tax assets	26(b)	56	194,440
		3,537,166	4,162,652
Current assets			
Inventories and other contract costs	17	7,788,502	12,422,277
Trade and other receivables	19	178,660	297,719
Cash at bank and on hand	20	92,823	2,457,335
		8,059,985	15,177,331
Assets of disposal group classified as held for sale	21	—	3,591,622
		8,059,985	18,768,953

Consolidated Statement of Financial Position

At 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and other payables	22	1,987,725	4,837,993
Contract liabilities	18	127,687	1,217,635
Bank and other loans	23	1,754,316	2,343,938
Loans from related parties and non-controlling interests	23	1,920,538	1,911,000
Lease liabilities	24	1,245	5,596
Current taxation	26(a)	12,728	156,224
		5,804,239	10,472,386
Liabilities directly associated with assets of disposal group classified as held for sale	21(a)	–	1,413,075
		5,804,239	11,885,461
Net current assets		2,255,746	6,883,492
Total assets less current liabilities		5,792,912	11,046,144
Non-current liabilities			
Bank and other loans	23	96,300	1,303,645
Related party loans	23	4,437,510	6,241,988
Lease liabilities	24	1,788	653
Deferred tax liabilities	26(b)	60,384	162,551
		4,595,982	7,708,837
NET ASSETS		1,196,930	3,337,307

Consolidated Statement of Financial Position

At 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
CAPITAL AND RESERVES			
Share capital	27(c)	67,337	67,337
Deficits		(594,627)	(287,508)
Total deficits attributable to equity holders of the Company		(527,290)	(220,171)
Non-controlling interests		1,724,220	3,557,478
TOTAL EQUITY		1,196,930	3,337,307

Approved and authorised for issue by the board of directors on 28 March 2025.

Liu Yu
Director

Wang Jianwen
Director

The notes on pages 71 to 153 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

(Expressed in Renminbi)

	Attributable to equity holders of the Company											
	Share capital RMB'000 *(Note 27(c))*	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Perpetual capital securities RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2022 and 1 January 2023	67,337	36,884	147,711	31,020	5,615,314	357,365	(754,034)	(32,058)	715,736	6,185,275	3,695,408	9,880,683
Changes in equity for 2023:												
Loss for the year	–	–	–	–	128,741	–	–	–	(593,269)	(464,528)	(137,930)	(602,458)
Other comprehensive income	–	–	–	–	–	–	(62,077)	–	–	(62,077)	–	(62,077)
Total comprehensive income	–	–	–	–	128,741	–	(62,077)	–	(593,269)	(526,605)	(137,930)	(664,535)
Transfer to PRC statutory reserves	–	–	–	–	–	10,445	–	–	(10,445)	–	–	–
Distribution to the holders of perpetual capital securities	–	–	–	–	(251,105)	–	–	–	–	(251,105)	–	(251,105)
Redemption of perpetual capital securities	–	–	–	–	(5,492,950)	–	(107,532)	(27,254)	–	(5,627,736)	–	(5,627,736)
Balance at 31 December 2023	67,337	36,884	147,711	31,020	–	367,810	(923,643)	(59,312)	112,022	(220,171)	3,557,478	3,337,307

	Attributable to equity holders of the Company										
	Share capital RMB'000 *(Note 27(c))*	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2023 and 1 January 2024	67,337	36,884	147,711	31,020	367,810	(923,643)	(59,312)	112,022	(220,171)	3,557,478	3,337,307
Changes in equity for 2024:											
Loss for the year	–	–	–	–	–	–	–	(173,139)	(173,139)	(40,256)	(213,395)
Other comprehensive income	–	–	–	–	–	(133,980)	–	–	(133,980)	–	(133,980)
Total comprehensive income	–	–	–	–	–	(133,980)	–	(173,139)	(307,119)	(40,256)	(347,375)
Transfer to PRC statutory reserves	–	–	–	–	1,880	–	–	(1,880)	–	–	–
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(1,793,002)	(1,793,002)
Balance at 31 December 2024	67,337	36,884	147,711	31,020	369,690	(1,057,623)	(59,312)	(62,997)	(527,290)	1,724,220	1,196,930

The notes on pages 71 to 153 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash used in operations	20(b)	(479,505)	(328,779)
Other interest paid		(172,016)	(312,760)
Interest element of lease rentals paid		(103)	(243)
Taxes paid		(344,063)	(192,214)
Net cash used in operating activities		(995,687)	(833,996)
Investing activities			
Proceeds from disposal of assets held for sale		—	2,144,709
Net cash flow from disposal of a subsidiary	20(e)	1,055,554	—
Return of investment from a joint venture		95,500	103,086
Return of investment from associates		171,089	91,979
Dividends received from associates and joint ventures		6,530	90,950
Interest received		22,598	29,537
Proceeds from disposals of property, plant and equipment and investment properties		168	11,219
Proceeds from disposal of other financial assets		39,597	5,527
Repayment of loans to an associate		—	4,416
Payment for purchase of property, plant and equipment and intangible assets		(4,498)	(97,715)
Repayment to the advance from an associate		—	(4,950)
Net cash generated from investing activities		1,386,538	2,378,758

Consolidated Cash Flow Statement

For the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Financing activities			
Proceeds from new loans	20(c)	1,141,873	9,083,276
Redemption of perpetual capital securities		—	(5,627,736)
Repayment of loans	20(c)	(3,916,199)	(4,200,852)
Distribution to the holders of perpetual capital securities		—	(251,105)
Capital element of lease rentals paid	20(c)	(5,984)	(9,973)
Net cash used in financing activities		(2,780,310)	(1,006,390)
Net (decrease)/increase in cash and cash equivalents		(2,389,459)	538,372
Cash and cash equivalents at 1 January		2,457,335	1,915,139
Cash and cash equivalents included in assets and liabilities of a disposal group classified as held for sale		(1,624)	2,959
Effect of foreign exchange rate changes		5,385	865
Cash and cash equivalents at 31 December	20(a)	71,637	2,457,335

The notes on pages 71 to 153 form part of these consolidated financial statements.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments in equity securities are stated at their fair value as explained in the accounting policies.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(x)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

The Group adopts prudent liquidity risk management which includes maintaining sufficient cash and bank balances, and having available committed financing through its available credit facilities from banks. The Group secures funding from the Group's intermediate shareholder Overseas Chinese Town (HK) Company Limited ("OCT (HK)") to finance the Group.

Management has prepared cash flow forecast of the Group for a minimum period of twelve months from 31 December 2024. The directors of the Company have given careful consideration to assess the future liquidity and performance of the Group, of which the Group has taken into account of various key considerations, including but not limited to:

- the support from intermediate shareholder, OCT (HK);
- estimated proceeds received from sales and presales of properties;
- estimated operating cash flows and capital expenditure requirements for the Group's property projects which are under development; and
- the availability of available committed bank facilities.

The directors of the Company are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors of the Company considered it is appropriate to prepare the consolidated financial statements on a going concern basis.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7*, Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-Group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(p), or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)), unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see note 1(x)).

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see note 1(x)). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(e) Associates and joint ventures *(continued)*

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(k)(i)).

Unrealised gains arising from transactions the Group with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(k)), unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see note 1(x)).

(f) Other investments in securities

The Group's and the Company's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investment

Non-equity investments are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(u)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(f) Other investments in securities *(continued)*

(i) Non-equity investment (continued)

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL. Dividends from an investment in equity securities are recognised in profit or loss as other income in accordance with the policy set out in(see note 1(u)(vi)).

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. Rental income from investment properties recognised in accordance with note 1(u)(iii).

Depreciation is calculated to write off the costs of investment properties, less its estimated residual value of 0% to 5%, using the straight-line method over their estimated useful lives of 18 to 50 years.

(h) Property, plant and equipment

The following items of property, plant and equipment, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(k)):

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— other items of property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 1(j)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment *(continued)*

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life	Residual value %
Buildings held for own use	20 to 40 years	0% to 5%
Machinery	3 to 10 years	0% to 5%
Motor vehicles	3 to 5 years	0% to 5%
Other equipment	3 to 5 years	0% to 5%
Interests in leasehold land held for own use	The shorter of the lease term and 50 years	0%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets (other than goodwill)

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(k)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life	Residual value %
Software	5 to 10 years	0%
Copyright	2 years	0%
Trademarks	7 years	0%

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value the Group items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(h) and 1(k)(iii)), except for right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value (see note 1(l)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether the Group it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Leased assets *(continued)*

(i) As a lessee (continued)

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

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. The rental income from operating leases is recognised in accordance with note 1(u)(iii).

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECL"s):

— financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures, that are held for the collection of contractual cash flows which represent solely payments of principal and interest); and

— lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— lease receivables: discount rate used in the measurement of the lease receivables.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments, and lease receivables (continued)

Measurement of ECLs *(continued)*

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments, and lease receivables (continued)

Significant increases in credit risk *(continued)*

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivables is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Credit losses and impairment of assets *(continued)*

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(k)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Credit losses and impairment of assets *(continued)*

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Inventories and other contract costs

(i) Comprehensive development business

Cost of properties comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(w)) and any other costs incurred in bringing the properties to their present location and condition. In the case of properties developed by the Group which comprise of multiple units to be sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(l)(i)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see note 1(u)).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(m) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(u)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(n)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(u)).

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(k)(i)).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(w).

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(s) Income tax *(continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— taxable temporary differences arising on the initial recognition of goodwill.

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(t) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(u) Revenue and other income *(continued)*

(ii) Sale of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to the customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(m)).

For contracts where the period between the payment by the customer and the transfer of the promised property exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component. If the advance payments by the customer are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the completion date of delivery. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs*, in accordance with note 1(w).

(iii) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iv) Hotel revenue

Hotel revenue is recognised when the services have been rendered.

(v) Fund management fee income

Fund management fee income is recognised when the right to charge the management fee is obtained according to the contract.

(vi) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(u) Revenue and other income *(continued)*

(vii) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(viii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Translation of foreign currencies *(continued)*

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

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.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 28(e) contain information about assumptions and their risk factors relating to valuation of other investments in equity securities, other key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below:

(a) Provision for completed properties held for sale and properties held for future development and under development for sale

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

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

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

(b) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(c) Land Appreciation Tax ("LAT")

As explained in note 6(a), the Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgement is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated as the end of each reporting period. Any increase or decrease in actual outcomes/estimates would affect the consolidated statement of profit or loss in the period in which such determination is made.

(d) Impairment loss of non-current assets

As explained in note 1(k)(iii), the Group determines that investment in associates is impaired when there has been a significant or prolonged decline in the recoverable amount below its cost. Management assesses the differences between the carrying amount and recoverable amount and makes provision for impairment loss. Any change in the assumptions adopted in calculating the recoverable amount would increase or decrease the provision for impairment loss and affect the Group's financial position. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of discount rates and the expected long-term growth rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue, amount of operating costs.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are comprehensive development, equity investment and fund business.

(i) Disaggregation of revenue

Revenue represents the sales value of goods or services supplied to customers net of sales related tax. Disaggregation of revenue with customer by business lines is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
— Sale of properties	841,262	910,533
— Hotel revenue	26,826	236,981
— Fund management fee income	5,751	10,371
	873,839	1,157,885
Revenue from other sources		
— Rental income from investment properties	92,691	104,868
	966,530	1,262,753

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iv) respectively.

The Group's customer base is diversified and includes one customer with whom transactions have exceeded 10% of the Group's revenues (2023: Nil). In 2024, revenue from sales of property to this customer amounted to approximately RMB389,420,000.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 31 December 2024, the aggregated amount of RMB95,159,000 (2023: RMB1,303,936,000) under the Group's existing contracts expected to be recognised as revenue in the future upon delivery of properties to customers. The Group will recognise the expected revenue in future when or as the work is completed or, in the case of the properties for sale, when the properties are assigned to the customers, which is expected to occur over the next 12 months.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the most senior executive management of the Group for the purposes of resource allocation and performance assessment, the Group has the following two reportable segments.

- Comprehensive development business: this segment engaged in developed and sold residential properties, development and management of properties, property investment and operation of hotel.

- Equity investment and fund business: this segment engaged in the investment in new urbanisation industrial ecosphere, such as domestic and overseas direct investments, industrial fund, and education.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current and other non-current assets. Segment liabilities include trade creditors, accruals and lease liabilities attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is "net profit" after taxation. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	Comprehensive development business		Equity investment and fund business		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15						
Disaggregated by timing of revenue recognition						
Point in time	868,088	1,147,514	–	–	868,088	1,147,514
Over time	–	–	5,751	10,371	5,751	10,371
	868,088	1,147,514	5,751	10,371	873,839	1,157,885
Revenue from other sources	92,691	104,868	–	–	92,691	104,868
Revenue from external customers	960,779	1,252,382	5,751	10,371	966,530	1,262,753
Reportable segment loss for the year	(136,245)	(246,797)	(100,259)	(184,545)	(236,504)	(431,342)

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities (continued)

	Comprehensive development business		Equity investment and fund business		Total	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Interest income						
— bank deposits	**14,121**	14,641	**–**	243	**14,121**	14,884
— amounts due from associates	**–**	40	**–**	–	**–**	40
Interest expense	**(171,510)**	(203,890)	**(55,186)**	(17,671)	**(226,696)**	(221,561)
Depreciation and amortisation for the year	**(34,024)**	(111,794)	**–**	–	**(34,024)**	(111,794)
Share of profits less losses of associates	**(20,519)**	66,217	**(275)**	(140,212)	**(20,794)**	(73,995)
Share of profits less losses of joint ventures	**–**	–	**(62,851)**	(39,592)	**(62,851)**	(39,592)
Reportable segment assets	**10,064,820**	20,747,147	**1,507,187**	1,894,963	**11,572,007**	22,642,110
Additions to non-current segment assets during the year	**14,580**	230,950	**–**	–	**14,580**	230,950
Reportable segment liabilities	**4,786,759**	10,978,373	**4,508**	693,623	**4,791,267**	11,671,996
Interests in associates	**885,144**	924,115	**813,694**	970,328	**1,698,838**	1,894,443
Interests in joint ventures	**–**	–	**370,609**	536,079	**370,609**	536,079

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment profit or loss

	2024 RMB'000	2023 RMB'000
Reportable segment loss derived from Group's external customers	(236,504)	(431,342)
Interest income		
— bank deposits	1,602	11,286
Interest expense	(284,897)	(133,832)
Depreciation and amortisation for the year	(10,542)	(14,794)
Gain on disposal of subsidiary	371,946	—
Unallocated head office and corporate net expense	(55,000)	(33,776)
Consolidated loss for the year	(213,395)	(602,458)

(iii) Reconciliations of reportable segment assets and liabilities

	2024 RMB'000	2023 RMB'000
Assets		
Reportable segment assets	11,572,007	22,642,110
Unallocated head office and corporate assets	25,144	289,495
Consolidated total assets	11,597,151	22,931,605

	2024 RMB'000	2023 RMB'000
Liabilities		
Reportable segment liabilities	4,791,267	11,671,996
Unallocated head office and corporate liabilities	5,608,954	7,922,302
Consolidated total liabilities	10,400,221	19,594,298

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iv) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, interests in leasehold land held for own use, intangible assets, and interests in associates and joint ventures and other financial assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods and properties sold. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, interests in leasehold land held for own use and investment properties, the location of the operation to which they are allocated, in the case of intangible assets and other financial assets, and the location of operations, in the case of interests in associates and joint ventures.

	Revenues from external customers		Specified non-current assets	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Chinese Mainland	**961,550**	1,257,849	**3,185,704**	3,560,052
Hong Kong	**4,980**	4,904	**351,406**	408,160
	966,530	1,262,753	**3,537,110**	3,968,212

4 OTHER INCOME AND NET GAINS/(LOSSES)

(a) Other income

	2024 RMB'000	2023 RMB'000
Interest income on financial assets measured at amortised cost:		
— bank deposits	**15,723**	26,170
— amounts due from associates	**—**	40
Total interest income	**15,723**	26,210
Government grants	**469**	1,289
Forfeiture income on deposit on pre-sale of properties	**1**	74
	16,193	27,573

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

4 OTHER INCOME AND NET GAINS/(LOSSES) *(continued)*

(b) Other net gains/(losses)

	Note	2024 RMB'000	2023 RMB'000
Net fair value gain on unlisted equity securities		22,290	21,387
Gain on disposal of a subsidiary	20(e)	371,946	—
Reversals of impairment losses/(impairment losses) on trade and other receivables		154	(71)
Penalties for delayed delivery of properties		(738)	(24,497)
Net exchange loss		(28,534)	(15,169)
Net gains on disposal of property, plant and equipment, intangible assets, investment property, and assets of disposal group classified as held for sale		266,982	7,876
Others		(6,025)	(79)
		626,075	(10,553)

5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on bank and other loans	177,344	277,763
Interest on lease liabilities	103	243
Interest on loans from related parties and non-controlling interests	464,528	232,935
Total interest expense	641,975	510,941
Less: amount capitalised*	(130,382)	(155,890)
	511,593	355,051

* The borrowing costs have been capitalised at a weighted average rate of 2.14% (2023: 4.00%) per annum.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

5 PROFIT/(LOSS) BEFORE TAXATION *(continued)*

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	73,432	141,103
Contributions to defined contribution retirement plan *(note 25)*	7,984	13,658
	81,416	154,761
Less: amount capitalised under property development projects and construction in progress	(19,833)	(20,459)
Total staff costs expensed during the year	61,583	134,302

(c) Other items

	2024 RMB'000	2023 RMB'000
Amortisation of intangible assets *(note 12)*	6,680	8,477
Depreciation		
— owned property, plant and equipment	30,562	74,303
— right-of-use assets *(note 11(b))*	13,797	50,281
Total depreciation expense	44,359	124,584
Less: amount capitalised to construction in progress	(6,473)	(6,473)
	37,886	118,111
Auditors' remuneration		
— audit services	2,762	4,028
— other services	692	637
	3,454	4,665
Rentals income from investment properties less direct outgoings of RMB2,275,000 (2023: RMB2,519,000)	90,171	92,100

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 RMB'000	2023 RMB'000
Current tax		
Provision for corporate income tax ("CIT") for the year (i)	8,139	56,650
Over-provision in respect of prior years	(367)	—
Withholding tax (iii)	2,530	584
	10,302	57,234
PRC land appreciation tax ("PRC LAT") (ii)	190,265	16,211
	200,567	73,445
Deferred tax		
Origination and reversal of temporary differences	40,769	(64,667)
	241,336	8,778

(i) CIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit from Hong Kong for the years ended 31 December 2024 and 2023.

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25%.

(ii) PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

(a) Taxation in the consolidated statement of profit or loss represents: *(continued)*

(iii) Withholding tax

A withholding tax of 10% is levied on the overseas subsidiaries in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008. Under the China-Hong Kong Tax Treaty and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% equity interests or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. Some overseas subsidiaries of the Group are entitled to a reduced withholding tax rate of 5%.

During the year, withholding tax of the dividend distributed by a subsidiary in Chinese Mainland amounted to RMB2,530,000 (2023: RMB584,000).

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2024 RMB'000	2023 RMB'000
Profit/(loss) before taxation	27,941	(593,680)
Notional tax on profit/(loss) before taxation, calculated at the rate of 25%	6,985	(148,420)
Tax effect of non-deductible expenses	46,473	102,254
Tax effect of non-taxable income	(518)	(2,961)
Tax effect of temporary difference not recognised	48,083	46,187
Tax effect of temporary difference not previously recognised	(2,019)	(440)
Over-provision in respect of prior years	(367)	—
	98,637	(3,380)
PRC LAT	190,265	16,211
Tax effect of PRC LAT	(47,566)	(4,053)
	142,699	12,158
Income tax expense	241,336	8,778

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2024 Total RMB'000
Chairman					
Liu Yu	–	–	–	–	–
Executive directors					
Wang Jianwen (Chief Executive Officer)	–	255	229	25	509
Qi Jianrong	–	385	165	50	600
Non-executive directors					
Yang Guobin	–	–	–	–	–
Independent non-executive directors					
Wong Wai Ling	219	–	–	–	219
Lam Sing Kwong Simon	219	–	–	–	219
Chu Wing Yiu	219	–	–	–	219
	657	640	394	75	1,766

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

7 DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2023 Total RMB'000
Chairman					
Liu Yu	–	–	–	–	–
Executive directors					
Xie Mei (Chief Executive Officer) (i)	–	83	157	4	244
Wang Jianwen (Chief Executive Officer)	–	170	179	39	388
Lin Kaihua (ii)	–	–	87	–	87
Qi Jianrong	–	402	202	103	707
Non-executive directors					
Yang Guobin	–	–	–	–	–
Independent non-executive directors					
Wong Wai Ling	216	–	–	–	216
Lam Sing Kwong Simon	216	–	–	–	216
Chu Wing Yiu	216	–	–	–	216
	648	655	625	146	2,074

Notes:

(i) Retired and resigned on 23 March 2023.

(ii) Resigned on 26 October 2023.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: N/A) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2023: five) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	1,716	2,276
Discretionary bonuses	334	3,166
Retirement scheme contributions	97	339
	2,147	5,781

The emoluments of the 3 (2023: 5) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK$ Nil – HK$1,000,000 (RMB Nil – RMB912,432)	3	2
HK$1,500,001 – HK$2,000,000 (RMB1,368,649 – RMB1,824,864)	–	3

9 OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Exchange differences — on translation of financial statements of the Company and overseas subsidiaries	(129,669)	(61,095)
Share of other comprehensive income of associates and a joint venture	(4,311)	(982)
Other comprehensive income	(133,980)	(62,077)

There is no tax effect for each of the other comprehensive income items.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

10 BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of the Company and the weighted average ordinary shares, calculated as follows:

(a) Loss attributable to ordinary shareholders of the Company

	2024 RMB'000	2023 RMB'000
Loss attributable to equity holders of the Company	(173,139)	(464,528)
Less: loss attributable to the holders of perpetual capital securities	–	(128,741)
Loss attributable to ordinary shareholders	(173,139)	(593,269)

(b) Weighted average number of ordinary shares

	2024 '000	2023 '000
Issued ordinary shares	748,366	748,366

No dilutive loss per share is presented as there were no dilutive potential ordinary shares in issue during both years.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE

(a) Reconciliation of carrying amount

	Ownership interests in buildings held for own use RMB'000	Other properties leased for own use RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Sub-total RMB'000	Investment property RMB'000	Interests in leasehold land held for own use RMB'000	Total RMB'000
Cost:										
At 1 January 2023	905,007	38,449	46,920	5,142	147,675	247,727	1,390,920	554,863	1,288,624	3,234,407
Exchange adjustments	–	312	–	–	40	–	352	3,765	–	4,117
Additions	–	2,568	3,713	36	8,555	216,078	230,950	–	–	230,950
Transfer from/(to) inventory	24,726	–	–	–	–	(9,447)	15,279	–	(12,479)	2,800
Transfer to assets of disposal group classified as held for sale	(904,286)	–	–	–	–	–	(904,286)	–	(1,006,856)	(1,911,142)
Disposals	–	(16,945)	(1,957)	(3,370)	(5,345)	–	(27,617)	(2,660)	(4,967)	(35,244)
At 31 December 2023 and 1 January 2024	25,447	24,384	48,676	1,808	150,925	454,358	705,598	555,968	264,322	1,525,888
Exchange adjustments	–	477	–	–	29	–	506	5,759	–	6,265
Additions	–	3,609	–	3	306	10,662	14,580	–	–	14,580
Disposal of a subsidiary	–	–	(13,074)	(1,230)	(44,193)	–	(58,497)	–	–	(58,497)
Transfer to inventory	(4,498)	–	–	–	–	–	(4,498)	–	–	(4,498)
Disposals	–	(2,568)	(104)	(246)	(3,272)	–	(6,190)	–	–	(6,190)
At 31 December 2024	20,949	25,902	35,498	335	103,795	465,020	651,499	561,727	264,322	1,477,548
Accumulated depreciation:										
At 1 January 2023	92,026	20,812	46,582	3,568	110,023	–	273,011	129,792	140,125	542,928
Exchange adjustments	–	187	–	–	36	–	223	595	–	818
Charge for the year	29,349	9,939	2,046	631	24,399	–	66,364	19,342	38,878	124,584
Transfer to inventory	–	–	–	–	–	–	–	–	(4,390)	(4,390)
Transfer to assets of disposal group classified as held for sale	(120,833)	–	–	–	–	–	(120,833)	–	(142,500)	(263,333)
Written back on disposals	–	(12,722)	(1,957)	(3,352)	(5,072)	–	(23,103)	(914)	(3,394)	(27,411)
At 31 December 2023 and 1 January 2024	542	18,216	46,671	847	129,386	–	195,662	148,815	28,719	373,196
Exchange adjustments	–	457	–	–	22	–	479	1,056	–	1,535
Charge for the year	579	5,721	726	354	11,225	–	18,605	19,109	6,645	44,359
Disposal of a subsidiary	–	–	(12,136)	(1,149)	(39,280)	–	(52,565)	–	–	(52,565)
Transfer to inventory	(110)	–	–	–	–	–	(110)	–	–	(110)
Written back on disposals	–	(1,499)	(104)	(27)	(3,249)	–	(4,879)	–	–	(4,879)
At 31 December 2024	1,011	22,895	35,157	25	98,104	–	157,192	168,980	35,364	361,536
Carrying amount:										
At 31 December 2024	19,938	3,007	341	310	5,691	465,020	494,307	392,747	228,958	1,116,012
At 31 December 2023	24,905	6,168	2,005	961	21,539	454,358	509,936	407,153	235,603	1,152,692

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE *(continued)*

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024 RMB'000	2023 RMB'000
Ownership interests in leasehold land held for own use, carried at depreciated cost in the PRC, with remaining lease term of:		
— between 10 and 50 years (i)	228,958	235,603
Other properties leased for own use, carried at depreciated cost	3,007	6,168
Investment property, carried at depreciated cost in the PRC, with remaining lease term of:		
— between 10 and 50 years	50,171	51,602
Included in "Assets of disposal group classified as held for sale"	—	2,016,901
Included in "Inventories and other contract costs":		
Properties held for future development and under development for sale (ii)	3,977,789	4,918,853
Completed properties for sale	547,691	1,208,750
	4,525,480	6,127,603
	4,807,616	8,437,877

Notes:

(i) On 31 December 2024, the Group's right-of-use assets used as collateral for bank loans are RMB83,457,000 (2023: RMB85,841,000).

(ii) On 31 December 2024, the Group's inventories used as collateral for bank loans are RMB997,765,000 (2023: RMB675,321,000).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE *(continued)*

(b) Right-of-use assets *(continued)*

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying assets:		
Ownership interests in leasehold land	6,645	38,878
Other properties leased for own use	5,721	9,939
Investment property	1,431	1,464
	13,797	50,281
Interest on lease liabilities *(note 5(a))*	103	243
Expense relating to short-term leases or low-value leases	2,260	795

Note: During the year, no additions to right-of-use assets. (2023: Nil).

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(d) and 24, respectively.

(c) Ownership interests in leasehold land and buildings held for own use

The Group owns several buildings for its hotel business and office. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(d) Other properties leased for own use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assessed at lease commencement date that it will not exercise the extension options, and the future lease payments during the extension periods are not included in the measurement of lease liabilities.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE *(continued)*

(e) Investment properties

(i) The Group leases out investment properties. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	38,486	61,693
After 1 year but within 2 years	24,295	56,393
After 2 years but within 3 years	23,844	40,202
After 3 years but within 4 years	11,598	34,306
After 4 years but within 5 years	235	4,713
	98,458	197,307

(ii) As at 31 December 2024, the fair value of the investment properties held by the Group amounted to RMB592,860,000 (2023: RMB609,960,000).

12 INTANGIBLE ASSETS

	Software and copyright RMB'000	Trademarks RMB'000	Total RMB'000
Cost:			
At 1 January 2023, 31 December 2023 and 1 January 2024	6,193	56,000	62,193
Disposal of a subsidiary	(6,193)	(56,000)	(62,193)
At 31 December 2024	—	—	—
Accumulated amortisation:			
At 1 January 2023	5,676	32,000	37,676
Charge for the year	477	8,000	8,477
At 31 December 2023 and 1 January 2024	6,153	40,000	46,153
Charge for the year	13	6,667	6,680
Disposal of a subsidiary	(6,166)	(46,667)	(52,833)
At 31 December 2024	—	—	—
Carrying amount:			
At 31 December 2024	—	—	—
At 31 December 2023	40	16,000	16,040

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

13 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

				Proportion of ownership interest			
Name of company	Place of incorporation and business	Particulars of registered capital	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
深圳華僑城港亞控股發展有限公司 (Shenzhen Oversea Chinese Town Gangya Holdings Development Co., Ltd.) *(notes (i) & (ii)&(iii))*	The People's Republic of China ("PRC")	HK$180,000,000	HK$180,000,000	100%	–	100%	Consulting and management of corporation
深圳市華友投資有限公司 (Shenzhen Huayou Investment Co., Ltd.) *(notes (ii) & (iii))*	PRC	RMB3,000,000	RMB3,000,000	100%	–	100%	Investment management
華僑城(惠州)產業園管理有限公司 (OCT (Huizhou) Industry Management Co., Ltd) *(notes (i) & (ii) & (iii))*	PRC	HK$168,000,000	HK$168,000,000	100%	–	100%	Manufacturing, real estate development, leasing and property management
華昌國際有限公司 (City Legend International Limited)	Hong Kong	1 share	1 share	100%	–	100%	Investment holding
華僑城(上海)置地有限公司 (Overseas Chinese Town (Shanghai) Land Company Limited) ("OCT (Shanghai) Land") *(notes (ii) & (iii) & (iv) & (v))*	PRC	RMB3,030,000,000	RMB3,030,000,000	50.5%	–	50.5%	Real estate development
深圳市華京投資有限公司 (Shenzhen Huajing Investment Limited) *(notes (ii) & (iii))*	PRC	RMB1,000,000	RMB1,000,000	100%	–	100%	Investment holding and real estate development
深圳市華僑城華鑫股權投資管理有限公司 (Shenzhen OCT Huaxin Equity Investment Management Limited) *(notes (ii) & (iii))*	PRC	RMB20,000,000	RMB20,000,000	100%	–	100%	Investment management

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

13 INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation and business	Particulars of registered capital	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
華僑城(常熟)實業發展有限公司 (OCT (Changshu) Industry Development Co., Ltd.) *(notes (i) & (ii) & (iii))*	PRC	US$27,800,000	US$27,800,000	100%	–	100%	Development of self-owned land industrial parks and property management
華僑城(常熟)投資發展有限公司 (OCT (Changshu) Investment and Development Co., Ltd.) *(notes (ii) & (iii))*	PRC	RMB73,000,000	RMB73,000,000	100%	–	100%	Tourism and real estate development
上海首馳企業管理有限公司 (Shanghai Shouchi Enterprise Management Co., Ltd.) ("Shanghai Shouchi") *(notes (ii) & (iii) & (v))*	PRC	RMB1,000,000	RMB1,000,000	50.5%	–	50.5%	Enterprise management
合肥華僑城環巢文旅置業發展有限公司 (Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd.) *(notes (ii) & (iii))*	PRC	RMB400,000,000	RMB400,000,000	51%	–	51%	Tourism and real estate development
深圳華僑城港華投資控股有限公司 (Shenzhen OCT Ganghua Investment Holdings Co., Ltd.) *(notes (i) & (ii))*	PRC	HK$3,070,000,000	HK$3,070,000,000	100%	–	100%	Consulting and management of corporation
合肥華僑城實業發展有限公司 (Hefei OCT Industry Development Co., Ltd.) ("Hefei OCT Industry") *(notes (ii) & (iii))*	PRC	RMB10,000,000,000	RMB3,000,000,000	51%	–	51%	Tourism and real estate development

Notes:

(i) These companies are wholly foreign-owned enterprises established in the PRC.

(ii) The English translation of the above subsidiaries' names is for reference only. The official name of these companies is in Chinese.

(iii) These companies are limited companies established in the PRC.

(iv) The company is a sino-foreign joint venture with limited liability established in the PRC.

(v) These companies are disposed during the year (see note 20(e)).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

13 INVESTMENTS IN SUBSIDIARIES *(continued)*

The following table lists out the information on the subsidiaries that have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Hefei OCT Industry	
	2024	2023
	RMB'000	RMB'000
Principal place of business	**PRC**	
NCI percentage	**49.0%**	49.0%
Current assets	**6,550,565**	7,500,782
Non-current assets	**511,788**	516,887
Current liabilities	**(3,401,610)**	(4,096,056)
Non-current liabilities	**(96,300)**	(373,750)
Net assets attributable to equity holders	**3,564,443**	3,547,863
Carrying amount of NCI	**1,746,577**	1,738,453
Revenue	**584,658**	914,385
Profit for the year attributable to equity holders	**16,580**	126,332
Total comprehensive income attributable to equity holders	**16,580**	126,332
Profit allocated to NCI	**8,124**	61,903
Cash flows from operating activities	**(131,836)**	(56,658)
Cash flows from investing activities	**(41)**	(91,053)
Cash flows from financing activities	**(145,423)**	93,390

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

14 INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Listed investments *(note)*		
— Share of net assets	399,441	406,034
— Goodwill	246,911	246,911
	646,352	652,945
Unlisted investments		
— Share of net assets	1,051,126	1,240,138
— Goodwill	1,360	1,360
	1,052,486	1,241,498
	1,698,838	1,894,443

Note: As at 31 December 2024, the fair value of interests in associates which shares are listed amounted to RMB201,179,000 (2023: RMB246,890,000).

Details of the Group's individually material associates at 31 December 2024 are as follows:

			Proportion of ownership interest 2024 and 2023			
Name of associate	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary/ subsidiaries	Principal Activities
Capital Converge Holdings Limited ("Capital Converge")	BVI	100 shares of US$1 each	49%	49%	–	Investment holding
民生教育集團有限公司 (Minsheng Education Group Company Limited) ("Minsheng Education")	Cayman Islands	4,217,720,000 shares of US$0.00001 each	7.8716%	–	7.8716%	Education services
中山禹鴻房地產開發有限公司 Zhongshan Yuhong Real Estate Development Limited ("Zhongshan Yuhong")	PRC	RMB500,000,000	21%	–	21%	Property development

The Group has assigned a director in the board of the associates, which makes significant influence on these associates.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

14 INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Name	Capital Converge		Minsheng Education		Zhongshan Yuhong	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Group's effective interest	49%	49%	7.8716%	7.8716%	21%	21%
At 31 December:						
Current assets	1,814,489	2,175,804	4,222,333	8,121,932	1,403,306	1,676,486
Non-current assets	111,087	157,084	7,033,089	7,053,904	55,549	49,377
Current liabilities	(547,245)	(894,685)	(3,463,788)	(3,774,879)	(312,336)	(506,905)
Non-current liabilities	(66,048)	(134,153)	(1,853,646)	(5,415,140)	(17)	–
NCI	–	–	(901,757)	(870,647)	–	–
Equity attributable to shareholders	1,312,283	1,304,050	5,036,231	5,115,170	1,146,502	1,218,958
Group's share of net assets of the associate	643,019	638,985	396,432	402,646	240,765	255,981
Goodwill	–	–	132,137	132,137	1,360	1,360
Carrying amount in the consolidated financial statements	643,019	638,985	528,569	534,783	242,125	257,341
Revenue	246,800	373,082	1,947,208	2,352,395	417,642	752,054
(Loss)/profit for the year	(1,136)	81,682	(477)	292,190	(72,456)	120,744
Other comprehensive income	9,369	–	(40,744)	–	–	–
Total comprehensive income	8,233	81,682	(41,221)	292,190	(72,456)	120,744
Dividend receivable/received from the associate	–	41,365	2,969	12,836	–	–
Group's share of (loss)/profit for the year	(557)	40,025	(38)	23,000	(15,216)	25,356
Group's share of other comprehensive income	4,591	–	(3,207)	–	–	–
Group's share of total comprehensive income	4,034	40,025	(3,245)	23,000	(15,216)	25,356

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

14 INTERESTS IN ASSOCIATES *(continued)*

Aggregate information of associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	285,125	463,334
Aggregate amounts of the Group's share of those associates'		
Loss for the year	(4,983)	(162,376)
Total comprehensive income	(4,983)	(162,376)

15 INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Unlisted investments:		
— Share of net assets	370,609	536,079

Details of the Group's interests in the joint ventures at 31 December 2024 are as follows:

				Proportion of ownership interest			
				2024 and 2023			
Name of joint venture	Place of incorporation and business	Issued capital	Paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
廈門僑潤投資合夥企業(有限合夥) (Xiamen Qiaorun Investment Partnership (Limited Partnership)) ("Xiamen Qiaorun")	PRC	Issued capital of RMB800,020,000	Paid-up capital of RMB426,310,600	75.00%	–	75.00%	Investment Holding
深圳僑恒一號投資企業(有限合夥) (Shenzhen Qiaoheng No.1 Investment Partnership (Limited Partnership)) ("Shenzhen Qiaoheng")	PRC	Issued capital of RMB959,000,000	Paid-up capital of RMB661,400,000	75.00%	–	75.00%	Investment Holding
HNW Investment Fund Series SPC – Serica SP ("Cayman Fund")	Cayman Islands	Issued capital of HKD850,000,000	Paid-up capital of HKD850,000,000	49.00%	49.00%	–	Investment Holding

These investments are joint ventures based on decision mechanism in the joint venture agreements respectively.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

15 INTERESTS IN JOINT VENTURES *(continued)*

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed as follows:

Name	Xiamen Qiaorun		Shenzhen Qiaoheng		Cayman Fund	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Group's effective interest	75%	75%	75%	75%	49%	49%
Current assets	35,911	163,231	–	–	82,868	191,847
Non-current assets	205,354	230,432	80,189	80,189	1,270,905	1,325,867
Current liabilities	–	–	–	–	(1,089,450)	(1,148,962)
Non-current liabilities	–	–	–	–	–	–
Equity attributable to shareholders	241,265	393,663	80,189	80,189	264,323	368,752
Group's share of net assets of the joint venture	180,949	295,248	60,142	60,142	129,518	180,689
Carrying amount in the consolidated financial statements	180,949	295,248	60,142	60,142	129,518	180,689
Included in the above assets and liabilities:						
Cash and cash equivalents	25,443	930	–	–	15,717	165,405
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–	(6,717)	(1,087,464)
Dividend received from the joint venture	–	–	–	–	1,424	26,656
Return of investment	95,500	103,086	–	–	–	–
Revenue	–	–	–	–	67,824	76,897
Loss for the year	(25,065)	(2,938)	–	–	(89,902)	(76,304)
Other comprehensive income	–	–	–	–	(11,621)	(2,004)
Total comprehensive income	(25,065)	(2,938)	–	–	(101,523)	(78,308)
Group's share of loss	(18,799)	(2,203)	–	–	(44,052)	(37,389)
Group's share of other comprehensive income	–	–	–	–	(5,695)	(982)
Group's share of total comprehensive income	(18,799)	(2,203)	–	–	(49,747)	(38,371)
Included in the above loss:						
Depreciation and amortisation	–	–	–	–	54,330	54,330
Interest income	–	–	–	–	1,319	1,623
Interest expense	–	–	–	–	70,978	34,833
Income tax expense	–	–	–	–	–	–

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

16 OTHER FINANCIAL ASSETS

	2024 RMB'000	2023 RMB'000
Financial assets measured at FVTPL		
— Unlisted equity securities	351,651	368,958

17 INVENTORIES AND OTHER CONTRACT COSTS

	2024 RMB'000	2023 RMB'000
Comprehensive development business		
Properties held for future development and under development for sale	6,321,769	9,992,460
Completed properties held for sale	1,459,103	2,417,889
Other inventories	—	3,188
	7,780,872	12,413,537
Other contract costs	7,630	8,740
	7,788,502	12,422,277

(a) The analysis of lease terms of inventories under comprehensive development business is as follows:

	2024 RMB'000	2023 RMB'000
In Chinese Mainland		
— medium-term leases (between 10 and 50 years)	1,068,657	5,025,921
— long leases (over 50 years)	6,712,215	7,384,428
	7,780,872	12,410,349

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

17 INVENTORIES AND OTHER CONTRACT COSTS *(continued)*

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	**766,640**	896,049
Write down of inventories	**—**	124,526
	766,640	1,020,575

The amount of completed properties held for sale, properties held for future development and under development for sale expected to be recovered after more than one year is RMB7,410,913,000 (2023: RMB11,263,946,000). All of the other inventories are expected to be recovered within one year.

(c) Contract costs

Contract costs capitalised as at 31 December 2024 and 2023 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "distribution costs" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB8,896,000 (2023: RMB4,903,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2023: Nil).

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

The amount of capitalised contract costs expected to be recovered after more than one year is RMB108,000 (2023: RMB3,837,000).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

18 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Comprehensive development business	127,687	1,217,635

The Group receives deposits and sale proceeds from customers after they sign the sale and purchase agreement. These receipts in advance are recognised as contract liabilities until the properties are completed and transferred control to the customers.

The balance of contract liabilities as at 1 January 2023 was RMB1,609,712,000. The amount of forward sales deposits received expected to be recognised as income after more than one year is RMB2,689,000 (2023: RMB520,991,000).

	2024 RMB'000	2023 RMB'000
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	841,263	910,533

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

19 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivable		
— Amounts due from third parties	44,789	55,804
Less: loss allowance *(note 28(a))*	(223)	(388)
	44,566	55,416
Other receivables *(note (i))*:		
— Amounts due from associates	108	7,742
— Amount due from an intermediate parent	1,094	1,094
— Amounts due from fellow subsidiaries	2,825	6,795
— Amounts due from third parties	26,954	45,237
	30,981	60,868
Less: loss allowance	(18)	(33)
	30,963	60,835
Financial assets measured at amortised cost	75,529	116,251
Prepaid taxes *(note (ii))*	99,046	168,379
Deposits and other prepayments	4,085	13,089
	178,660	297,719

Notes:

(i) The amounts due from associates, intermediate parents, fellow subsidiaries and other related parties are unsecured, non-interest bearing and repayable on demand.

(ii) As at 31 December 2024, the prepaid taxes include CIT amounting to RMB19,563,000 (2023: RMB6,521,000) and LAT amounting to RMB31,028,000 (2023: RMB52,911,000).

(iii) As at 31 December 2024, all of the trade and other receivables, and deposits are expected to be recovered within one year.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

19 TRADE AND OTHER RECEIVABLES *(continued)*

Ageing analysis

As at the end of the reporting period, the ageing analysis of trade debtor's receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	**44,566**	55,416

Further details on the Group's credit policy are set out in note 28(a).

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash at bank and on hand represents:

	2024	2023
	RMB'000	RMB'000
Cash at bank and on hand	**58,364**	2,249,761
Property pre-sale proceeds *(note i)*	**34,459**	207,574
Cash at bank and on hand on the consolidated statement of financial position	**92,823**	2,457,335
Less: Restricted cash *(note ii)*	**(21,186)**	—
Cash and cash equivalents on the consolidated cash flow statement	**71,637**	2,457,335

Notes:

(i) In accordance with the relevant laws and regulations governing the pre-sale of residential properties in Chinese Mainland, prepayments by customers are held by the local authorities and the relevant banks. The amounts can be released to the Group for meeting certain prescribed costs associated with the property development or if certain conditions are fulfilled.

(ii) It represents frozen deposits due to litigations.

(iii) As at 31 December 2024, cash and cash equivalents situated in Chinese Mainland amounted to RMB87,407,000 (2023: RMB2,340,541,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(continued)

(b) Reconciliation of profit/(loss) before taxation to cash used in operations:

	Note	2024 RMB'000	2023 RMB'000
Profit/(loss) before taxation		**27,941**	(593,680)
Adjustments for:			
Depreciation and amortisation	5(c)	**44,566**	126,588
Interest income	4(a)	**(15,723)**	(26,210)
Finance costs	5(a)	**511,593**	355,051
Net gains on disposal of property, plant and equipment, intangible assets, investment property, and assets of disposal group classified as held for sale	4(b)	**(266,982)**	(7,876)
Net fair value gain on unlisted equity securities	4(b)	**(22,290)**	(21,387)
Gain on disposal of a subsidiary	4(b)	**(371,946)**	—
Share of profits less losses of associates		**20,794**	73,995
Share of profits less losses of joint ventures		**62,851**	39,592
(Reversals of impairment losses)/impairment losses on trade and other receivables	4(b)	**(154)**	71
Changes in working capital:			
Decrease in inventories and other contract costs		**992,053**	114,684
(Increase)/decrease in trade and other receivables		**(126,145)**	145,449
Decrease in trade and other payables		**(286,997)**	(142,979)
Decrease in contract liabilities		**(1,049,066)**	(392,077)
Cash used in operations		**(479,505)**	(328,779)

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(continued)

(c) Reconciliation of liabilities arising from financing activities

	Bank and other loans RMB'000	Related party loans RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	4,733,303	2,116,000	18,017	6,867,320
Changes from financing cash flows:				
Proceeds from new loans	3,049,816	6,033,460	—	9,083,276
Repayment of loans	(4,170,852)	(30,000)	—	(4,200,852)
Capital element of lease rentals paid	—	—	(10,216)	(10,216)
Total changes from financing cash flows	(1,121,036)	6,003,460	(10,216)	4,872,208
Exchange adjustments	30,316	33,528	127	63,971
Other changes:				
Repayment of liabilities of disposal group classified as held for sale	5,000	—	—	5,000
Increase in lease liabilities from entering into new leases during the period	—	—	2,568	2,568
Interest expense	—	—	243	243
Decrease in lease liabilities due to lease termination during the year	—	—	(4,490)	(4,490)
Total changes from other changes	5,000	—	(1,679)	3,321
At 31 December 2023 and 1 January 2024	3,647,583	8,152,988	6,249	11,806,820
Changes from financing cash flows:				
Proceeds from new loans	167,474	974,399	—	1,141,873
Repayment of loans	(1,028,772)	(2,887,427)	—	(3,916,199)
Capital element of lease rentals paid	—	—	(5,984)	(5,984)
Total changes from financing cash flows	(861,298)	(1,913,028)	(5,984)	(2,780,310)
Exchange adjustments	41,226	118,088	21	159,335
Other changes:				
Disposal of subsidiary	(971,895)	—	—	(971,895)
Repayment of liabilities of disposal group classified as held for sale	(5,000)	—	—	(5,000)
Increase in lease liabilities from entering into new leases during the period	—	—	3,609	3,609
Interest expense	—	—	103	103
Decrease in lease liabilities due to lease termination during the year	—	—	(965)	(965)
Total changes from other changes	(976,895)	—	2,747	(974,148)
At 31 December 2024	1,850,616	6,358,048	3,033	8,211,697

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	2,363	1,038
Within financing cash flows	5,984	9,973
	8,347	11,011

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rentals paid	8,347	11,011
	8,347	11,011

(e) Disposal of a subsidiary

As at 31 October 2024, the Group entered into equity transfer agreement with Shanghai Highpower OCT Investment Co., Ltd., a fellow subsidiary, pursuant to which the Group has conditionally agreed to dispose its whole 50.5% of the equity interest in OCT (Shanghai) Land at the consideration of RMB2,055,399,300. Upon the completion, OCT (Shanghai) Land ceased to be the subsidiary of the Group. As a result of the disposal, the Group has recognised gain of RMB371,946,000 in the other net gains/(losses) in note 4(b).

The effect of disposal of OCT (Shanghai) Land on the Group's cash flow is set out below:

	2024 RMB'000
The consideration of disposal equity of OCT (Shanghai) Land	2,055,399
Total consideration received, satisfied in cash	2,055,399
Cash and cash equivalents disposed of	(999,845)
Net cash inflow arising from disposals	1,055,554

Up to the reporting date, the Group has received the amount of RMB2,055,399,300.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION *(continued)*

(e) Disposal of a subsidiary *(continued)*

The total effect of disposal of OCT (Shanghai) Land on the Group's assets and liabilities is set out below:

	2024 RMB'000
Non-current assets	155,054
Current assets	6,899,999
Current liabilities	(2,652,959)
Non-current liabilities	(925,639)
Non-controling interest	(1,793,002)
	1,683,453
Gain of disposal of a subsidiary	371,946
The consideration of disposal equity of OCT (Shanghai) Land	2,055,399

21 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Shanghai Shouchi

On 11 November 2022, the Group proceeded with public tender of disposal of 51% equity interests in Shanghai Shouchi on China Beijing Equity Exchange (CBEX). On 3 April 2023, the Group has been informed by CBEX that Shanghai Shengfenlai Enterprise Consultation Partnership (Limited Partnership) was the successful bidder of the proposed disposal. In 2023, the Group and the bidder enterred into the transaction agreement at the consideration of HK$685,123,000 (equivalent to RMB612,000,000).

(i) Assets of disposal group classified as held for sale:

	2023 RMB'000
Cash and cash equivalents	3,914
Trade and other receivables	2,177
Investment property	1,937,722
	1,943,813

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

21 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

(a) Shanghai Shouchi *(continued)*

(ii) Liabilities directly associated with assets of disposal group classified as held for sale:

	2023 RMB'000
Current taxation	4,665
Trade and other payables	18,410
Bank and other loans	1,390,000
	1,413,075

Note: The bank and other loan was secured by the investment properties in the assets of disposal group.

As at 4 November 2024, the above assets and liabilities of disposal group classified as held for sale was disposed along with the disposal of OCT (Shanghai) Land.

(b) A series of assets of the hotel in the Suhewan project

On 11 October 2023, the Group proceeded with public tender of disposal of assets on China Beijing Equity Exchange. Accordingly, the Sale Assets, a series of assets of the hotel in the Suhewan project, are reclassified as assets of disposal group classified as held for sale.

Assets of disposal group classified as held for sale:

	2023 RMB'000
Property, plant and equipment	783,453
Interests in leasehold land held for own use	864,356
	1,647,809

On 27 February 2024, the tender was successfully completed at the consideration of RMB2,021,109,000. The assets of disposal group had been delivered to the bidder and the gain of disposal of property, plant and equipment and Interests in leasehold land held for own use amounting to RMB266,777,000 had been recognised in other net gains.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

22 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade creditors:		
— Amounts due to fellow subsidiaries	14,627	50,738
— Amounts due to third parties	513,879	951,408
	528,506	1,002,146
Other payables and accruals:		
— Amounts due to associates	182,195	214,528
— Amounts due to fellow subsidiaries	31,890	347,298
— Amounts due to intermediate parents	746	141,417
— Amounts due to third parties	338,364	460,110
	553,195	1,163,353
Interest payables:		
— Amount due to an associate	70,194	54,993
— Amount due to intermediate parents	515,901	149,888
— Amounts due to fellow subsidiaries	—	380
— Amounts due to non-controlling interests	287,131	214,571
— Amounts due to third parties	18,955	5,713
	892,181	425,545
Financial liabilities measured at amortised cost	1,973,882	2,591,044
Deposits *(note)*	13,843	2,246,949
	1,987,725	4,837,993

Note: As at 31 December 2024, except for the deposit of RMB6,009,000 (2023: RMB4,457,000) which is expected to be settled after one year, the remaining deposit, other payables and accrued expenses are expected to be settled within one year.

Ageing analysis

As at 31 December 2024, the ageing analysis of trade creditors payable, based on the invoice date, are as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	49,768	910,993
1 to 2 years	475,227	88,863
2 to 3 years	3,304	29
Over 3 years	207	2,261
	528,506	1,002,146

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

23 LOANS

(a) At 31 December, the loans are repayable as follows:

	2024 RMB'000	2023 RMB'000
(i) Bank and other loans		
Within 1 year or on demand	**1,754,316**	2,343,938
After 1 year but within 2 years	**96,300**	134,000
After 2 years but within 5 years	**—**	1,169,645
	96,300	1,303,645
	1,850,616	3,647,583
(ii) Related party loans		
Within 1 year or on demand	**421,400**	421,400
After 1 year but within 2 years	**4,437,510**	175,000
After 2 years but within 5 years	**—**	6,066,988
	4,858,910	6,663,388
(iii) Loans from non-controlling interests		
Within 1 year or on demand	**1,499,138**	1,489,600
	8,208,664	11,800,571

The applicable interest rates at 31 December were as follows:

	2024	2023
Bank loans	**2.85% to 1 month HIBOR + 1.30%**	3.05% to 1 month HIBOR + 1.60%
Related party loans	**3.50% to 5.84%**	3.45% to 5.32%
Loans from non-controlling interests	**4.75% to 9.00%**	4.75% to 9.00%

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

23 LOANS *(continued)*

(b) Details of the loans are analysed as follows:

	2024 RMB'000	2023 RMB'000
Current		
Secured		
— Bank and other loans	145,750	—
Guaranteed		
— Bank and other loans	365,000	459,000
Unsecured		
— Bank and other loans	1,243,566	1,884,938
— Related party loans	421,400	421,400
— Loan from non-controlling interests	1,499,138	1,489,600
	3,164,104	3,795,938
	3,674,854	4,254,938
Non-current		
Secured		
— Bank and other loans	96,300	373,750
Guaranteed		
— Bank and other loans	—	929,895
Unsecured		
— Related party loans	4,437,510	6,241,988
	4,437,510	6,241,988
	4,533,810	7,545,633
	8,208,664	11,800,571

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

23 LOANS *(continued)*

(b) Details of the loans are analysed as follows: *(continued)*

At 31 December, guaranteed bank loans are guaranteed by related parties as follows:

	2024 RMB'000	2023 RMB'000
Shenzhen Overseas Chinese Town Co., Ltd. ("OCT Ltd.")	365,000	1,388,895
	365,000	1,388,895

(c) The secured loans are secured by the following assets:

	2024 RMB'000	2023 RMB'000
Interests in leasehold land held for own use	83,457	85,841
Ownership interests in leasehold land included in "Inventories and other contract cost"	997,765	675,321
	1,081,222	761,162

(d) Details of loans from related parties are as follows:

	2024 RMB'000	2023 RMB'000
Current		
— Loan from an associate	421,400	421,400
— Loans from non-controlling interests	1,499,138	1,489,600
	1,920,538	1,911,000
Non-current		
— Loans from an intermediate parent	4,437,510	6,241,988
	6,358,048	8,152,988

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

24 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of reporting periods:

	2024		2023	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	1,245	1,264	5,596	5,662
After 1 year but within 2 years	1,202	1,264	653	661
After 2 years but within 5 years	586	632	—	—
	1,788	1,896	653	661
	3,033	3,160	6,249	6,323
Less: total future interest expenses		(127)		(74)
Present value of lease liabilities		3,033		6,249

25 EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in Shenzhen, Huizhou, Shanghai, Hefei and Changshu where the Group is required to make contributions to the Schemes at a rate ranging from 15% to 16% (2023: 14% to 16%) of the eligible employees' salaries.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly amount of HK$1,500. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 RMB'000	2023 RMB'000
PRC CIT	9,720	29,813
PRC LAT	3,008	126,411
	12,728	156,224

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Credit loss allowance RMB'000	Accrued expenses RMB'000	Tax loss RMB'000	Interest capitalised RMB'000	Undistributed profits RMB'000	Fair value adjustment from business combinations RMB'000	Fair value change of other financial assets RMB'000	Depreciation of assets of disposal group classified as held for sale RMB'000	Total RMB'000
Deferred tax arising from:									
At 1 January 2023	80	46,040	106,612	(4,407)	(23,870)	(131,519)	(25,714)	–	(32,778)
Credited/(Charged) to profit or loss	21	(186)	46,280	–	–	37,791	(5,347)	(13,892)	64,667
At 31 December 2023 and 1 January 2024	101	45,854	152,892	(4,407)	(23,870)	(93,728)	(31,061)	(13,892)	31,889
Disposal of subsidiaries	(45)	(45,854)	(111,592)	4,407	820	86,924	–	13,892	(51,448)
(Charged)/credited to profit or loss	–	–	(41,300)	–	–	6,103	(5,572)	–	(40,769)
At 31 December 2024	56	–	–	–	(23,050)	(701)	(36,633)	–	(60,328)

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(b) Deferred tax assets and liabilities recognised: *(continued)*

(ii) Reconciliation to the consolidated statement of financial position

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	56	194,440
Net deferred tax liabilities recognised in the consolidated statement of financial position	(60,384)	(162,551)
	(60,328)	31,889

(c) Deferred tax liabilities not recognised

As set out in note 6(a), withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the Chinese Mainland, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

At 31 December 2024, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB1,141,752,000 (2023: RMB1,114,941,000). Deferred tax liabilities of RMB57,088,000 (2023: RMB55,747,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

(d) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(s) to the consolidated financial statements, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB261,983,000 (2023: RMB550,631,000) and other temporary differences of RMB226,499,000 (2023: RMB226,499,000) as it is not probable that future taxable profits against which the losses or the temporary differences can be utilised will be available in the relevant tax jurisdiction and entity. These tax losses could be carried forward for a maximum of five years.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(e) The expiry year of unused tax losses for which no deferred tax asset is recognised

	2024 RMB'000	2023 RMB'000
2024	–	45,644
2025	52,682	96,094
2026	40,003	70,961
2027	35,265	156,211
2028	65,013	181,721
2029	69,020	–
	261,983	550,631

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Perpetual capital securities RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2023	32	67,337	36,884	248,970	32,449	5,615,314	(464,603)	(26,481)	1,880,832	7,390,702
Changes in equity for 2023:										
Total comprehensive income for the year		–	–	–	–	128,741	69,149	–	(331,661)	(133,771)
Distribution to the holders of perpetual capital securities		–	–	–	–	(251,105)	–	–	–	(251,105)
Redemption of perpetual capital securities		–	–	–	–	(5,492,950)	(107,532)	(27,254)	–	(5,627,736)
Balance at 31 December 2023 and 1 January 2024	32	67,337	36,884	248,970	32,449	–	(502,986)	(53,735)	1,549,171	1,378,090
Change in equity for 2024:										
Total comprehensive income for the year		–	–	–	–	–	18,917	–	(475,479)	(456,562)
Balance at 31 December 2024	32	67,337	36,884	248,970	32,449	–	(484,069)	(53,735)	1,073,692	921,528

27 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Dividends

No dividend was approved and paid to equity shareholders of the Company during the year attributable to the previous financial year (2023: nil).

(c) Share capital

Authorised and issued share capital

Authorised:

	2024		2023	
	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000
At 1 January and 31 December	2,000,000	200,000	2,000,000	200,000

Issued and fully paid:

	2024		2023	
	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000
At 1 January and 31 December	748,366	67,337	748,366	67,337

(d) Nature and purpose of reserves

(i) Share premium and contributed surplus

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company.

The contributed surplus was resulted during the reorganisation of the Group which was completed on 29 July 2005 to rationalise the Group's structure in preparation for the public listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Nature and purpose of reserves *(continued)*

(ii) Capital reserve

Capital reserve comprises the following:

— difference between the total amount of registered capital and the amount of contributions from the owners of a subsidiary; and

— the portion of the grant date fair value of unexercised share options granted to employees, directors and consultants of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(r)(ii) to the consolidated financial statements.

(iii) PRC statutory reserve

Transfers from retained earnings to PRC statutory reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to PRC statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to the owners.

PRC statutory reserve can be used to make good previous years' losses, if any, and may be converted-into paid up capital provided that the balance of PRC statutory reserve after such conversion is not less than 25% of the registered capital.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(v) to the consolidated financial statements.

(v) Other reserves

Other reserves mainly include enterprise expansion fund and securities issue fee.

The subsidiaries in the PRC are required to transfer a certain percentage of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the enterprise expansion fund. The percentage of this appropriation is decided by the directors of the subsidiaries.

The difference between the redemption price and the principal of the redeemed perpetual capital securities which mainly attributable securities issue fee was debited to other reserve.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the gearing ratio, which is defined as total borrowings including loans divided by total assets.

During 2024, the Group's strategy, which was unchanged from 2023, was to maintain the gearing ratio at a level of industry average. In order to maintain or adjust the ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's gearing ratio at 31 December was as follows:

	2024 RMB'000	2023 RMB'000
Total borrowings	**8,208,664**	11,800,571
Total assets	**11,597,151**	22,931,605
Gearing ratio	**70.8%**	51.5%

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to bank deposits and trade and other receivables.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The Group has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in note 30, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 30.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

In respect of trade receivables, the Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers. Trade receivables are normally due within 60–120 days from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers. In order to minimise the credit risk related to the sales of properties, the Group will not deliver the properties to customers until all proceeds are received.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

For other receivables, regular review and follow-up actions are carried out on long-aged other receivables, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The specific impairment losses have been made for the certain other receivables to reflect the relevant ECL.

For lease receivables, the Group enters into transactions only with recognised and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers that the Group has credit transactions with. Besides, the Group monitors and controls the lease receivables regularly to mitigate the risk of significant exposure from bad debts.

The Group measures loss allowances for trade receivables and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.00%	44,566	–
Over 3 years past due	100%	223	223
		44,789	223

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.30%	55,584	168
Over 3 years past due	100%	220	220
		55,804	388

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade and receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	388	294
Impairment loss recognised	—	94
Impairment loss reversed	(165)	—
Balance at 31 December	223	388

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The directors have taken into account the forecasts of operating performance, as well as the ability of the Group to renew bank loans, loans from related parties and non-controlling interests and the undrawn banks facilities in assessing the sufficiency of liquidity requirements in the foreseeable future.

Banking facilities and debentures of the Group amounting to RMB96,300,000 (2023: RMB1,303,645,000) are subject to the fulfilment of covenants relating to the Company's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. The metrics include assets to liability ratio and current liability to current asset ratio. If the Company were to breach the covenants the related loans and debentures would become payable on demand, The Company did not identify any difficulties complying with the covenants.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2024						2023					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Trade and other payables	1,987,725	–	–	–	1,987,725	1,987,725	4,837,993	–	–	–	4,837,993	4,837,993
Bank and other loans	1,781,873	98,275	–	–	1,880,148	1,850,616	2,421,867	175,498	1,296,527	–	3,893,892	3,647,583
Loans from related parties and non-controlling interests	2,117,789	4,572,125	–	–	6,689,914	6,358,048	1,937,328	181,038	7,032,119	–	9,150,485	8,152,988
Lease liabilities	1,264	1,264	632	–	3,160	3,033	5,662	661	–	–	6,323	6,249
	5,888,651	4,671,664	632	–	10,560,947	10,199,422	9,202,850	357,197	8,328,646	–	17,888,693	16,644,813

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and cash equivalent and bank and other loans at variable rates. Due to the anticipation about the interest rates of cash and cash equivalent and pledged deposits not changing significantly, bank and other loans at variable rates mainly expose the Group to cash flow interest rate risk. As at 31 December 2024, the Group's outstanding bank and other loans of RMB1,850,616,000(2023: RMB3,647,582,000) are issued at variable rates.

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased. The Group's profit after tax and retained profits by approximately RMB4,445,000 (2023: RMB8,017,000).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2023.

Notes to The Consolidated Financial Statements
(Expressed in Renminbi)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. In prior years, the currencies giving rise to this risk are primarily United States dollars ("USD") and HKD. Since the functional currency used in the Company was changed from RMB to HKD and HKD is pegged to USD, the Group would not exposed to currency risk in USD and HKD.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

	Exposure to foreign currencies (expressed in RMB)	
	2024	2023
	RMB'000	RMB'000
Cash at bank and on hand	**510**	4,164
Inter-company receivables and payables within the Group	**632,945**	350,868
Net exposure arising from recognised assets and liabilities	**633,455**	355,032

(ii) Sensitivity analysis

The sensitivity analysis assumes that the change foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. For inter-company balances eliminated on consolidation, the related foreign exchange gains or losses will not be eliminated, unless the receivables or payables form part of the Group's net investment in the subsidiaries. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk *(continued)*

(ii) Sensitivity analysis (continued)

Based on the assumption that Hong Kong dollars continue to be pegged to United States dollars, management estimated that a 5% depreciation of USD/HKD against RMB, the Group's profit would be increased by RMB31,673,000 (2023: RMB17,752,000).

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group's entities' profits after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting periods for presentation purposes.

(e) Fair value measurement of financial instruments

(i) Financial assets and liabilities measured at fair value

a. Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(e) Fair value measurement of financial instruments *(continued)*

(i) Financial assets and liabilities measured at fair value (continued)

a. Fair value hierarchy *(continued)*

The Group employed valuer to perform valuations for the unlisted equity securities. A valuation report with analysis of changes in fair value measurement is prepared by the valuer at the reporting date, and reviewed and approved by the management. Discussion of the valuation process and results with the management and the Audit Committee is held twice a year, to coincide with the reporting dates.

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Other financial assets:				
— Unlisted equity securities	**351,651**	**—**	**—**	**351,651**

	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Other financial assets:				
— Unlisted equity securities	368,958	—	—	368,958

During the year ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(e) Fair value measurement of financial instruments *(continued)*

(i) Financial assets and liabilities measured at fair value (continued)

b. Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Rate
Unlisted equity instruments	Market comparable companies	Discount for lack of marketability	27% (2023: 12%–47%)

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's profit by RMB1,256,000 (2023: RMB1,835,000).

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2024 RMB'000	2023 RMB'000
Unlisted equity securities:		
At 1 January	368,958	353,098
Disposal	(39,597)	(5,527)
Changes in fair value recognised in profit or loss during the year	22,290	21,387
At 31 December	351,651	368,958
Total gain for the year included in profit or loss for assets held at the end of the reporting year	22,290	21,387

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023 and 2024.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

29 COMMITMENTS

Capital commitments outstanding at 31 December not provided for in the financial statements are as follows:

	2024 RMB'000	2023 RMB'000
Contracted for:		
Inventories	932,140	3,373,402
Investment in an associate and joint ventures	783,475	783,475
	1,715,615	4,156,877

30 CONTINGENT LIABILITIES

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of the individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly installment before the issuance of the individual property ownership certificate; the banks can draw down the security deposits up to the amount of outstanding mortgage installments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

The management does not consider it probable that the Group will sustain a loss under these guarantees as the bank has the rights to sell the property and recovers the outstanding loan balance from the sale proceeds if the property buyers default payment. The management also considers that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group. No liabilities therefore is recognised in respect of these guarantees.

As at 31 December 2024, guarantees given to financial institutions for mortgages facilities granted to buyers of the Group's properties amounts to RMB486,406,000 (2023: RMB559,369,000).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group has a related party relationship with the following parties:

Name of party	Relationship with the Group
OCT Group	Ultimate parent
OCT Ltd.	Intermediate parent
OCT (HK)	Intermediate parent
Konka Group Company Limited, its subsidiaries and associates	Fellow subsidiary
Shenzhen Overseas Chinese Town Water and Electricity Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Property Services Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town International Media and Performance Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Innovation Research Institute Co., Ltd.	Fellow subsidiary
Overseas Chinese Town Intelligent Technology (Shenzhen) Co., Ltd.	Fellow subsidiary
Overseas Chinese Town Culture Tourism and Technology Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Entertainment Investment Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Properties Co., Ltd.	Fellow subsidiary
Nanjing Overseas Chinese Town Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town International Travel Service Co., Ltd.	Fellow subsidiary
Overseas Chinese Town (Shanghai) Land Company Limited	Fellow subsidiary
Shenzhen Qiaochenghui Network Technology Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.	Fellow subsidiary
Shanghai Highpower OCT Investment Co., Ltd.	Fellow subsidiary
Chongqing OCT Land Co., Ltd.	Associate
Zhongshan Yuhong	Associate
Honour Ray Limited	Associate

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

31 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, major related party transactions entered by the Group during the year are as follows:

	2024 RMB'000	2023 RMB'000
Purchase of goods and services	8,374	19,837
Rental expense	30	908
Interest expense *(note)*	403,330	165,540
Interest income	—	40
Repayment of loans *(note)*	2,673,427	30,000
Repayment of loans to an associate	—	4,416
New borrowings *(note)*	750,861	6,033,460

Note: For the year ended 31 December 2024, OCT Group and its subsidiaries provided financial supports to the Group, and such financial supports constituted to connected transactions of the Group, but were exempted from complying with the requirements of reporting, announcement and approval from independent shareholders based on that the financial supports provided to the Group by OCT Group and its subsidiaries and which benefited the Group was made on the normal commercial terms (or more favorable than that provided to the listing issuer) to provide loans to the Group; and no asset of the Group was pledged as collateral for these financial supports.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

31 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management personnel remuneration

Remuneration for key management personnel, including amount paid to the Group's directors as disclosed in note 7 to the consolidated financial statements and certain of the highest paid employees as disclosed in note 8 to the consolidated financial statements, is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	2,831	3,150
Post-employment benefits	172	349
	3,003	3,499

Total remuneration is included in "staff costs" (see note 5(b)).

(d) Balance with related parties

Amounts due from/(to) related parties are set out in notes 19, 22 and 23 to the consolidated financial statements.

(e) Applicability of the Listing Rules relating to connected transactions

Apart from the connected transactions and continuing connected transactions disclosed in the section headed "Connected Transactions" in the Directors' Report, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	3,356	4,416
Investments in subsidiaries	425,353	416,249
Interest in an associate	384,646	376,413
Interest in a joint venture	355,378	347,772
	1,168,733	1,144,850
Current assets		
Other receivables	6,807,609	8,742,644
Cash at bank and on hand	1,649	111,024
	6,809,258	8,853,668
Current liabilities		
Other payables	1,409,443	664,179
Lease liabilities	1,245	4,323
Bank loans	1,206,477	1,884,938
	2,617,165	2,553,440
Net current assets	4,192,093	6,300,228
Total assets less current liabilities	5,360,826	7,445,078
Non-current liabilities		
Related party loan	4,437,510	6,066,988
Lease liabilities	1,788	—
	4,439,298	6,066,988
NET ASSETS	921,528	1,378,090
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Reserves	854,191	1,310,753
TOTAL EQUITY	921,528	1,378,090

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors consider the immediate parent and the ultimate controlling party of the Group to be Pacific Climax Limited ("Pacific Climax") and OCT Group. Pacific Climax and OCT Group are incorporated in BVI and PRC respectively, which do not produce financial statements available for public use.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Five-Year Financial Summary

For the year ended 31 December

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	966,530	1,262,753	3,072,451	1,474,128	1,306,550
Cost of sales	(831,513)	(1,123,587)	(2,750,134)	(1,169,981)	(990,072)
Gross profit	135,017	139,166	322,317	304,147	316,478
Other income	16,193	27,573	40,354	55,024	65,646
Other net gains/(losses)	626,075	(10,553)	(32,720)	118,265	465,514
Distribution costs	(40,346)	(80,710)	(80,171)	(89,033)	(97,768)
Administrative expenses	(113,760)	(200,518)	(285,126)	(273,053)	(352,270)
Profit/(loss) from operations	623,179	(125,042)	(35,346)	115,350	397,600
Finance costs	(511,593)	(355,051)	(140,357)	(149,216)	(183,099)
Share of profits less losses of associates	(20,794)	(73,995)	(1,169,732)	(147,032)	(66,902)
Share of profits less losses of joint ventures	(62,851)	(39,592)	(404,051)	88,742	(939)
Impairment losses on associates	–	–	(139,254)	(750,000)	(70,000)
Profit/(loss) before taxation	27,941	(593,680)	(1,888,740)	(842,156)	76,660
Income tax	(241,336)	(8,778)	(107,322)	(56,952)	(101,093)
Loss for the year from continuing operations	(213,395)	(602,458)	(1,996,062)	(899,108)	(24,433)
Discontinued operation	–	–	–	–	–
Loss for the year	(213,395)	(602,458)	(1,996,062)	(899,108)	(24,433)
Attributable to:					
Equity holders of the Company	(173,139)	(464,528)	(1,912,536)	(883,252)	63,757
Non-controlling interests	(40,256)	(137,930)	(83,526)	(15,856)	(88,190)
Loss for the year	(213,395)	(602,458)	(1,996,062)	(899,108)	(24,433)
Loss per share (RMB)					
Basic	(0.23)	(0.79)	(2.88)	(1.49)	(0.29)
Diluted	(0.23)	(0.79)	(2.88)	(1.49)	(0.29)

Five-Year Financial Summary

For the year ended 31 December

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Non-current assets					
Fixed assets	1,116,012	1,152,692	2,691,479	4,582,386	4,697,730
Intangible assets	—	16,040	24,517	33,639	42,702
Interests in associates	1,698,838	1,894,443	2,124,711	3,607,167	4,368,908
Interests in joint ventures	370,609	536,079	706,395	1,137,901	1,197,304
Other financial assets	351,651	368,958	353,098	309,638	1,141,530
Finance lease receivables	—	—	—	122,588	251,944
Deferred tax assets	56	194,440	148,325	95,755	76,631
	3,537,166	4,162,652	6,048,525	9,889,074	11,776,749
Current assets					
Inventories and other contract costs	7,788,502	12,422,277	12,512,456	10,299,940	8,302,909
Finance lease receivables	—	—	—	98,928	108,679
Trade and other receivables	178,660	297,719	355,324	2,723,159	946,603
Cash at bank and on hand	92,823	2,457,335	1,915,139	3,331,662	4,274,938
	8,059,985	15,177,331	14,782,919	16,453,689	13,633,129
Assets of disposal group classified as held for sale	—	3,591,622	1,944,595	—	12,079
	8,059,985	18,768,953	16,727,514	16,453,689	13,645,208

Five-Year Financial Summary

For the year ended 31 December

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Current liabilities					
Trade and other payables	1,987,725	4,837,993	2,689,507	2,101,689	1,554,090
Contract liabilities	127,687	1,217,635	1,609,712	3,407,258	1,459,276
Lease liabilities	1,245	5,596	11,734	13,404	13,330
Bank and other loans	1,754,316	2,343,938	2,578,088	3,322,278	573,899
Loans from related parties and non-controlling interests	1,920,538	1,911,000	1,941,000	1,911,000	862,400
Current taxation	12,728	156,224	147,846	158,777	169,570
	5,804,239	10,472,386	8,977,887	10,914,406	4,632,565
Liabilities directly associated with assets of disposal group classified as held for sale	–	1,413,075	1,399,868	–	1,849
	5,804,239	11,885,461	10,377,755	10,914,406	4,634,414
Net current assets	2,255,746	6,883,492	6,349,759	5,539,283	9,010,794
Total assets less current liabilities	5,792,912	11,046,144	12,398,284	15,428,357	20,787,543
Non-current liabilities					
Bank and other loans	96,300	1,303,645	2,155,215	2,425,082	6,032,109
Related party loans	4,437,510	6,241,988	175,000	420,000	1,359,660
Lease liabilities	1788	653	6,283	16,818	11,265
Deferred tax liabilities	60,384	162,551	181,103	167,015	159,323
	4,595,982	7,708,837	2,517,601	3,028,915	7,562,357
NET ASSETS	1,196,930	3,337,307	9,880,683	12,399,442	13,225,186
Total (deficit)/equity attributable to equity holders of the Company	(527,290)	(220,171)	6,185,275	8,620,508	9,430,396
Non-controlling interests	1,724,220	3,557,478	3,695,408	3,778,934	3,794,790
TOTAL EQUITY	1,196,930	3,337,307	9,880,683	12,399,442	13,225,186