北京建設 BPHL

BEIJING PROPERTIES(HOLDINGS) LTD

(incorporated in Bermuda with limited liability)

Stock Code : 925

Annual Report 2024

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Yingying *(Chairman)*
Mr. SIU Kin Wai *(Vice Chairman) (appointed on 2 July 2024)*
Mr. FANG Bin *(General Manager) (appointed on 2 July 2024)*
Mr. XU Zhigang
Mr. CHENG Ching Fu *(Chief Financial Officer)*
Mr. DONG Qilin *(resigned on 2 July 2024)*

Independent Non-Executive Directors

Mr. GOH Gen Cheung
Mr. James CHAN
Dr. LI Huiqun *(appointed on 2 July 2024)*
Mr. XIE Ming *(resigned on 2 July 2024)*

AUDIT COMMITTEE

Mr. GOH Gen Cheung *(Chairman)*
Mr. James CHAN
Dr. LI Huiqun *(appointed on 2 July 2024)*
Mr. XIE Ming *(resigned on 2 July 2024)*

NOMINATION COMMITTEE

Mr. James CHAN *(Chairman)*
Mr. GOH Gen Cheung
Dr. LI Huiqun *(appointed on 2 July 2024)*
Mr. XIE Ming *(resigned on 2 July 2024)*

REMUNERATION COMMITTEE

Dr. LI Huiqun *(Chairman) (appointed on 7 October 2024)*
Mr. James CHAN
Mr. GOH Gen Cheung
Mr. XIE Ming *(resigned on 2 July 2024)*

SUSTAINABILITY COMMITTEE

Mr. SIU Kin Wai *(Chairman)*
Mr. XU Zhigang
Mr. CHENG Ching Fu
Mr. James CHAN

COMPANY SECRETARY

Mr. CHENG Ching Fu

STOCK CODE

925

AUTHORIZED REPRESENTATIVES

Mr. SIU Kin Wai
Mr. CHENG Ching Fu

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

66th Floor Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2511 6016
Fax: (852) 2598 6905

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

WEBSITE

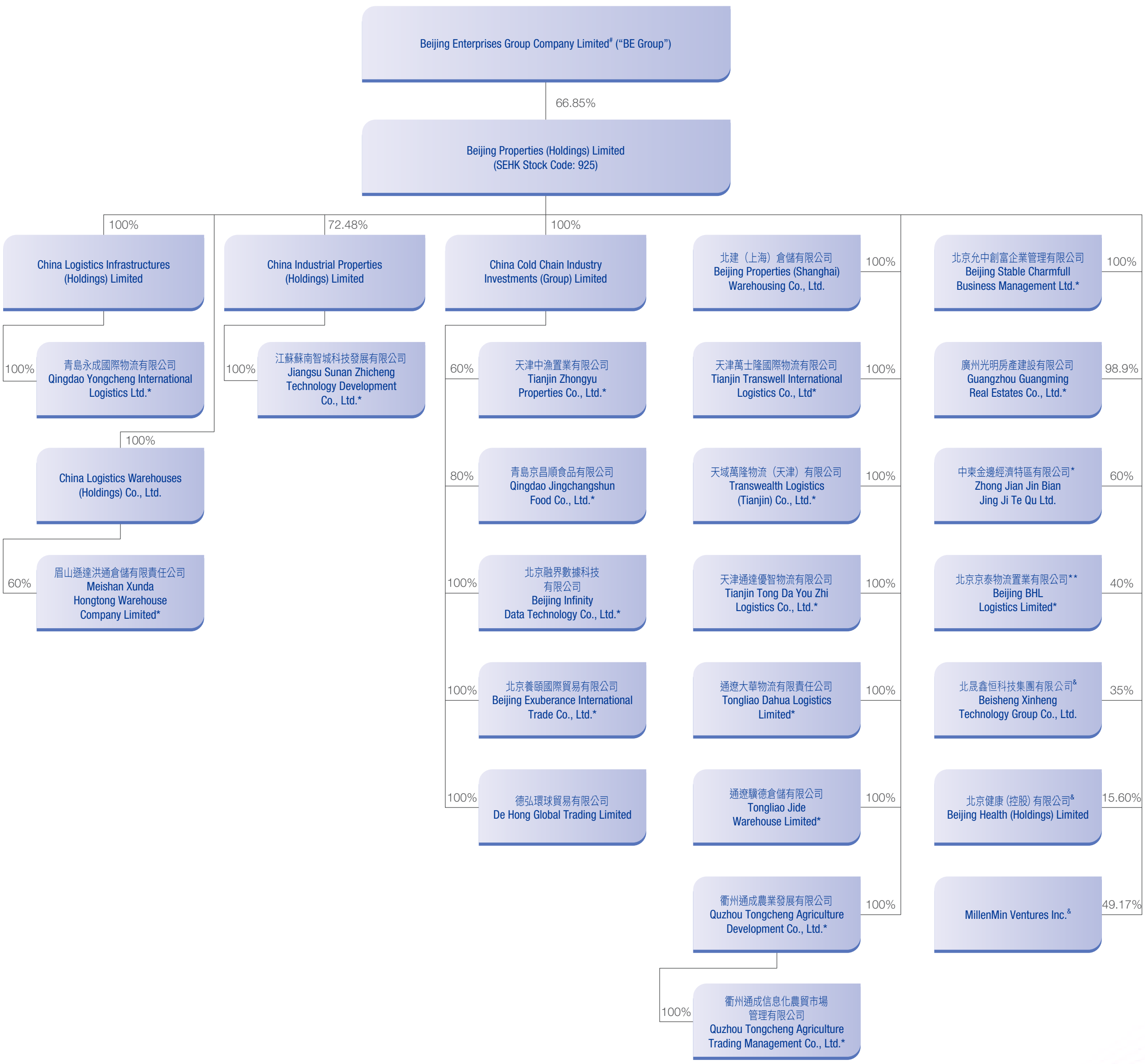
www.bphl.com.hk

PRINCIPAL BANKERS

China CITIC Bank International Ltd
China Everbright Bank Co. Ltd.
Industrial and Commercial Bank of China Limited
Evergrowing Bank Co. Ltd.
Bank of Hangzhou Co. Ltd.

Group Structure

As at 31 December 2024



[#] BE Group indirect held 66.85% of the issued share capital of Beijing Properties (Holdings) Limited (the "Company") through its wholly-owned subsidiaries

* For identification purpose only

** Joint venture

[&] Associate

Financial Highlights

	2024 **RMB'000**	2023 RMB'000
Revenue	**864,864**	1,468,336
Loss before tax	**(634,071)**	(924,647)
Loss for the year	**(551,682)**	(909,883)
Loss attributable to shareholders of the Company	**(536,847)**	(901,406)
Loss per share		
– basic (RMB)	**(7.70 cents)**	(12.93 cents)
– diluted (RMB)	**(7.70 cents)**	(12.93 cents)

	2024 **RMB'000**	2023 RMB'000
Total asset	**12,974,995**	13,603,082
Equity attributable to shareholders of the Company	**821,534**	1,375,657
Total equity	**2,447,901**	3,003,777
Cash and bank balances	**682,847**	375,100
Net gearing ratio (percentage)	**302.55%**	234.91%

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors, I hereby present the annual results of Beijing Properties (Holdings) Limited (the "Group") for 2024.

For the year 2024, the Group incurred a loss of approximately RMB550 million, representing a decrease in loss of approximately RMB360 million as compared with the loss of approximately RMB910 million for the same period last year, mainly because that: (i) the gross profit for the year amounted to RMB132 million, as compared to that of approximately RMB230 million in the same period last year; (ii) an impairment of approximately RMB150 million was generated from property valuation during the year, as compared to an impairment of RMB280 million in the same period last year; and (iii) investment impairment of approximately RMB105 million was charged to an associate during the year, as compared to an impairment of approximately RMB180 million in the same period last year. As the on-going effect of multiple negative factors including the changes on national operation system, trade war, the approaching of post-pandemic era, fierce geopolitical tensions and rising interest rate, there was a general economic downturn, which led to a slower pace of asset sales on the one hand, and a fall in the value of inventory assets on the other. In addition, as the national real estate market deteriorated and an associate in which the Group had invested experienced liquidity difficulties as a result of its involvement in the real estate business, an investment impairment of RMB105 million was provided upon assessment and based on the latest development, and therefore, there is no longer risk exposure to the Group on this associate.

The year 2024 was a turbulent year, the high uncertainties of external environment forced enterprises to manage in a more prudent manner. Facing such a complex environment, the Group was making every effort to carry out transformation. On one hand, the Group strictly controlled its expenditures and adjusted its debt portfolio to further control its finance costs, leading to a significant decline in both administrative costs and finance costs during the year. On the other hand, the Group promoted the disposal of heavy asset business while continuously developing the supply chain business, the Disposal of Jiaxing Project had been completed during the year, and recorded a gain on disposal of RMB55.77 million.

Looking ahead, the Group's supply chain business, which is the major transformation focus of the Group, has continued to develop, with revenue decreased as compared with last year, which was attributable to the undergoing optimization of suppliers and customers portfolio for the purpose of aligning with the needs of future business development.

It is believed that in 2025, as the completion of optimization of the upstream and downstream portfolio, the profit contribution from supply chain will further improve.

The Group is still in the restructuring stage and will continue to deepen various reforms to further strengthen its assets operation and enhance its profitability. The Group believes that our profitability will continue to improve. We expect continued support from the shareholders for the Group's development.

Thank you.

ZHU Yingying
Chairman

28 March 2025

Management Discussion and Analysis

For the year ended 31 December 2024, the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately RMB536.85 million, as compared to the consolidated loss attributable to the shareholders of the Company of approximately RMB901.41 million recorded for the year ended 31 December 2023.

BUSINESS REVIEW

The Group positioned itself as a professional property developer, focusing on logistics warehouses, cold storage, industrial factories and primary land development, while operating certain commercial projects. However, the business in which the Group was engaged previously was a heavy asset investment with a large capital backlog and a long payback period. Therefore, the Group designed a specific business model for sustainable development whereby the projects could generate sustainable income and at the same time promote the value increase of the properties through improved operating results, and ultimately maximize the ultimate return by seizing the most favourable market opportunity to sell when the value is realised. Since 2018, the Group has been actively preparing for the sale of assets of various mature projects, but the overall economic environment continued to deteriorate due to the continuous impact from a combination of negative factors including the change in the country’s operating system, trade wars, pandemic, fierce geographical conflicts and rising interest rates, and the sales of two assets of the logistics warehouse and three assets of the industrial plants were finally completed only in 2022. However, the timing delay has resulted in continued increases in finance costs and declines in asset prices during the period, causing the Group to incur continuous losses. Therefore, having cautiously assessed the sustainable development of the business in the future, the Group decided to carry out a business transformation, i.e. to stop making new investments in the heavy asset business and dispose of it gradually, and leverage on the cold chain business that has been developed since 2019 to penetrate upstream and downstream to carry out the food supply chain business in the PRC, with a view to achieving a reduction in liabilities and finance expenses through the disposal of heavy assets, while diversifying revenue through an increase in revenue to improve the profitability of the Group.

The Group’s current projects are also listed below respectively according to different categories.

(1) High-end and Modern General Warehouses

High-end and modern logistics warehouses are the developed projects that the Group gives priority for disposal. The Group completed the disposal of 90% interest of the Tongzhou District, Beijing project on 6 June 2022 and the disposal of the remaining 10% interest on 10 August 2023. The disposals of the Tong’an District, Xiamen project and the Chengmai District, Hainan project have completed on 10 October 2023. The disposals of the Pudong District, Shanghai project, the Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone) project, the Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone) project and the Jiaozhou City, Qingdao project under that category with the total area of approximately 430,000 sq.m. are also under planning in an orderly manner.

BUSINESS REVIEW (Continued)

(1) High-end and Modern General Warehouses (Continued)

A list of the areas and occupancy rates of the high-end and modern general warehouses still held by the Group is as follows:

Location of warehouses	Notes	Planned and owned area (sq.m.)	Operating leasable area (sq.m.)	Average occupancy rate for the year ended 31 December 2024 (%)	2023 (%)
Pudong District, Shanghai	(a)	211,555	211,555	**56.73**	60.09
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone)	(b)	57,670	57,670	**34.95**	37.43
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone)	(c)	16,083	16,083	**73.36**	100
Dongpo District, Meishan	(d)	97,809	97,809	**57.34**	62.33
Ke'erqin District, Tongliao	(e)	31,113	31,113	**84.32**	81.41
Jiaozhou, Qingdao	(f)	145,170	–	**–***	–*
		559,400	414,230		

* Projects under construction

Notes:

(a) In 2024, in the face of severe situation of lease and market pressure, the Shanghai warehouse strengthened its communication with the existing tenants, actively carried out the lease renewal work, and made full use of its resources to assist the tenants in optimizing their business environment. It vigorously expanded new tenant resources to identify the intention of existing tenants to expand their lease. Through the unremitting efforts of the operation team, as at 31 December 2024, the average occupancy rate of the project was 56.73%, remaining flat overall.

(b) Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics"), the Tianjin (Tianjin Airport Zone) warehouse, remained the sole secondary warehouse supervised by Customs within the Tianjin Binhai International Airport area. The original client of Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") fully surrendered the lease in February 2023 due to business restructuring. As a result of the significant drop in local imports and exceptionally fierce competition between peers during the same period, the lease market in Tianjin City as a whole was on a downward trend and there were few new clients in the market. The average occupancy rate of Phase I and II of Transwealth Logistics and WSL Logistics in 2024 was 34.95%.

(c) Tianjin (Tianjin Port Zone) warehouse is located in the Tianjin Port Bonded Zone. The project has a total land area of 30,003 sq.m. and a total gross floor area of 16,083 sq.m. Due to the sudden decrease in the volume of import and export business, Tong Da You Zhi's original whole-lease client only leased part of the warehouse area this year, and as of 31 December 2024, the overall occupancy rate of the project was 73.36%, and the revenue remained stable.

BUSINESS REVIEW (Continued)

(1) High-end and Modern General Warehouses (Continued)

Notes: (Continued)

(d) The Group operates four warehouses in Dongpo District, Meishan City of Sichuan Province with a total leasable area of approximately 97,809 sq.m. Given the development of the industry over the same period, a number of warehouses in the vicinity have been completed and put into the market, the vacancy rate increased significantly year-on-year. The current de-leasing pressure in the market is significant, and the occupancy rate as of the end of December 2024 was 59.56%. Small and medium size clients were introduced gradually in 2024, and the types of clients in the zone have been diversified, involving high-quality clients in various industries in the fields of pharmaceuticals, home appliances, superstores, express delivery, general chemical, food and beverage, etc.

(e) The Group's Tongliao project is leased out as a logistics warehousing facility before commercial development. The project is situated at a convenient location in the downtown area of Tongliao City close to the high-speed rail station, with well-developed commercial facilities in its proximity. In 2024, the project team overcame the adverse impact of various aspects and continued to increase its efforts in attracting tenants, resulting in a steady increase in the overall occupancy rate. The average occupancy rate for the year of 2024 was 84.32%.

(f) In March 2019, the Group has acquired a piece of land located in Jiaozhou Economic and Technological Development Zone, Qingdao, along the west side of Jiaoda Avenue (交大大道) and the south side of Taohe Road (洮河路). The total area of the land is approximately 113,428 sq.m. The project enjoys a convenient location near the Jiaozhou Bay Express Highway (膠州灣高速) and the Qingdao Jiaodong International Airport. Under this project, three 2-storeyed general warehouses and one multistoried cold storage are planned to be constructed conforming with international standards. The total gross floor area is approximately 155,400 sq.m. and has a total leaseable area of approximately 145,170 sq.m., with a total investment amount of approximately RMB760 million. The project started in March 2020 but has been suspended during the COVID-19 pandemic and preparatory work for resumption is still underway and it is expected to be completed by the first quarter of 2027.

(2) Supply Chain Development

The nationwide supply chain business is a business that the Group has extended and focused on relying on the existing online and offline cold chain and agricultural wholesale market infrastructure that has become mature, and further develops through the upstream and downstream through the self-developed online trading platform, with the aim of becoming a nationwide food supply chain business service provider. The supply chain business developed by the Group mainly provides integrated logistics services for high-value imported meat and aquatic products. With the rise of China's middle-class community, the demand for quality food is growing rapidly every year. However, due to the lack of reform in the industry during the past period, the supply chain industry in China remains subject to factors such as high input and low digitalization, and recorded a slow growth. Hence, no leading enterprises have emerged in the industry. This presents the Group with a great opportunity for development. The Group's supply chain business has rolled out international trade service, cold chain storage service and electronic business system development service for frozen products. Its strategic objective is to establish the best comprehensive supply chain industry service platform in the PRC to save costs and increase revenue for its customers by making full use of digital technologies while eliminating financial risk of financial institutions by realizing full control over inventories, information and funds along the whole chain.

BUSINESS REVIEW (Continued)

(2) Supply Chain Development (Continued)

Details of the current cold storage under the supply chain business are as follows:

Location of warehouses	Notes	Planned and owned storage capacity (ton)	Operating leasable storage capacity (ton)	Average occupancy rate for the year ended 31 December 2024 (%)	2023 (%)
Hangu District, Tianjin	(a)	75,000	45,000	**30.08**	59.90
Chengyang District, Qingdao	(b)	8,000	8,000	**100**	100
		83,000	53,000		

Notes:

(a) The Tianjin Zhongyu cold chain warehouse is positioned to serve as a cold chain logistics hub and a processing and distribution centre for aquatic products in northern China. Occupying an area of approximately 31,301 sq.m., Phase I has both cold chain storage space and freezer with a total storage capacity of approximately 45,000 tons. Phase II of the project has obtained government approval and preliminary work is in progress. Due to changes in the market environment, the Company intends to adjust the plan for Phase II of the project to promote the establishment, construction and development of Phase II of the project with the strategic plan of taking "central kitchen processing of prefabricated dishes as the main and storage as the auxiliary". Phase II is planned to take the "prefabricated dishes industrial park" as the project application, the construction of which contains 6 independent processing plants, 1 office building and 1 comprehensive service building, with a gross floor area of 29,856 sq.m. (the total capacity area is 48,108 sq.m.), and an estimated total investment of RMB100 million. As of 31 December 2024, the combined occupancy rate of the cold chain storage space and freezer was 30.08%.

(b) The principal activity of the Qingdao cold chain warehouse is the operation of cold logistics storage facilities in Chengyang District of Qingdao, China. The site area and storage capacity of Phase I of this project are approximately 15,352 sq.m. and 8,000 tons, respectively. Since the second half of 2021, cooperative operation of business has been carried out with Qingdao Yonghexun Logistics Storage and Transportation Co., Ltd.（青島永和迅物流儲運有限公司）for a term of ten years, with the occupancy rate of the cold storage reaching 100% as of 31 December 2024.

BUSINESS REVIEW (Continued)

(2) Supply Chain Development (Continued)

Details of the agricultural wholesale market under the supply chain business are as follows:

With the approval of Quzhou government authorities, Quzhou Tongcheng Agriculture Development Co., Ltd. ("Quzhou Tongcheng") has been approved to establish a modern agricultural wholesale market project, including an agricultural exchange zone, which may be utilised as the new location for the existing exchange centre in the city following its relocation, as well as ancillary commercial facilities. The existing trading centre was granted the status of first class wholesale centre for agricultural products, serving a population of approximately 30 million people. The Quzhou agricultural shopping mall project will be constructed and developed in two phases. Phase I has a gross floor area of 41,282 sq.m. and was officially opened in August 2015. Phase II consists of three lots. Lots I and II have a gross floor area of 153,856 sq.m. and were officially opened in November 2017. Lot III is at the stage of sketch design refinement. As of 31 December 2024, the market had a leaseable area of 162,004 sq.m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone and a public ancillary market facility zone, in which the average occupancy rates of the wholesale trading zone, the storage service zone and the public ancillary market facility zone were 79.78%, 75.00% and 86.46% respectively, and the operation team is making continuous efforts to conduct internal regional adjustment of the existing assets in order to improve the overall occupancy rate and the rent unit price, so that the project can achieve profitability as soon as possible.

According to the work requirements on the implementation of digital market by the Quzhou government authorities, the upgrade and renovation of new retails in professional markets of Quzhou agricultural shopping mall project had sped up, so as to realise online transactions and mobile payment and other new retail mode. The digital smart agriculture wholesale system completed the trial operation at the beginning of the second half of 2023, and commenced to charge entry fee for fruits on 1 January 2024 on a trial basis. The operation team actively explored new leasing models, adopted an innovative form of auction leasing and took the stalls with relative high occupancy rate within non-core areas in the market as new focuses for attracting merchants under the premise of guaranteeing the overall market operation order free from disruption, effectively driving up the rental level and achieving the income growth.

BUSINESS REVIEW (Continued)

(2) Supply Chain Development (Continued)

Online services and trading platforms are the main drivers of the Group's supply chain business development. Coldeal (凍品e港) (formerly known as Frozen Products Exchange (凍品交易港)) (www.cciinet.com), version 3.0 (for commercial use), version H5 and App version were gradually optimized and launched with successful integration of online registration, trading and payment. The implementation of the online platform safety management plan, full product life cycle management and full media channel operation management were completed. In November 2022, Beijing Infinity Data Technology Co., Ltd. (北京融界數據科技有限公司) ("Infinity Data") under the Group passed the accreditation and was approved as a high technology enterprise. As of 31 December 2024, Infinity Data had obtained a total of 37 software copyright registrations. At the same time, the total number of registered users of Coldeal developed and operated by Infinity Data reached 202,876 and the number of certified enterprises reached 7,164. An annual evaluation of security protection of system information has been inspected and filed in accordance with the requirements on an annual basis, and the security level of system information was upgraded to level 3 of security protection 2.0. So far, Coldeal serves more than 400 counties and cities in about 31 provinces across the country by integrating over 3,173 logistics companies, over 16,947 logistics routes and over 7,000 cold storage across the country. Meanwhile, we have commenced in-depth strategic cooperation with enterprises in all segments along the supply chain and industry chain. Services will be provided to customers through cold storage partners at different locations. At the present stage, cooperation agreements have been reached with cold storage partners in, among other places, Dalian Bonded Zone, Dalian Economic and Technological Development Zone, Yangshan Free Trade Zone in Shanghai, Pudong New Area in Shanghai, Tianjin Bonded Zone and Yantian District in Shenzhen, basically completing the establishment of storage network by connecting the coastal ports. Supported by the development of the international trade services business and an advanced Internet technology support system, an integrated service platform featuring the most comprehensive services and state-of-the-art technologies within the Chinese cold product industry will be established.

(3) Industrial Properties

In response to the demand for relocation of high-end manufacturing industries in Shanghai, the Group commenced the industrial property business at the end of 2016 and formed several non-wholly owned subsidiaries (held by the Group as to 75%) with SSinolog (China) Holding I Pte. Ltd. from Singapore. In 2022, the Group successfully disposed of its completed projects in Taicang, Jiangsu Province, Changshu, Jiangsu Province and Suzhou, Jiangsu Province. Among them, the disposal of the last project in Jiaxing, Zhejiang Province, which cooperated with SSinolog (China) Holding I Pte. Ltd. from Singapore, was completed on 24 January 2024, with sales proceeds of approximately RMB276,708,000.

BUSINESS REVIEW (Continued)

(3) Industrial Properties (Continued)

At present, the only industrial plant held by the Group is located in the industrial park headquarters project of Tianning Economic Development Zone in Changzhou, Jiangsu Province. This project is planned to have a total land area of approximately 200 mu and a gross floor area of approximately 476,403 sq.m. The planned and owned area of approximately 340,882 sq.m. With a total investment of approximately RMB2,000 million, it will be developed in two phases. Construction of Phase I has been completed and accepted on 30 June 2022 and is actively being leased and sold, with 11,187.62 sq.m. of sale area completed, and leasing area of 21,489 sq.m. Phase II of the project is currently in the process of completing the extension of the completion date, which is planned to be extended to 5 November 2026. If the Phase II of construction in accordance with the existing program is expected to require funds of approximately RMB180 million, we plan to negotiate with the Tianning District Government to jointly find suitable project investors to complete the Phase II of the project construction in the future. The project will be the first Internet economic platform cluster in Tianning District, Changzhou and will facilitate collective innovation and sustainable development of Internet + businesses with the principle of "intelligence sharing + smart manufacturing + smart products" by integrating three core concepts, namely smart manufacturing, smart technology and smart design. It will also perform commercial, leisure and other urban functions so as to transform Jiangsu Sunan Zhicheng Technology Park ("Jiangsu Sunan Zhicheng") into an industrial park that combines industry and city, empowered by the Internet + smart technologies. This project has been put on the list of key projects in Jiangsu Province in early 2020, and has been put on the list of provincial-level technology enterprise incubators in Jiangsu Province in 2022. Meanwhile, Jiangsu Sunan Zhicheng was granted the "Major Investment Project Award" by Tianning District, Changzhou.

(4) Belt and Road Initiative

The Sino-Cambodian SEZ project is located in Kampong Chhnang Province, which is 65 kilometres northwest of Phnom Penh, the capital of Cambodia. It is linked to Phnom Penh by Highway 5. This project has a planned target site area of 30,000,000 sq.m. Certificate for approximately 14,667,829 sq.m. of the land has been obtained. We are proactively introducing strategic partners and actively conducting business negotiations. Currently, the compliance control design and certain municipal designs of the project have been completed. Benefiting from preferential taxation, import and export policies offered by the Cambodian government, the overall design of the SEZ covers different urban functions including manufacturing and processing, logistics and commerce, technology and culture, and education and residential facilities. The project is positioned to serve Chinese enterprises under the Belt and Road Initiative and provide Chinese merchants with a clustered integrated industrial platform. The customs, commerce, labour, taxation and other departments of the Cambodian government will set up offices to offer one-stop services to enterprises within the SEZ. The Group mainly conducts primary land development in the SEZ and sells the same to Chinese enterprises upon completion of land development to realise returns on land transfer. It also provides management services in industrial parks to receive sustainable management fee income.

BUSINESS REVIEW (Continued)

(4) Belt and Road Initiative (Continued)

Currently, in terms of project planning, the Group has completed a detailed and controlled planning of the land under Phase I of the project. With the concept of "commercial parks + urban complex", it plans to have its commercial parks dominated by light industries, supported by commercial circulation, and featuring technological research and development, education, and cultural tourism. Moreover, modern concepts such as "flexible use of land", "sponge city" and "neighbourhood centres" will be introduced in the planning of the urban complex.

The Cambodian government is currently rolling out a number of policies to attract investments from foreign enterprises. Such policies aim at establishing a free and open economic system by almost offering equal treatment to foreign and domestic investors. With the combo network of the Belt and Road Initiatives launched by China and "Five-dimensional Strategy (五角戰略)" proposed by Cambodian government, Sino-Cambodian cooperation has boosted the deep development of bilateral relationship. In 2024, China's investment in Cambodia accounted for 49.8% of its total investment, maintaining its position of the largest trade partners and investor in Cambodia.

With the signing of the RCEP agreement and the CPC Central Committee and State Council put forward a macro development strategy of double-cycle at home and abroad, taking into account the current situation, the regional economic internal cycle may be formed in the "post-crisis" and "post-pandemic" era. This series of opportunities in the external environment will boost the expected profitability of Sino-Cambodian project. The Group will tightly grasp this historical opportunity by setting up funds jointly with quality partners to fund the further development of the Sino-Cambodian project, and exploring new ideas to keep up with the rapid development of cross-border e-commerce in Southeast Asia, and fully considering how to deeply explore the advantages of the project under the changing market environment, so as to continuously improve the plan of the Sino-Cambodian project.

The Cambodian Prime Minister Mr. Hun Manet paid multiple visits to China in 2024, with the strategic guidance of the leader of both countries, the China-Cambodia Community of Shared Destiny stepped into the new era of high quality, high level, and high standards. China and Cambodia continuously reinforce the "diamond hexagon" cooperation framework, jointly formulate the cooperation plans of "Corridor of Industrial Development (工業發展走廊)" and "Corridor of Fisheries and Grain (魚米走廊)", to strength the cooperation in infrastructure construction, agriculture, tourism and other fields, pursue the development of modern ecological agriculture and expand the trade of high-quality agricultural products between the two countries, which aligns to the development of food supply chain business of the Group. To sum up, as the details of cooperation between China and Cambodia are subject to disclosure, the Group will actively keep up with the development of the project, further optimise our overall development plans for the industry parks, and launch the Construction of Phase I thereof when appropriate.

In the long run, considering the stable and amicable long-term relation between China and Cambodia, the Group believes that such project will generate stable cash flows to support the business development of the Group.

BUSINESS REVIEW (Continued)

(5) Commercial Properties

(a) Guangzhou Guangming Real Estates Co., Ltd. ("Guangzhou Guangming") owns a 99% interest in Metro Mall, which is situated at the Beijing Road shopping district, Yuexiu District of Guangzhou City of China. The mall has a total gross floor area of approximately 61,967 sq.m., and is a commercial complex providing dining, entertainment, shopping and cultural experience to young customers aged between 16 and 28. The average occupancy rate of the owned area of the project was approximately 83.19% for the year of 2024.

(b) Beijing Stable Charmfull Business Management Ltd. ("Stable Charmfull", formerly known as Holiday Inn Downtown Beijing Company Limited) is a wholly-owned subsidiary of the Group and is the owner of a four-star business and leisure hotel providing 333 elegantly decorated rooms to business travelers in North Lishi Road (near Financial Street, Xicheng District), Beijing. Due to industry-specific reasons, despite being a long-time leader in terms of occupancy rates among the Beijing Holiday Inn hotel brand, the hotel's contribution to the Group's profit remained limited. Thus, the hotel signed a contract on 12 November 2019 with Beijing Shouhou Healthcare and Elderly Care Enterprise Management Limited（北京首厚康健養老企業管理有限公司）to entrust its operations. The hotel ceased operation and commenced renovations in the first quarter of 2020. The project has currently commenced operation in the second quarter of 2024.

BUSINESS PROSPECTS

In the past, the Group, as a professional property developer, focused on heavy asset investment with high input costs and long payback period, of which the huge expenditure on finance costs directly affected the profitability of the company. Since 2019, the Group has made two business transformations. First, the Group has gradually withdrawn from the pan-property development field, and has continued to promote the disposal of assets of mature projects to achieve the multiple objectives of capital recovery, profit realisation and debt reduction. Secondly, we have further developed our food industry chain. 2024 was the strategic transformation year for Beijing Properties to promote the high-quality development of the entire supply chain from upstream bulk trading to downstream consumption. Under the cumulative effect of various national policies, the food supply chain industry achieved multidimensional breakthroughs in 2024. Firstly, the industry experienced the standardisation progress together with the green transformation. In the first half of 2024, the State Council and relevant ministries cumulatively issued 26 industry policies, covering food safety, energy conservation, and carbon reduction, to promote the greening of the supply chain. During the same period, the scale of food circulation amounted to RMB4.84 trillion, and the market size of service-oriented supply chain enterprises increased by 10.2% year-on-year. Secondly, there was a structural upgrade in the consumption market. Catering consumption had become the core driving force, with national catering income in the first half of the year amounted to RMB2.62 trillion, and the proportion of consumption in counties and rural areas rose to 38.8%, which was attributable to the further release of potential in sinking markets as a result of the construction of county-level commercial systems driven by policies. Thirdly, the internationalisation process of the industry accelerated. From January to October, the export value of agricultural products reached RMB82.66 billion, and the export volume of aquatic products increased by 11%, which was attributable to the expansion of presence in global market by enterprises leveraging on the benefits of policies. In summary, as the main force of the consumer industry, the food supply chain had formed a development cycle of "standardised operation – consumption expansion – internal and external circulation linkage" under the guidance of policies. With the ongoing reinforcement of policies for livelihood security and consumption upgrading, this industry will become an important support of the entire consumer market in the future.

BUSINESS PROSPECTS (Continued)

The Group develops light-asset operation business by utilizing the heavy assets invested by it. Specifically, the Group revitalises the heavy-asset infrastructures invested by it, including room temperature storage, cold storage, wholesale market and Internet-based trading platform, for the supply chain services, provides integrated services including procurement, warehousing, and delivery for the upstream and downstream of the industrial chain through the platform. By prioritising high-value product category (i.e. frozen meat) and leveraging on its advantage of professional procuring from the source, the Group will make strenuous efforts to develop downstream head customers, building a persistently stable network of downstream customers of the supply chain to serve head food-preparation factories, chain restaurants, supermarket communities and e-commerce. Meanwhile, by leveraging on the synergetic resource advantage among each of the Group's subsidiaries, the Group has connected the supply chain from the source to downstream terminals, built the cycle of digital platform + storage & logistics infrastructure and industrial park operation +offline stores, developed the "three-in-all" system driven by data and leveraged the endowment of the Group's resources to provide the unique industrial platform service of the Group with "five-way synergy", so as to achieve the scaled development under the premise of risk control. Moreover, through the supply chain service operation business project dedicated for each city, the Group aims to conduct imported food cold chain cooperation based on free-trade zones, industrial parks and logistics parks, so as to promote the expansion of the supply chain along the national industrial chain and the quality development of platform services. The Group is committed to establishing a S2B2C (source suppliers – business – customer) food supply chain platform with light assets, low risks and strong cashflow in the coming three to five years.

In the future, the Group will reduce its reliance on heavy assets and the speed of investment, and invest prudently by avoiding large-scale and unnecessary investment activities, actively exploring the food industrial chain platform business as a new track for transformation and development, to realise the organic combination and complementary advantages of light with heavy assets, expand the scope of business, and enhance the Company's market competitiveness and profitability. We believe that jointly driven by policy support and market demand, the food supply chain business is expected to develop in a more rapid, healthy and sustainable way in the future. In the meantime, we will continue to reduce operating costs and financial expenses to achieve operating profit and positive cash flow, and continue to bring benefits to shareholders.

FINANCIAL REVIEW

Revenue and gross profit analysis

The revenue (net of value-added tax and government surcharges) for the year ended 31 December 2024 amounted to approximately RMB864.86 million, representing a decrease of approximately RMB603.48 million or 41.10%, from approximately RMB1,468.34 million for the year ended 31 December 2023. The gross profit for the year ended 31 December 2024 amounted to approximately RMB132.50 million, representing a decrease of approximately RMB101.60 million, or 43.40% from approximately RMB234.10 million for the year ended 31 December 2023.

The revenue (net of business tax) contributions of the Group's assets included:

Name of assets	**2024** Revenue RMB'000	**2024** GP Margin %	2023 Revenue RMB'000	2023 GP Margin %	Change Revenue RMB'000	Change GP Margin %
High-end and modern general warehouses						
Shanghai	**50,937**		55,410		(4,473)	
Tianjin	**11,277**		21,568		(10,291)	
Xiamen	**–**		19,209		(19,209)	
Meishan	**9,048**		8,835		213	
Hainan	**–**		7,694		(7,694)	
Tongliao	**3,006**		2,921		85	
	74,268	**83.64**	115,637	89.54	(41,369)	(5.90)
Cold chain logistics warehouses						
Tianjin	**7,117**		22,449		(15,332)	
Qingdao	**2,882**		2,502		380	
	9,999	**(95.53)**	24,951	38.60	(14,952)	(134.13)
Trading business						
Beijing	**605,767**		1,131,012		(525,245)	
Hong Kong	**20,706**		1,182		19,524	
	626,473	**(3.79)**	1,132,194	(1.32)	(505,721)	(2.47)
Specialised wholesale markets						
Quzhou Tongcheng	**38,161**	**73.66**	39,947	67.21	(1,786)	6.45

FINANCIAL REVIEW (Continued)

Revenue and gross profit analysis (Continued)

Name of assets	2024 Revenue RMB'000	2024 GP Margin %	2023 Revenue RMB'000	2023 GP Margin %	Change Revenue RMB'000	Change GP Margin %
Industrial properties						
Zhejiang	–		25,267		(25,267)	
Jiangsu	42,200		55,457		(13,257)	
	42,200	36.21	80,724	56.42	(38,524)	(20.21)
Commercial properties						
Guangzhou	33,920		34,754		(834)	
Beijing	39,843		40,129		(286)	
	73,763	81.74	74,883	84.76	(1,120)	(3.02)
The Group	864,864	15.32	1,468,336	15.94	(603,472)	(0.62)

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2024 amounted to approximately RMB74.27 million, representing a decrease of approximately RMB41.37 million or 35.77% from approximately RMB115.64 million for the year ended 31 December 2023. The decrease in revenue was primarily attributable to (i) the disposal of Xiamen and Hainan projects in October 2023; and (ii) the decrease in average occupancy rate in Tianjin. The gross profit margin slightly decreased from approximately 89.54% for the year ended 31 December 2023 to approximately 83.64% for the year ended 31 December 2024.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2024 amounted to approximately RMB10.00 million, representing a decrease of approximately RMB14.95 million or 59.92% from approximately RMB24.95 million for the year ended 31 December 2023. The decrease in revenue was primarily attributable to the decrease in average occupancy rate of Tianjin project from 59.90% in 2023 to 30.08% in 2024. The gross profit margin changed to negative due to the decrease in revenue while the direct cost of rental income remained constant.

FINANCIAL REVIEW (Continued)

Trading business

The revenue contribution of trading business for the year ended 31 December 2024 amounted to approximately RMB626.47 million, representing a decrease of approximately RMB505.72 million or 44.67% from approximately RMB1,132.19 million for the year ended 31 December 2023. The decrease in revenue was primarily attributable to the reorganisation of customer base to align with future business development.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2024 amounted to approximately RMB38.16 million, representing a decrease of approximately RMB1.79 million, or 4.48%, from approximately RMB39.95 million for the year ended 31 December 2023. The decrease in revenue was attributable to the slightly decrease in average occupancy rate of the wholesale trading zone and the storage service zone. The gross profit margin slightly increased from approximately 67.21% for the year ended 31 December 2023 to approximately 73.66% for the year ended 31 December 2024.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2024 amounted to approximately RMB42.20 million, representing a decrease of approximately RMB38.52 million or 47.72% from approximately RMB80.72 million for the year ended 31 December 2023. The decrease in revenue was attributable to the disposal of Jiaxing project in Zhejiang in January 2024. The gross profit margin decrease from approximately 56.42% for the year ended 31 December 2023 to approximately 36.21% for the year ended 31 December 2024 was mainly due to the increase in the portion of profit from disposal of properties.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2024 amounted to approximately RMB73.76 million, representing a decrease of approximately RMB1.12 million or 1.50% from approximately RMB74.88 million for the year ended 31 December 2023. The decrease in revenue was primarily attributable to the decrease in average occupancy rate in Guangzhou. The gross profit margin decreased from approximately 84.76% for the year ended 31 December 2023 to approximately 81.74% for the year ended 31 December 2024.

Changes in fair value of investment properties, net

For the year ended 31 December 2024, net fair value loss of investment properties was approximately RMB154.16 million, the loss was mainly attributable to the fair value changes of properties located in Guangzhou and Shanghai.

Gain on disposal of subsidiaries

For the year ended 31 December 2024, gain on disposal of subsidiaries was approximately RMB55.77 million, which represented the disposal of a project in Jiaxing.

For the year ended 31 December 2023, gain on disposal of subsidiaries was approximately RMB0.47 million, which represented the disposal of projects in Xiamen and Hainan.

FINANCIAL REVIEW (Continued)

Other income and gains, net

For the year ended 31 December 2024, net other income and gains was approximately RMB19.82 million, which represented a decrease of approximately RMB35.42 million, or 64.12%, from approximately RMB55.24 million for the year ended 31 December 2023. The decrease in net other income and gains was mainly attributable to the gain on disposal of a joint venture, Tianjin Beijing Inland Port Company Limited ("TBIPL"), of RMB26.99 million in 2023.

Selling and distribution expenses

For the year ended 31 December 2024, selling and distribution expenses was approximately RMB7.14 million, which represented a decrease of approximately RMB8.62 million, or 54.70%, from approximately RMB15.76 million for the year ended 31 December 2023. The decrease in selling and distribution expenses was primarily related to the cost from trading business.

Administrative expenses

For the year ended 31 December 2024, administrative expenses was approximately RMB96.03 million, which represented a decrease of approximately RMB34.64 million, or 26.51%, from approximately RMB130.67 million for the year ended 31 December 2023. The decrease in administrative expenses was mainly due to the effect of (i) the decrease in legal and professional fee for the disposal of subsidiaries; (ii) decrease in staff cost; and (iii) decrease in the property tax from industrial group.

Other expenses

For the year ended 31 December 2024, other expenses was approximately RMB48.81 million, which represented an increase of approximately RMB36.36 million, or 292.05%, from approximately RMB12.45 million for the year ended 31 December 2023. The increase in other expenses was primarily related to (i) the provision of contingent consideration payable of approximately RMB24.16 million; and (ii) the foreign exchange differences in 2024.

Finance costs

For the year ended 31 December 2024, finance costs was approximately RMB415.94 million, representing a decrease of approximately RMB58.35 million, or 12.30%, from approximately RMB474.29 million for the year ended 31 December 2023. The finance costs included: (i) interest on bank and other loans of approximately RMB373.51 million (2023: approximately RMB422.46 million); and (ii) interest on guaranteed bonds of approximately RMB42.43 million (2023: approximately RMB51.83 million).

Share of losses of associates

For the year ended 31 December 2024, the share of losses of associates of approximately RMB120.08 million was mainly contributed by (i) the share of the results from Beijing Health (Holdings) Limited ("BHHL") of approximately RMB15.08 million; and (ii) impairment loss on Beijing Enterprises City Investment Holdings Group Co., Ltd. of approximately RMB105.00 million.

Income tax expense

Income tax expense for year ended 31 December 2024 included current income tax of approximately RMB14.85 million. Deferred tax credit for the year ended 31 December 2024 was approximately RMB97.24 million which arose from the change in the fair value of investment properties and capital gain.

FINANCIAL REVIEW (Continued)

Investment properties

Investment properties increased by approximately RMB2,141.97 million, which was mainly due to the net effect of (i) the construction of logistics warehouse of approximately RMB4.13 million; (ii) the decrease in fair value of investment properties of approximately RMB154.16 million; and (iii) the transfer of approximately RMB2,292.00 million from assets of disposal group classified as held for sale.

Goodwill

Goodwill represented the acquisition in previous years for logistics warehouse business and commercial property business. Goodwill increased by approximately RMB60.47 million mainly due to the transfer of approximately RMB56.95 million from assets of disposal group classified as held for sale.

Interests in joint ventures

Interests in joint ventures represented investments in Beijing BHL Logistic Limited, a company established in the PRC.

Interests in associates

Interests in associates decreased by approximately RMB19.48 million, due to the net effect of (i) the share of losses from BHHL of approximately RMB15.08 million; (ii) the share of reserves of approximately RMB8.30 million; and (iii) the exchange realignment of approximately RMB3.90 million.

Equity investments at fair value through other comprehensive income

Equity investment decreased by approximately RMB1.82 million, mainly due to the decrease in fair value of CAQ Holdings Limited during the year.

Land held for development or sale

Land held for development or sale mainly represented lands located in Cambodia for the primary land development business.

Properties under development or held for sale

Properties under development or held for sale mainly represented properties located in Jiangsu for the industrial property business.

Cash and cash equivalents

Cash and cash equivalents increased by approximately RMB284.31 million, mainly due to the net effect of (i) proceeds from disposal of subsidiaries in current year of approximately RMB242.03 million; (ii) proceeds from disposal of subsidiaries and a joint venture in prior year of approximately RMB171.60 million; (iii) net repayment of bank and other borrowings of approximately RMB832.64 million; (iv) issue of guaranteed bonds of approximately RMB1,500.00 million; (v) interest paid of approximately RMB419.75 million; and (vi) repayment of funding granted by Beijing Enterprises City Development Limited ("BE City Development", a fellow subsidiary of the Company) of approximately RMB488.50 million.

Due to other related parties

Due to other related parties decreased by approximately RMB485.88 million mainly due to the net effect of repayment of funding granted by BE City Development of approximately RMB488.50 million.

FINANCIAL REVIEW (Continued)

Bank and other borrowings

Bank and other borrowings decreased by approximately RMB832.64 million (non-current portion decreased by approximately RMB333.80 million and current portion decreased by approximately RMB498.84 million), mainly due to the net effect of (i) new bank and other borrowings of approximately RMB480.92 million; and (ii) settlement of bank and other borrowings of approximately RMB1,313.56 million.

Guaranteed bonds

Guaranteed bonds represented a 3 years' period bond issued in June 2024 of which has a par value of RMB1,500 million.

Liquidity and financial resources

As at 31 December 2024, for accounting purposes, the Group had total borrowings of approximately RMB8,089.06 million (31 December 2023: approximately RMB7,431.42 million) which included (i) approximately RMB6,598.78 million from bank and other borrowings; and (ii) approximately RMB1,490.28 million from guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 302.55% (31 December 2023: approximately 234.91%).

As at 31 December 2024, the Group's balance of bank and other borrowings amounted to approximately RMB6,598.78 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 0.44%, 1.61% and 97.95%, respectively. 6.05% of these bank and other borrowings was repayable less than one year. As at 31 December 2024, the Group's cash and bank balances amounted to approximately RMB682.85 million, which were denominated in USD, HK$ and RMB as to 2.09%, 0.74% and 97.17%, respectively. Bank and other borrowings of an aggregate amount of approximately RMB1,227.41 million bear interest at floating rates. The cash and bank balances, together with the unutilised banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 31 December 2024, the Group's current ratio and quick ratio were approximately 203.51% and 66.12%, respectively (31 December 2023: approximately 198.59% and 124.72%, respectively).

The net total borrowings of the Group as at 31 December 2024 (total borrowings less cash and cash equivalents and restricted cash) was RMB7,406.21 million (31 December 2023: RMB7,056.32 million), representing an increase of RMB349.89 million as compared to the previous year.

Capital expenditures

For the year ended 31 December 2024, the Group spent approximately RMB6.13 million (For the year ended 31 December 2023: approximately RMB24.48 million) as capital expenditures, which consisted of the purchase of property, plant and equipment and investment properties.

Capital commitments

As at 31 December 2024, the Group had outstanding contracted capital commitments amounted to approximately RMB446.32 million in aggregate which comprised commitments for:

– the outstanding construction costs of approximately RMB442.87 million committed for warehouse facilities.

– the outstanding capital injection of approximately USD500,000 (equivalent to approximately RMB3.45 million) payable for a joint venture.

FINANCIAL REVIEW (Continued)

Treasury policies

The Group adopts conservative treasury and risk management policies and controls tightly over its cash. The Group's cash and cash equivalents are held mainly in HK$, RMB and USD. Surplus cash is generally placed in short term deposits denominated in these currencies.

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK$ and USD. For the year ended 31 December 2024, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Significant investments and acquisitions

For the year ended 31 December 2024, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2024, the Group had bank loans with principal amounts of approximately RMB1,128.79 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

In December 2023, The Agricultural Bank of China Co., Ltd. South Sea Lishui Branch (the "Bank") sued 北京允中管理諮詢有限公司, a wholly-owned subsidiary of the Company, to bear supplementary compensation liability within the scope of RMB105 million in principal and interest for the debt owed to the Bank by 北控城投(佛山)控股集團有限公司 that guaranteed by Beijing Enterprises City Investment Holdings Group Co., Ltd.. 北京允中投資諮詢有限公司 has 35% equity interest of Beijing Enterprises City Investment Holdings Group Co., Ltd. and the investment is classified as an associate, the claim amount of RMB105 million is being the contracted unpaid capital commitment for the associate and no guarantee has been provided to the debt by the Group. The case is pending the Foshan Intermediate People's Court hearing. The management of the Group are of the opinion that the amount of compensation cost that the Group may incur would be RMB105 million as at 31 December 2024.

Employees and remuneration policies

As at 31 December 2024, the Group had a total of 315 (2023: 368) employees. Total staff cost incurred for the year ended 31 December 2024 amounted to approximately RMB59.43 million (2023: approximately RMB87.34 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

Directors and Senior Management

Our board (the "Board") of directors (the "Directors") currently consists of eight Directors, comprising five executive Directors and three independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Zhu Yingying

Born in January 1985, is currently the general manager and a director of Beijing Enterprises City Development Group Limited ("BE City"), which is a subsidiary of Beijing Enterprises Group Company Limited ("BE Group"). Mr. Zhu obtained a bachelor's degree of engineering from Nanjing University of Posts and Telecommunications in 2004 and obtained a master's degree of management from Peking University in 2008. Mr. Zhu previously worked in the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and the Beijing government before joining BE Group in 2013. He worked in the research centre of BE Group, and as senior management of the Beijing Municipal Administration & Communication Card Co., Ltd. (北京市政交通一卡通有限公司) and Beijing Enterprises Smart City Technology Development Co., Ltd. (北控智慧城市科技發展有限公司) before he was appointed as the general manager and a director of the BE City in April 2023. Mr. Zhu was appointed as a director of Brilliant Bright Holdings Limited ("Brilliant Bright") on 12 July 2024 and of Beijing Enterprises Real Estate (HK) Limited ("BEREHK") on 30 July 2024, both of which are controlling shareholders of the Company. Mr. Zhu has extensive experience in government relations and corporate management.

Mr. Siu Kin Wai

Born in September 1968, was appointed as an executive director of the Company in July 2009. Following the reform of the internal management structure of the Company, Mr. Siu was appointed as the Vice Chairman on 2 July 2024. Mr. Siu graduated from the City University of Hong Kong with a Bachelor's degree in Accountancy and is fellow members of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Siu has extensive experience in corporate management. Mr. Siu is the non-executive director of CAQ Holdings Limited ("CAQ"), a company listed on the Australia Stock Exchange with Listing Corporation Code of CAQ since April 2015, an executive director of Beijing Health (Holding) Limited ("BJ Health") (SEHK Stock Code: 2389) since May 2017, a director of MillenMin Ventures Inc. ("MVM"), a company listed on the Toronto Stock Exchange with Listing Stock Code of MVM since July 2017, respectively. Mr. Siu was appointed as an independent non-executive director of Orient Securities International Holdings Limited (SEHK Stock Code: 8001) in September 2017 and has resigned from this position with effect from 28 February 2025. Mr. Siu was appointed an independent non-executive director of Golden Century International Holdings Group Limited (SEHK Stock Code: 91) on 22 March 2023 and has resigned from this position with effect from 18 March 2024. Mr. Siu has resigned a director of Brilliant Bright with effect from 25 February 2025.

Mr. Fang Bin

Born in February 1979, was appointed as the General Manager and an executive director of the Company on 2 July 2024. Mr. Fang obtained a Bachelor's degree in management studies from University of Science and Technology of China and a Master's degree in accounting from Dongbei University of Finance and Economics. Mr. Fang obtained a technical title of senior accountant and the professional qualification of certified public accountants in China and is also a fellow member of the Association of Chartered Certified Accountants. Mr. Fang currently serves as the financial controller of BE City. Mr. Fang held various positions in the finance department at different trading and shipping companies in China from 2004 to 2017. In 2017, Mr. Fang joined the BE Group and was assigned as the financial controller of a subsidiary, Beijing Enterprises Real-Estate Group Limited. Subsequently, he was reassigned to be the financial controller of the BE City in March 2024. Mr. Fang was appointed as a director of Brilliant Bright on 12 July 2024 and of BEREHK on 30 July 2024, both of which are controlling shareholders of the Company. Mr. Fang has more than 20 years of financial management and corporate governance experience.

EXECUTIVE DIRECTORS (Continued)

Mr. Xu Zhigang

Born in March 1982, graduated from Jiangxi University of Finance and Economics with a bachelor's degree in laws and obtained a master's degree in laws from Nankai University. Mr. Xu is currently the general counsel of BE City, and directors of Beijing Enterprises City Development Limited and Zhejiang Rongheng Real Estate Co., Ltd. (浙江融衡地產有限公司) which are subsidiaries of BE City. BE City is a subsidiary of BE Group. Mr. Xu obtained his legal professional qualification of the People's Republic of China in 2005, and he has been engaged in corporate legal compliance for a long time and has extensive experience in corporate legal compliance.

Mr. Cheng Ching Fu

Born in March 1974, was appointed as an executive director of the Company in July 2017. Mr. Cheng is the chief financial officer and company secretary of the Company. Mr. Cheng graduated from Curtin University, Perth, Western Australia with a Bachelor's degree in Commerce, majoring in Accounting and Finance. He then obtained a Master of Business Administration from the University of South Australia and a Master of Corporate Governance from the Hong Kong Polytechnic University. He is a fellow members of the Hong Kong Institute of Certified Public Accountants, the CPA Australia, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute, respectively. Mr. Cheng is an executive director, chief financial officer and company secretary of MVM since April 2018. Mr. Cheng was appointed as an independent non-executive director of Orient Securities International Holdings Limited (SEHK Stock Code: 8001) on 30 November 2023 and has resigned from this position with effect from 28 February 2025. Mr. Cheng has resigned as the non-executive director of CAQ with effect from 1 February 2024. Mr. Cheng has extensive experience in the field of accounting, financial management and company secretary duties.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Goh Gen Cheung

Born in January 1947, was appointed as an independent non-executive director of the Company in November 1997. Mr. Goh has over 30 years of treasury, finance and banking experience. Mr. Goh is a certified banker of the Hong Kong Institute of Bankers and obtained his MBA degree from the University of East Asia in Macau. Mr. Goh also serves as an independent non-executive director of CEC International Holdings Limited (SEHK stock code: 759).

Mr. James Chan

Born in January 1954, was appointed as an independent non-executive director of the Company in June 2011. Mr. Chan has over 40 years of comprehensive experience in design, planning and land matters, and design development and construction management of investment properties. Mr. Chan holds a Bachelor's degree of Arts in Architectural Studies from the University of Hong Kong, a Bachelor's degree of Architecture from the University of Dundee in Scotland and an EMBA degree from Tsinghua University. Mr. Chan was appointed as an independent non-executive director of C Cheng Holdings Limited (SEHK Stock Code: 1486) on 3 April 2023. Mr. Chan was the executive director of Pacific Century Premium Development Limited (SEHK Stock Code: 432) and a non-executive director of Viva China Holding Limited (SEHK Stock Code: 8032).

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Dr. Li Huiqun

Born in April 1966, was appointed as an independent non-executive director of the Company on 2 July 2024. Dr. Li obtained a Bachelor's degree in economics, a Master's degree in economics and a Doctorate degree in economics from the School of Economics of Wuhan University, Hubei Province, China in 1988, 1991 and 1994, respectively. Dr. Li obtained the technical title of senior economist. She has extensive experience in the banking and financial markets sector. From April 1994 to October 2015, she served as head of several divisions and on vice-president level positions in the Shenzhen Central Branch of the People's Bank of China, in charge of the Money and Credit Division, the Financial Research Office, the Bullion Management Division, labour union work and management of human resources. From November 2015 to June 2021, she has been the vice president of Shenzhen Rural Commercial Bank in charge of asset management, financial market and interbank business, international business and management of the Qianhai branch. Dr. Li also serves an independent non-executive director of Zensun Enterprises Limited (SEHK stock code: 185) and Nine Dragons Paper (Holdings) Limited (SEHK stock code: 2689).

The senior management team of the Group include:

Mr. Tian Shuo

Born in October 1987, graduated from Beijing Union University with an undergraduate diploma in International Economics and Trade and a bachelor's degree in Economics, and obtained a master's degree in Business Administration from Capital University of Economics and Business. Mr. Tian currently serves as the deputy general manager of the asset management department of BE City, and oversees of the Investment Department of the Company. He also holds the position of Chairman at several companies, including Tongliao Dahua Logistics Limited*（通遼大華物流有限責任公司）, Tongliao Jide Warehouse Limited*（通遼驥德倉儲有限公司）, Qingdao Yongcheng International Logistics Ltd.*（青島永成國際物流有限公司）, Beijing Stable Charmfull Business Management Ltd.*（北京允中創富企業管理有限公司）, Beijing Infinity Data Technology Co., Ltd.*（北京融界數據科技有限公司）, and Beijing Exuberance International Trade Co., Ltd.*（北京養頤國際貿易有限公司）. Mr. Tian obtained the professional qualification of certified public accountant in the PRC in 2018 and was appointed as the Deputy General Manager of the Company in December 2022. Mr. Tian has extensive experience in state-owned asset management, project investment and financing and corporate management.

Ms. Tian Dongmei

Born in January 1974, graduated from School of Mechanical Engineering in Beijing with an undergraduate diploma and obtained a master's degree from Capital University of Economics and Business, and qualified as a senior accountant. Ms. Tian was appointed as a director of China Industrial Properties (Holdings) Limited ("CIPHL"), a subsidiary of the Company, during the period from January 2017 to February 2024. Ms. Tian was appointed as a Deputy General Manager of the Company in December 2022. Ms. Tian has extensive experience in finance and corporate management.

Ms. Dong Yueyu

Born in December 1986, Ms. Dong graduated from Jiangnan University with a Bachelor's degree in Industrial Design and a Bachelor's Degree in Arts, and has obtained her Master Business Administration from Capital University of Economics and Business. Ms. Dong oversees of the Board Office, General Office and Human Resources Department of the Company. She is currently serves as the chairman of Tianjin Transwell International Logistics Co., Ltd.（天津萬士隆國際物流有限公司）, Transwealth Logistics (Tianjin) Co., Ltd.（天域萬隆物流（天津）有限公司）and Tianjin Tong Da You Zhi Logistics Co., Ltd.（天津通達優智物流有限公司）, respectively. Ms. Dong obtained the professional qualification of senior tax accountant in October 2021 and was appointed as the Deputy General Manager of the Company in December 2022. Ms. Dong has extensive experience in human resources management, administration and corporate management.

Mr. Ren Yi

Born in June 1983, Mr. Ren has obtained his undergraduate diploma in Finance and Bachelor's degree in Economics from Beijing Jiaotong University, and has obtained his MBA degree from Tsinghua University. Mr. Ren oversees of the Legal and Compliance Department and Safety Management Department of the Company. He is currently the chairman and general manager of Beijing Properties (Shanghai) Warehousing Co., Ltd.* (北建(上海)倉儲有限公司), the chairman and general manager of Meishan Xunda Hongtong Warehouse Company Limited* (眉山遜達洪通倉儲有限責任公司) and the general manager of Beijing Properties Kailong Investment Management Co., Ltd.* (北京北建凱龍投資管理有限公司). He was appointed as the Deputy General Manager of the Company in November 2022. Mr. Ren has extensive experience in project management and corporate management.

Ms. XU Jia

Born in July 1980, graduated from University of South China with a bachelor's degree in management. She has obtained the titles of Senior Accountant in the PRC and the professional qualification of Certified Tax Agent in the PRC respectively. Ms. Xu currently serves as the deputy secretary of the party branch and deputy general manager of the Company. From 2003 to 2012, Ms. Xu held various positions in the finance department of Beiren Printing Machinery Holdings Limit* (北人印刷機械股份有限公司) in the PRC. In December 2012, Ms. Xu joined BE Group's subsidiary, Beijing Enterprises Real-Estate Group Limited, as the head of finance, and was re-designated by Beijing Enterprises Real-Estate Group Limited in November 2018 to Beijing Enterprises Holdings Property Management Co. Ltd.* (北京北控物業管理有限責任公司) as the chief financial officer and deputy general manager, she was appointed as the deputy general manager of the Company in January 2024. Ms. Xu has over 20 years of experience in financial management and corporate governance.

Mr. Chang Kam Ho

Born in November 1986, is the Financial Controller of the Company, Mr. Chang graduated from the Hong Kong Polytechnic University with a Bachelor of Business Administration (Hons) Major in Accountancy & Minor in Financial Services. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chang has over 15 years of experience in auditing and accounting, he joined the Group in August 2017.

* For identification purpose only

Report of the Directors

The Board presents its report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 38 to the financial statements. The Group is principally engaged in real estate including high-end and modern general warehouse, supply chain development, specialised wholesale market, industrial property, commercial property and primary land development. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 60 to 150. The Board does not recommend the payment of any dividend for the year.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairman's Statement on page 5 of this Annual Report. The financial risk management objectives and policies of the Group can be found in the note 45 to the financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Management Discussion and Analysis on pages 6 to 22. In addition, discussions on the Group's environmental policies, relationship with its key stakeholders, key risks and uncertainties and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Report of the Directors on pages 27 to 41 of this Annual Report.

ENVIRONMENTAL POLICY

The Group believes that sustainable development is an integral part of our business. We aim at creating long-term values for our stakeholders and contributing to the society by carrying out our business in a socially responsible way. The Group is committed to support the environmental sustainability and comply with PRC national, provincial and municipal governments' environmental protection laws and regulations. These include regulations on air pollution and discharge of waste and water into the environment. The Company is also dedicated to promote energy conservation and responding proactively to climatic changes, so as to facilitate efficient use of energy by taking several measures including constantly carries out internal recycling measures in terms of its consumables and implementing energy-saving policies to reduce electricity consumption, in order to lessen the impact on environment from operating activities to achieve the target of sustainable development.

Please refer to the Sustainable Development Report issued separately for further information on the work done and efforts made by the Company on environmental protection, legal compliance and other aspects for the sustainable growth and development of the business of the Group.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises that our employees, customers, suppliers and business partners are keys to its sustainable development. The Group is committed to establish a close and caring relationship with its employees, provides competitive remuneration package to attract and motive the employees, and regularly reviews the remuneration package in order to make necessary adjustments to conform to the market standard. The selection of major suppliers or contractors is conducted through procurement assessment or tendering process and regularly reviews the procurement and tendering procedures to ensure that the processes are conducted in an open and fair manner. The Group is committed to provide quality of service to satisfy needs and requirements of our customers and enhance cooperation with its business partners by ongoing communication in a proactive and effective manner.

KEY RISKS AND UNCERTAINTIES

The Group is engaged in the logistics warehouse, specialised wholesale market, supply logistics development, industrial property and commercial property businesses and the Group primarily leases its properties to customers including logistic companies, companies with significant storage requirements and foreign manufacturer.

The Group's businesses and prospects are in turn affected by the activity levels of domestic consumption, cross border trading and manufacturing activities. The operation of commercial properties is also sensitive to overall economic development and domestic consumption. China has experienced rapid growth in recent years, which has contributed to the strong demand for warehouse facilities and commercial and industrial properties. Any adverse economic developments, in particular in China, as a result of a global economic slowdown or otherwise, could lead to a general decline in domestic consumption and a slowdown in international trade, which could have a significant impact on the customers' businesses and affect the demand for warehouse facilities.

The Group cannot assure that there will continue to be growing demand for warehouse facilities and commercial and industrial properties in China. If the demand does not continue to grow or grows more slowly than expected, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group established its first overseas presence by making investments into a primary land development project in Cambodia. Overseas business may be affected by the changes in, and the instability of, international economic and political conditions as well as the regional conditions of the jurisdictions where it operates. The political and economic conditions in such regions are often subject to instability, in particular where political and economic conditions can often be volatile and unstable in Cambodia. As a result of the Group's overseas operation, it is exposed to the risks associated with expanding and conducting business in foreign countries and regions.

The Group faces foreign exchange and conversion risks, and fluctuations in Renminbi may adversely affect the Group's operations and financial results. The value of Renminbi is subject to changes in the PRC government's policies and depends to a large extent on domestic and international economic and political developments, as well as supply and demand in the local market. The Group conducts most of its business in the PRC, and a large part of its operating cash flows is in Renminbi. Accordingly, any depreciation in Renminbi relative to the US dollar will increase the cost to the Group of servicing its payment obligations and could have an adverse effect on the Group's financial position.

KEY RISKS AND UNCERTAINTIES (Continued)

The Group has significant debt obligations under bonds and bank and other borrowings borrowed to finance project costs. As at 31 December 2024, the Group had total bonds and bank and other borrowings of approximately RMB8.09 billion and our gearing ratio (total debt to equity ratio) was 330%. All existing borrowings are outstanding on variable interest rate terms under which interest rates will be adjusted according to market movements in interest rates. It has not been the Group's policy to hedge against movements in interest rates. Any significant increase in interest rates could have a significant adverse effect on our Group's earnings. The Group's interest rate risk mainly relates to the cash at bank and the long term bank loan. A change in interest rates at the balance sheet date would have effect on the amount of the interest costs and income.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and total equity of the Group for the last five financial years, as extracted from the published annual reports and audited financial statements of the Company for the year ended 31 December 2024 are set out on page 154. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 151 to 153.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, joint ventures and associates at 31 December 2024 are set out in notes 38, 18 and 19 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 35 and 36 to the financial statements, respectively.

DEBENTURE ISSUED

As at 31 December 2024, the outstanding principle amount of bonds guaranteed by the Company and issued by a wholly-owned subsidiary of the Company was RMB1,500,000,000 with maturity date in June 2027 and fixed interest rate at 5.4% per annum.

The reason for issuance of the bond is used for the Group's general corporate purpose. Details of the bonds are included in note 31 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in notes 47 and 37 to the financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2024, the Company had no reserves (including contributed surplus, financial assets revaluation reserve and retained profits) available for distribution to shareholders.

Under the Companies Act 1981 of Bermuda (as amended), the Company's contributed surplus account in the amount of RMB344,178,000 as at 31 December 2024, is available for distribution to the shareholders of the Company. However, the Company cannot declare or pay a dividend, or make a distribution out of this reserve if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In addition, the Company's share premium account, in the amount of RMB1,434,273,000, as at 31 December 2024 can be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 42.51% of the Group's revenue for the year and revenue from the largest customer included therein amounted to approximately 17.15%. Purchase from the Group's five largest suppliers accounted for approximately 70.79% of the Group's total purchases for the year and purchases from the largest supplier included therein amounted to approximately 25.16%.

During the year, none of the Directors of the Company, or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's top five customers and suppliers.

DIRECTORS

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

Executive directors:

Mr. ZHU Yingying *(Chairman)*
Mr. SIU Kin Wai *(Vice Chairman) (appointed on 2 July 2024)*
Mr. FANG Bin *(General Manager) (appointed on 2 July 2024)*
Mr. XU Zhigang
Mr. CHENG Ching Fu *(Chief Financial Officer)*
Mr. DONG Qilin *(resigned on 2 July 2024)*

Independent non-executive directors ("INEDs"):

Mr. GOH Gen Cheung
Mr. James CHAN
Dr. LI Huiqun *(appointed on 2 July 2024)*
Mr. XIE Ming *(resigned on 2 July 2024)*

In accordance with bye-law 111(A) of the Company's bye-laws, Mr. Siu Kin Wai, Mr. Fang Bin, Mr. Goh Gen Cheung and Dr. Li Huiqun shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

BOARD CHANGES AND CHANGES IN DIRECTORS' INFORMATION

Information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is set out as follows:

Mr. Siu Kin Wai has been appointed as the vice chairman of the Company with effect from 2 July 2024. Mr. Siu has resigned from the following positions:

- Independent Non-Executive Director of Golden Century International Holdings Group Limited (SEHK Stock Code: 91) with effect from 18 March 2024;

- Independent Non-Executive Director of Orient Securities International Holdings Limited (SEHK Stock Code: 8001) with effect from 28 February 2025; and

- Director of Brilliant Bright Holdings Limited ("Brilliant Bright") with effect from 25 February 2025, Brilliant Bright is a controlling shareholder of the Company.

BOARD CHANGES AND CHANGES IN DIRECTORS' INFORMATION (Continued)

Mr. Fang Bin has been appointed as the executive director and the general manager of the Company with effect from 2 July 2024. Mr. Fang has also been appointed as a director of Brilliant Bright with effect from 12 July 2024 and of Beijing Enterprises Real Estate (HK) Limited ("BEREHK") with effect from 30 July 2024. Both Brilliant Bright and BEREHK are controlling shareholders of the Company.

Dr. Li Huiqun has been appointed as an independent non-executive director, the member of audit committee, the member of nomination committee and the member of remuneration committee of the Company with effect from 2 July 2024, and was further appointed as the Chairman of the remuneration committee on 7 October 2024.

Mr. Dong Qilin has resigned as the executive director of the Company with effect from 2 July 2024.

Mr. Xie Ming has resigned as an independent non-executive director, the member of audit committee, the member of nomination committee and the member of remuneration committee of the Company with effect from 2 July 2024.

Mr. Zhu Yingying has been appointed as a director of Brilliant Bright with effect from 12 July 2024 and of BEREHK with effect from 30 July 2024.

Mr. Cheng Ching Fu has resigned as an independent non-executive director of Orient Securities International Holdings Limited (SEHK Stock Code: 8001) with effect form 28 February 2025.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the directors and senior management of the Company are set out on pages 23 to 26 of the annual report.

DIRECTORS' SERVICE CONTRACTS

All Directors (including executive Directors and INEDs) had entered into letters of appointment with the Company for a term of three years but are subject to retirement by rotation and re-election in accordance with the Bye-Laws. No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings, other emoluments of the Directors are determined by the Company's board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the remuneration committee. Further details of the Company's directors' remuneration are set out on pages 99 to 102 of this annual report.

Further details of the Company's remuneration committee are set out in the Corporate Governance Report on page 42 of this annual report.

EMOLUMENT POLICY

The emolument of each of the Directors and the employees of the Group is on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

The Company has adopted a share option scheme as incentives to Directors and eligible persons, details of the scheme is set out in note 36 to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the transactions as disclosed in the sections headed "Related Party Transactions" and "Connected Transactions and Continuing Connected Transactions" below, there were no other transactions, arrangements or contracts of significance to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

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 year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, Mr. Zhu Yingying, being the Director, was also directors of BE City, which engages in business of property investment and development, and they were considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group.

As the Board is independent of the board of the aforesaid company and maintains three independent non-executive Directors, the Group operates its businesses independently of, and at arm's length from, the business of the aforesaid company.

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

As at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the "SFO")) and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

SHARE OPTION SCHEME

The share option scheme that the Company established on 18 March 2010 (the "Scheme") and, was effected for 10 years from that date. The purpose of the Scheme is to attract and retain the best quality personnel of the Group for the development of the Group's business; to provide additional incentives to employees, officers and Directors, contractors, suppliers, advisors and consultants who have contribution to the Group; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders of the Company. The Directors of the Company may, at their discretion, invite employees (including executive Directors) and non-executive Directors of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HK$1 per grant of options.

The total number of ordinary shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to any one person must not exceed 1% of the total number of ordinary shares of the Company in issue. However, the Scheme was expired on 17 March 2020. No further share options would be granted under the Scheme but in respect of all share options which remain exercisable on such date, the provisions of the Scheme shall remain in full force and effect.

All share options granted under the Scheme have lapsed and been cancelled during the year. The Company does not have any outstanding share options during the year ended 31 December 2024. Further details of the Scheme are disclosed in note 36 to the financial statements.

SHARE OPTION SCHEME (Continued)

The following table discloses movements in the Company's share options outstanding during the year ended 31 December 2024 as follows:

Name or category of participant	Number of share options: At 1 January 2024	Granted during the year (Note 2)	Exercised during the year (Note 2)	Lapsed during the year	Cancelled during the year	At 31 December 2024	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)
Directors:									
Mr. Siu Kin Wai	5,000,000	–	–	(5,000,000)	–	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	3,000,000	–	–	(3,000,000)	–	–	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	4,000,000	–	–	–	(4,000,000)	–	08-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	12,000,000	–	–	(8,000,000)	(4,000,000)	–			
Mr. Cheng Ching Fu	2,500,000	–	–	(2,500,000)	–	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	(1,000,000)	–	–	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,000,000	–	–	–	(2,000,000)	–	08-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	5,500,000	–	–	(3,500,000)	(2,000,000)	–			
Mr. Goh Gen Cheung	1,500,000	–	–	(1,500,000)	–	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	(1,000,000)	–	08-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	2,500,000	–	–	(1,500,000)	(1,000,000)	–			
Mr. James Chan	1,500,000	–	–	(1,500,000)	–	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	(1,000,000)	–	08-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	2,500,000	–	–	(1,500,000)	(1,000,000)	–			
Other employees and consultants in aggregate:	25,600,000	–	–	(25,600,000)	–	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	5,100,000	–	–	(5,100,000)	–	–	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	14,500,000	–	–	–	(14,500,000)	–	08-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	45,200,000	–	–	(30,700,000)	(14,500,000)	–			
	67,700,000	–	–	(45,200,000)	(22,500,000)	–			

Notes:

1. The share options have no vesting period and the exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

2. Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled under the scheme during the year ended 31 December 2024.

SHARE OPTION SCHEME (Continued)

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' and Chief Executives' interests and short positions in shares and underlying shares" and "Share option scheme", at no time during the year ended 31 December 2024 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouse or minor children under the age of 18, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

At 31 December 2024, so far as was known to the Directors or chief executive of the following persons (not being Directors or chief executive of the Company) had, an interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares and underlying shares of the Company

		Number of shares held, capacity and nature of interest		Number of underlying shares held, capacity and nature of interest			
Name	Notes	**Directly beneficially owned**	**Through a controlled corporation**	**Directly beneficially owned**	**Through a controlled corporation**	**Total**	**Approximate percentage of the Company's issued share capital** (%)
Brilliant Bright Holdings Limited	(a)	1,557,792,500	–	–	–	1,557,792,500	22.35%
Beijing Enterprises Real Estate (HK) Limited	(b)	2,526,882,407	1,557,792,500	–	–	4,084,674,907	58.61%
北京北控城市發展集團有限公司 (Beijing Enterprises City Development Group Limited)	(c)	–	4,084,674,907	–	–	4,084,674,907	58.61%
Illumination Holdings Limited	(d)	87,451,458	–	–	–	87,451,458	1.25%
Beijing Holdings Limited	(e)	487,166,195	87,451,458	–	–	574,617,653	8.24%
Beijing Enterprises Group Company Limited	(f)	–	4,659,292,560	–	–	4,659,292,560	66.85%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in shares and underlying shares of the Company (Continued)

Notes:

(a) Brilliant Bright Holding Limited ("Brilliant Bright") holds 1,557,792,500 Shares.

(b) Beijing Enterprises Real Estate (HK) Limited ("BEREHK") (i) holds 2,526,882,407 Shares; and (ii) is deemed to be interested in the 1,557,792,500 Shares of Brilliant Bright by virtue of its controlling interests in its wholly-owned subsidiary, Brilliant Bright.

(c) BEREHK is a wholly-owned subsidiary of Beijing Enterprises City Development Group Limited ("BE City"). BE City is deemed to be interested in the Shares which BEREHK is interested in.

(d) Illumination Holdings Limited ("Illumination") holds 87,451,458 Shares.

(e) Beijing Holdings Limited ("BHL") (i) holds 487,166,195 shares; and (ii) is deemed to be interested in the 87,451,458 Shares of Illumination by virtue of its controlling interests in its wholly-owned subsidiary, Illumination. BHL is deemed to be interested in the Shares which Illumination is interested in.

(f) BE City and BHL are wholly-owned subsidiaries of BE Group. BE Group is deemed to be interested in the Shares which BE City and BHL are interested in.

Save as disclosed above, as at 31 December 2024, no person whose interests had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The Group entered into certain activities with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to the activities in the ordinary course of the Group's business and were negotiated on normal commercial terms and at arm's length basis. Certain transactions set out in note 42 to the financial statements are connected transactions as defined under the Listing Rules and were complied and exempt with the requirements of Chapter 14A of the Listing Rules. The disclosures required by Rule 14A.71 of the Listing Rules during the year are provided in the paragraph headed "Connected Transactions" as identified below.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year, the Company and the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Connected transactions

The Group did not carry out any connected transaction during the year.

Continuing connected transactions

The Group had the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A.33 of the Listing Rules) during the year:

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION (Continued)

Continuing connected transactions (Continued)

Supplement Agreement to the Deposit Services Master Agreement

On 29 June 2015, the Company entered into the deposit services master agreement ("Deposit Services Master Agreement") with Beijing Enterprises Group Finance Co., Ltd. ("BG Finance"), pursuant to which the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. The Deposit Services Master Agreement is therefore expected not only to provide the Group with a new means of financing but also to improve the efficiency of the use of its funds through higher interest income and lower costs of financing. The Group also expects to be in a better position to manage the security of its funds since BG Finance is not considered to be exposed to any significant capital risk. The annual cap for each of the three years ended 31 December 2015, 2016 and 2017 is HK$250 million.

On 28 April 2017, the Company and BG Finance entered into the supplemental agreement to the Deposit Services Master Agreement to revise the annual cap for each of the three years ended 31 December 2017, 2018 and 2019 to HK$650 million.

On 29 October 2019, the Company BG Finance entered into the second supplemental agreement to Deposit Services Master Agreement (the "Second Supplemental Agreement") to revise the annual cap for each of the three years ending 31 December 2020, 2021 and 2022 to HK$400 million (the "Revised Annual Cap").

As the Second Supplement Agreement expired on 31 December 2022, and in order to regulate such transactions that continue to take place, after 31 December 2022, the Company and BG Finance entered into the third supplemental agreement to Deposit Services Master Agreement ("Third Supplemental Agreement") on 25 October 2022 whereby the Company and BG Finance continues to carry out the transactions of similar nature from time to time under the Deposit Services Master Agreement together with the Third Supplemental Agreement. The cumulative daily outstanding deposits balance placed by the Company with BG Finance (including any interest accrued thereon) during the terms of the Third Supplemental Agreement will not exceed HK$400 million for each of the three years ending 31 December 2023, 2024 and 2025.

The rate at which interest will accrue on any deposit placed by the Group with BG Finance under the Deposit Services Master Agreement will not be lower than the following:

i. the minimum interest rate prescribed by the People's Bank of China for the same type of deposits at the same period;

ii. the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits at the same period; and

iii. the interest rates offered by BG Finance to other members of Beijing Enterprises Group Company Limited for the same type of deposits.

Each of BE Group and Beijing Enterprises Holdings Limited ("BEHL") is a connected person of the Company under the Listing Rules by virtue of each being a substantial shareholder of the Company. As each of BE Group and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BE Group and BEHL. Therefore, the entering into of the Second Supplemental Agreement constituted continuing connected transactions of the Company which was subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The above continuing connected transaction was carried out within the Revised Annual Cap. Details of which can be found on the websites of the Company and the Stock Exchange.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION (Continued)

Continuing connected transactions (Continued)

Supplement Agreement to the Deposit Services Master Agreement (Continued)

The Directors of the Company confirmed that the Company had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The INEDs of the Company had reviewed these continuing connected transactions and confirmed that these continuing connected transactions were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Deloitte Touche Tohmatsu, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu have issued their unqualified letter containing their findings and conclusions in respect of these continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

PERMITTED INDEMNITY PROVISION

The bye-laws provides that the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. Such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

DONATIONS

During the year, no charitable donations was made by the Group.

EQUITY-LINKED AGREEMENTS

As of 31 December 2024, other than the share option scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the "Agreement(s)") with covenants relating to specific performance the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	Final Maturity	Specific performance obligations
21 February 2019	Revolving loan facility with a bank	HK$330 million	–	Note 1
24 June 2022	Term loan facility with a bank	HK$125.51 million and USD4.47 million	June 2025	Note 1
8 February 2023	Term loan facility with a bank	RMB2,060 million	February 2026	Note 1
15 February 2023	Term loan facility with a bank	RMB800 million	February 2026	Note 1
20 June 2024	Subscription agreement for issuance of bonds	RMB1,500 million	June 2027	Note 1

Note:

1. The Company undertakes to the bank(s) that the borrower (which is a subsidiary of the Company) will procure BE Group to continue to beneficially own (directly or indirectly) at least 40% of the entire issued share capital of the Company. If the borrower fails to perform or comply with this, the bank is entitled to require, by written notice to the Company, to cure such default within the time specified by the banks. If the Company does not remedy such failure to the bank's satisfaction, the bank is entitled to (a) declare the loan, accrued interest and all other sums payable under the Agreement(s) immediately due and payable; and (b) declare the loan facility terminated whereupon the obligation of the bank to make any advance under the loan facility shall immediately cease.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, in March 2025, a waiver for a breach of loan covenant has been obtained regarding a loan of a subsidiary amounted to RMB135 million.

CORPORATE GOVERNANCE

The Company is committed to maintaining the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board of the Company, the Company had complied with all code provisions set out in the CG Code contained in Appendix C1 of the Listing Rules during the financial year ended 31 December 2024 and up to the date of publication of this annual report, except as disclosed in the Corporate Governance Report.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director's securities transaction during the year ended 31 December 2024.

AUDITOR

Ernst & Young ("EY") resigned as the auditor of the Company with effect from 31 October 2024. Deloitte Touche Tohmatsu ("Deloitte") was appointed as the auditor of the Company to fill the casual vacancy following the resignation of EY on 31 October 2024 and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the announcement of the Company dated 31 October 2024.

Saved as disclosed above, there has been no other changes of auditors of the Company in any of the preceding three years.

The consolidated financial statements for the year ended 31 December 2024 has been audited by Deloitte, who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte as auditor of the Company is to be proposed at the forthcoming annual general meeting.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Group for the year ended 31 December 2024 were approved by the Board on 28 March 2025.

ON BEHALF OF THE BOARD
Zhu Yingying
Chairman

Hong Kong
28 March 2025

Corporate Governance Report

The Company is strongly committed to maintaining a quality corporate governance so to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhancement of shareholders' value.

In the opinion of the Board, the Company had adopted the principles and complied with all code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year, except for certain deviations disclosed herein below.

BOARD OF DIRECTORS

Board Composition

As at the date of this annual report, the Board consists of eight directors: comprising five executive Directors, namely, Mr. Zhu Yingying, Mr. Siu Kin Wai, Mr. Fang Bin*, Mr. Xu Zhigang and Mr. Cheng Ching Fu; and three independent non-executive Directors ("INEDs"), namely, Mr. Goh Gen Cheung, Mr. James Chan and Dr. Li Huiqun*.

* Mr. Fang Bin and Dr. Li Huiqun were appointed as Executive Director and Independent Non-Executive Director, respectively, on 2 July 2024, and they obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 6 June 2024. Mr. Fang Bin and Dr. Li Huiqun have confirmed that they understand their obligations as directors of a listed issuer.

Role and Function

The principal functions of the Board are to formulate corporate strategy and business development and to ensure a high standard of corporate governance. The Board met regularly during the year to approve acquisition, material contracts, discloseable and/or connected transactions, Director's appointment or reappointment, significant policy and to monitor the financial performance of the Group in pursuit of its strategic goals. Day-to-day operation of the Company is delegated to the General Manager, chief financial officer and the management of the Company. Management and administrative functions are delegated by the Board with clear directions to the management and periodic reviews are carried out by the Company to ensure that such arrangements are appropriate and necessary. There is no relationship among members of the Board in respect of financial, business, family or other material/relevant relationship. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged trainings for Directors in the form of seminar and provision of training materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices.

Board Independence

The Company is of the view that board independence is important in good corporate governance and to ensure an effective operation of the Board. The Board has established mechanisms to ensure independent views and input from individual Director are conveyed to the Board to promote the objectiveness in decision making. In particular, the Company has adopted the following mechanisms:

1. as at the date of this annual report, the Board consists of eight Directors and three of them are independent non-executive Directors, which complies with the requirements of the Listing Rules that the Board must have at least three independent non-executive Directors representing at least one-third of the Board;

2. the Nomination Committee reviews and evaluates the independence, characters, skills, knowledge and experience of each independent non-executive Director. It also assesses, in particular, the independence of all proposed independent non-executive Directors before their election or re-election;

BOARD OF DIRECTORS (Continued)

Board Independence (Continued)

3. on an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments. Accordingly, the Company has received such written confirmations from all independent non-executive Directors;

4. external independent professional advice is available as and when required by individual Directors at the Company's expense; and

5. all Directors are encouraged to speak freely and express their views without influence from other Directors during the Board meetings and/or Board committee meetings.

According to the records maintained by the Company, the current Directors received the following training in respect of the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code contained in Appendix C1 of the Listing Rules on continuous professional development during the year ended 31 December 2024.

Directors	Read materials	Attending seminars/briefing
Executive directors		
Mr. Zhu Yingying	✓	✓
Mr. Siu Kin Wai	✓	✓
Mr. Fang Bin	✓	✓
Mr. Xu Zhigang	✓	✓
Mr. Cheng Ching Fu	✓	✓
Independent non-executive directors		
Mr. Goh Gen Cheung	✓	✓
Mr. James Chan	✓	✓
Dr. Li Huiqun	✓	✓

BOARD OF DIRECTORS (Continued)

Meetings

Attendance records of the Board meetings, meetings of all committees and general meetings of the Company for the year ended 31 December 2024 were set out below:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Number of meetings held	4	3	2	2	1
Name of director		**Number of meetings attended**			
Executive directors					
Mr. Zhu Yingying	4/4	N/A	N/A	N/A	1/1
Mr. Xu Zhigang	4/4	N/A	N/A	N/A	1/1
Mr. Siu Kin Wai	3/3	N/A	N/A	N/A	1/1
Mr. Fang Bin	2/2	N/A	N/A	N/A	N/A
Mr. Cheng Ching Fu	4/4	N/A	N/A	N/A	1/1
Independent non-executive directors					
Mr. Goh Gen Cheung	4/4	3/3	2/2	2/2	1/1
Mr. James Chan	4/4	3/3	2/2	2/2	1/1
Dr. Li Huiqun	2/2	2/2	N/A	N/A	N/A

In compliance with code provision C.2.7 of the CG Code, the chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2024.

BOARD OF DIRECTORS (Continued)

Appointments, re-election and removal of Directors

Pursuant to code provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Under bye-law 111(A) of the Company's bye-laws, one-third of the Directors for the time being (or if the number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided every Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

In addition, code provision B.2.3 requires that any further appointment of an independent non-executive director who has served more than nine years should be subject to a separate resolution to be approved by the shareholders and the circular to shareholders accompanying that resolution shall include the reasons why the board (or the nomination committee) believes the relevant director is still independent and should be re-elected.

Mr. Goh Gen Cheung and Mr. James Chan have served as independent non-executive Directors for more than nine years. Mr. Goh Gen Cheung and Mr. James Chan was re-elected by a separate resolution at the Company's annual general meeting held on 15 June 2023. Notwithstanding their years of service as the independent non-executive Directors, they demonstrated their abilities to provide independent views to the Company and to discharge their duties independently. In assessing their independence, the Board and the Nomination Committee take into account, among others, the individual Director's character and judgment as demonstrated by their commitment and contribution to the Board and the Company during their years of service, their participation in meetings and expression of views in an objective and impartial manner, and their annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules.

Based on the above assessment, the Board and the Nomination Committee have unanimously determined that both Mr. Goh Gen Cheung and Mr. James Chan meet the independence requirements. Accordingly, the Board proposes the re-election of Mr. Goh Gen Cheung as an independent non-executive Director by way of a separate resolution at the forthcoming Annual General Meeting. The Board is confident that Mr. Goh Gen Cheung will continue to provide invaluable independent insights and contribute to the Company's long-term sustainable development.

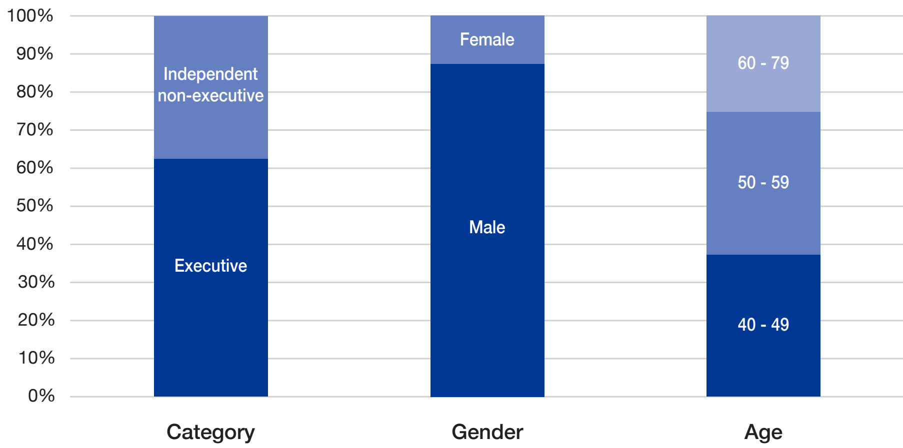
BOARD DIVERSITY POLICY

To improve the performance quality of the Company, the Board approved to adopt the board diversity policy on 30 August 2013. The Board believes that board member diversity can be achieved by considering various factors, including but not limited to gender, age, cultural and educational background, race, professional experience, expertise, knowledge, term of services and other talents. All Board appointments are made with reference to the Company's business models and specific needs from time to time, and candidates will be considered with due regard for the benefits of diversity on the Board if allowed by objective business conditions. The Nomination Committee will be mainly responsible for identifying suitable and competent candidates for Board members, and considering such candidates in light of objective conditions. As a part of the review on the annual performance of the Board, considerations made by the Nomination Committee will balance the skills and experience as required by business targets of the Company with diversity factors. To achieve board diversity, the Nomination Committee will discuss and develop measurable objectives from time to time, and propose the above to the Board for adoption and implementation. Generally speaking, selection of candidates by the Nomination Committee shall be based on a range of diversity perspectives including but not limited to gender, age, cultural and educational background, race, professional experience, expertise, knowledge and term of services. However, the final decision will depend on the strengths of candidates and their prospective contributions to the Board. The Board may improve one or more diversity perspectives from time to time, and implement the upgraded measurements. The Nomination Committee will review the policy from time to time with reference to the Listing Rules and the applicable laws and regulations, including conducting assessments on the effectiveness of the policy. The Nomination Committee will also discuss any amendment that may be necessary, and submit amendment proposals to the Board for approval.

BOARD DIVERSITY POLICY (Continued)

For the year ended 31 December 2024, the Company maintained an effective Board comprising members of diverse professional background and industry experience. Under the Board diversity policy, the Board targets to appoint and maintain gender diversity in respect of the Board and targets to refrain from having a single gender in respect of the Board. Ms. Li Huiqun was appointed as an independence non-executive director of the Company on 2 July 2024. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

As at 31 December 2024, the analysis of the Board diversity is as follows:



GENDER DIVERSITY AT WORKFORCE LEVEL

The Company is committed to providing equal employment and promotion opportunities for all employees without regard to their genders, ages, religions and place of ancestry. In particular, the male to female ratio in the workforce level (including senior management) is approximately 10:7.6 as at the date of this annual report. The Board considers that the gender ratio is in line with the industry and the Company has achieved gender diversity in the workforce level. For further details in relation to the Company's employees, please refer to the sustainable development report of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFY

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities against possibility of legal action to be taken against its Directors and officers. During the year, no claim was made against the Directors and officers of the Company.

CHAIRMAN AND CHIEF EXECUTIVE

During the year ended 31 December 2024, the positions of the chairman and the general manager of the Company were held separately. The Company adopts the title 'General Manager' instead of 'Chief Executive'; while the duties and responsibilities remain the same. The Chairman of the Company is Mr. Zhu Yingying, while the General Manager of the Company is Mr. Fang Bin. The segregation of duties of the chairman and the chief executive ensures a clear distinction in the chairman's responsibility to provide leadership for the Board and the chief executives responsibility to manage the Company's business. Their roles are clearly defined to ensure their respective independence. There is no relationship between the chairman of the Board and the chief executive in respect of financial, business, family or other material/relevant relationship.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considers that the INEDs can provide independent advices on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

All INEDs had entered into letters of appointment with the Company for a term of three years but are subject to retirement by rotation and re-election in accordance with the bye-laws of the Company (the "Bye-Laws").

The Company has received written annual confirmations from all INEDs confirming their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all INEDs are independent.

MODEL CODE FOR SECURITIES TRANSACTIONS OF THE DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct in respect of securities transactions of the Directors. Having made specific enquiry of all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding Director's securities transaction during the year under review.

The Company has also established written guidelines (the "Employees' Guidelines") no less exacting than the Model Code for securities transactions by any employee of the Company and any employee of a subsidiary or holding company who, because of such office or employment, is likely to possess inside information in relation to the Company or the Company's securities. During the year ended 31 December 2024, no incident of non-compliance with the Employees' Guidelines was discovered by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with all code provisions of the CG Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024.

The Board reviews the Company's corporate governance practices from time to time to ensure its compliance with the CG Code and proper disclosure is made in the Corporate Governance Report.

BOARD COMMITTEES

The Board has established a number of board committees to strengthen its functions and corporate governance practices, including Audit Committee, Remuneration Committee, Nomination Committee and Sustainability Committee. All Committees perform their specific roles and duties in accordance with their respective written terms of reference.

Audit Committee

The Audit Committee was established in 1999 and all members are INEDs. Members of the Audit Committee are Mr. Goh Gen Cheung (Chairman), Mr. James Chan and Dr. Li Huiqun. The Audit Committee is chaired by Mr. Goh Gen Cheung who is an associate member of the Chartered Institute of Bankers and has over 30 years of treasury, finance and banking experience. All members of this Committee hold the relevant industry and financial experience necessary to advise on Board strategies and other related matters. The Board adopted a set of the revised terms of reference of the Audit Committee effective from 7 October 2024, which had included changes in line with the requirements under the Listing Rules. The Audit Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time.

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Audit Committee is mainly responsible for considering all relationships between the Company and the auditing firm (including the provision of non-audit services), monitoring the integrity of the Company's financial statements and issues arising from the audit, and reviewing the Group's internal controls and risk management. In addition, the Audit Committee had been delegated the responsibility to perform the corporate governance functions including:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Every year, the Audit Committee meets with the Group's independent auditors to discuss the annual audit plan. The meetings of the Audit Committee are attended by members of the Committee, and where necessary, the independent auditors. Independent auditors made presentations to the Audit Committee on implications of the introduction of new accounting standards in Hong Kong and their audit methodologies. The Audit Committee subsequently reported its recommendations to the Board for further review and approval. The Audit Committee is also entrusted with monitoring and assessing the independence and objectivity of the independent auditors and the effectiveness of the audit process. All partners of independent auditors are subject to periodic rotations, and where necessary, the ratio of annual fees for non-audit services and for audit service is subject to close scrutiny by the Audit Committee.

During the year ended 31 December 2024, the Audit Committee reviewed and discussed consolidated financial statements of the Group for the financial year ended 31 December 2024 and the Group's unaudited interim results for the six months ended 30 June 2024 with the external auditor. The Committee considered and approved the audit work of the auditors, and made recommendations to the Board regarding the appointment and removal of external auditors, and reviewed the business and financial performance of the Company and internal control system and risk management and determined the policy for corporate governance. The Group's annual report for the year ended 31 December 2024 has been reviewed by the Audit Committee.

The terms of reference of the Audit Committee can be viewed on the website of the Company under the section headed "Management" and the website of the Stock Exchange.

BOARD COMMITTEES (Continued)

Remuneration Committee

The Remuneration Committee was established in 2005. The majority of the Remuneration Committee members are INEDs. Members of the Remuneration Committee are Dr. Li Huiqun (Chairman), Mr. James Chan and Mr. Goh Gen Cheung. The Board adopted a set of the revised terms of reference of the Remuneration Committee effective from 15 July 2024, which had included changes in line with the requirements under the Listing Rules. The Remuneration Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time. The Remuneration Committee adopted the operation model where it performs an advisory role to the Board and to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management with the Board retaining the final authority to approve executive Directors' and senior management remuneration. Its principal role is to assist the Board to oversee the policy and structure of the remuneration of the Director(s) of the Company and senior officers of the Group. It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals and no Director is involved in decision of his own remuneration.

During the year ended 31 December 2024, the Remuneration Committee reviewed remuneration policy and oversaw the remuneration packages of executive Directors and senior management taking into consideration factors such as salaries paid by comparable companies, performance, time commitment and responsibilities of Directors and senior management.

No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the year ended 31 December 2024.

The terms of reference of the Remuneration Committee can be viewed on the website of the Company under the section headed "Management" and the website of the Stock Exchange.

Nomination Committee

The Nomination Committee was established in 2005. The majority of the Nomination Committee members are INEDs. Members of the Nomination Committee are Mr. James Chan (Chairman), Mr. Goh Gen Cheung and Dr. Li Huiqun. The Board adopted a set of the terms of reference of the Nomination Committee effective from 15 July 2024, which had included changes in line with the requirements under the Listing Rules. The Nomination Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time. The major responsibilities of the Nomination Committee include to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the General Manager as well as the senior management.

During the year ended 31 December 2024, the Nomination Committee has reviewed and evaluated the composition of the Board with reference to certain criteria. These criteria included qualifications required under the Listing Rules or any other relevant laws regarding characteristics and skills of the Directors, professional ethics and integrity, appropriate professional knowledge and industry experience, as well as ability to devote sufficient time to the work of the Board and its Committees and to participate in all Board meetings and shareholders' meetings. It also reviewed and recommended the re-appointment of the retiring Directors and assessed independence of the independent non-executive Directors. Furthermore, it assessed and recommended the appointment of Mr. Fang Bin as an executive Director and Dr. Li Huiqun as an independent non-executive Director; and reviewed and recommended their appointment letter.

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

The terms of reference of the Nomination Committee can be viewed on the website of the Company under the section headed "Management" and the website of the Stock Exchange.

The Company has adopted a set of nomination policy (the "Nomination Policy") on 15 February 2019. The purpose is to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- reputation for integrity;
- accomplishment and experience;
- commitment in respect of available time and relevant interest;
- the Company' board diversity policy which takes into account a number of factors, including but not limited to the candidate's gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- in the case of independent non-executive Directors, the independence of the candidate (i.e. the independence requirements as set out under any applicable laws, rules and regulations shall have been met).

Each proposed new appointment, election or re-election of a Director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the shareholders of the Company for consideration and determination.

The Board will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

Sustainability Committee

The Sustainability Committee was established on 1 December 2020 and the primary duties of the Sustainability Committee are to assist the Board in identifying and evaluating the Company's ESG opportunities and risks, supervising and evaluating the implementation and performance of ESG initiatives and projects, and advising the Board on ESG-related legal, regulatory and compliance development and public policy trends.

The Sustainability Committee comprises three executive Directors: Mr. Siu Kin Wai, Mr. Xu Zhigang, and Mr. Cheng Ching Fu, and one independent non-executive Director, Mr. James Chan. Mr. Siu Kin Wai is the chairman of the Sustainability Committee.

During the year ended 31 December 2024, the Sustainability Committee reviewed the sustainable development strategies, targets and action plans of the Group, etc. The terms of reference of the Sustainability Committee can be viewed on the website of the Company under the section headed "Management".

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for evaluating and determining the nature and extent of the risks (including ESG risks) that should be taken in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems to safeguard the Group's assets and shareholders' interests. To achieve this, the Group has set up a management structure with limits of authority which is designed to help the Group achieve its business objectives, protects its assets against unauthorized use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate all risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the year under review, the external advisor and the Company conducted an internal control review on the Group's risk management in financing, monitoring of controls, operational level controls such as procurement business, construction in progress, investment management and ESG etc. and provided recommendations to enhance the internal control system of the Group. We have adopted and implemented the recommendations and the external advisor and the Company have not identified any material findings which may have material impact on the effectiveness of our internal control system. Based on the results of the follow-up review, the Board together with the Audit Committee considered that there were no significant internal control or risk management issues that would have an adverse impact on the financial position or operations of the Group. The Group also understands that risk management and internal control systems are not merely about policies and manuals, but about people and the actions they take at every level of the Group. To support all employees, regular training is provided to strengthen their awareness of risk and capability to manage risks. The Board together with the Audit Committee considered that there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year.

Anti-corruption policy

Corruption and bribery are strictly prohibited by the Company in all business dealings of the Group. The Company is fully committed to conducting business with integrity and in compliance with all applicable laws and regulatory requirements for the prevention of corruption and bribery. Corrupt practices do not only subject the Group and its employees to potential criminal and civil liabilities but may also cause an adverse impact on the Group's reputation. In order to promote the awareness of anti-corruption and enhance the integrity standard among the Group's employees, the Company has regularly organised educational sessions and training on anti-corruption campaign. During the year ended 31 December 2024, no legal cases involving corruption and bribery were brought against the Group or its employees.

The Company has adopted a set of anti-corruption policy, pursuant to which all employees and contract workers of the Group have to comply with the guidance on recognising and dealing with bribery and corruption and are under a duty to report any potential violations.

Whistleblowing policy

The Company is committed to upholding the highest standards of openness, integrity and ethical business conduct. Employees of the Group or third parties (including customers and suppliers) are encouraged to make a good faith report of any actual or suspected misconduct or bad conduct concerning the Company in a confidential and anonymous manner. The Company considers such arrangement to be important for detecting and deterring suspected fraud, irregularities or misconduct before the Group is affected or suffers losses. The Company has adopted a set of whistleblowing policy, pursuant to which certain reporting channels and guidelines have been made available to employees and third parties in relation to such arrangement.

DIVIDEND POLICY

The Company has adopted a dividend policy on 15 February 2019. It aims to provide shareholders with stable and sustainable returns.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Company's shareholders. Any payment of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the Bye-Laws of the Company and any applicable laws, rules and regulations.

The declaration and payment of any dividend shall be determined at the sole discretion of the Board having taken into account, inter alia, the general financial condition of the Group, the Group's actual and future operations and liquidity position, the Group's expected working capital requirements and future expansion plans, the Group's debt to equity ratios and the debt level, any restrictions on payment of dividends that may be imposed by the Group's lenders, the retained earnings and distributable reserves of the Company and each of the members of the Group, the shareholders' and the investors' expectation and industry's norm, the general market conditions and any other factors that the Board deems appropriate.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

AUDITOR'S REMUNERATION

During the year under review, external auditor's remuneration for annual audit services was approximately RMB1.8 million; and external auditor's remuneration for non-audit service assignments was approximately RMB1.3 million, which represented agreed-upon procedures engagement in connection with the Group's interim report, tax advisory and compliance services and financial and tax due diligence assignments. The Audit Committee had concluded that it is satisfied with the findings of its review of the audit and non-audit services fees, process and effectiveness, independence and objectivity.

COMPANY SECRETARY

Mr. Cheng Ching Fu is the executive Director, chief financial officer and company secretary of the Company. The biographical details of Mr. Cheng are set out under the section headed "Directors and Senior Management" of this annual report. In accordance with Rule 3.29 of the Listing Rules, Mr. Cheng has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2024.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of accounts for each financial year which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the accounts for the year ended 31 December 2024, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The responsibility of Deloitte Touche Tohmatsu, the Company's external auditors, is set out on pages 55 to 59 of the "Independent Auditor's Report" in this annual report.

SHAREHOLDERS' RIGHTS

Convening a special general meeting by shareholders ("SGM")

The Board shall, on the written requisition of shareholders of the Company holding at the date of the deposit of the requisition in aggregate not less than one-tenth of such of the paid-up capital of the Company carrying the right of voting at the SGM, forthwith proceed duly to convene the SGM ("Requisition"). The Requisition, which may consist of several documents in like form each signed by one or more requisitionists, must state the objects of the SGM and be deposited at the Company's head office and principal place of business in Hong Kong.

If the Board does not within twenty-one days from the date of the deposit of the Requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM in the same manner, as nearly as possible, as that in which SGM may be convened by the Board, but any meeting so convened shall not be held after the expiration of three months from the aforesaid date of the deposit of the Requisition.

All reasonable expenses incurred by the requisitionists as a result of the failure of the Board to convene such a SGM shall be reimbursed to them by the Company.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries to the Board for the attention of the secretary of the Company ("Company Secretary") via email (ir@bphl.com.hk) or directed to the Company's head office and principal place of business in Hong Kong at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for putting forward proposals at shareholders' meetings

If a shareholder of the Company wishes to put forward proposals at the annual general meeting (the "AGM")/SGM which is to be held, such shareholder, who is duly qualified to attend and vote at such general meeting, shall follow the procedures as set out below which are required in accordance with the Bye-laws and the Listing Rules.

1. A shareholder shall validly serve on the Company Secretary his/her written and signed notice of intention to propose a resolution at the AGM/SGM.

2. The foregoing documents shall be lodged at the Company's head office and principal place of business in Hong Kong at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

SHAREHOLDERS' RIGHTS (Continued)

Procedures for putting forward proposals at shareholders' meetings (Continued)

3. The period for lodgment of the foregoing notices required under the Bye-Laws shall commence on the day after the despatch of the notice of the AGM/SGM and end no later than 7 days prior to the date of the AGM/SGM and such period shall be at least 7 days.

4. If the foregoing notices shall be received less than 10 business days prior to the date of such AGM/SGM, the Company needs to consider the adjournment of such AGM/SGM in order to allow shareholders of the Company 14 days' notice (the notice period must include 10 business days) of the proposal.

5. The foregoing notice of intention to propose a resolution will be verified by the Company's branch share registrar in Hong Kong (the "Branch Share Registrar"). Upon confirmation from the Branch Share Registrar, the Company Secretary will present to the board of Directors for their approval on the inclusion of the proposed resolutions in the AGM/SGM.

INVESTOR RELATIONS

Communication with shareholders

The Board believes that effective and proper investor relations play an important role in creating shareholders' value, enhancing the corporate transparency as well as establishing market confidence. The Company endeavours to maintain an on-going dialogue with its shareholders.

During the financial year ended 31 December 2024, the Company has proactively established the following channels to ensure effective shareholders' communication and enhance our transparency:

1. the Company maintained frequent contacts with institutional shareholders and investors through various channels such as meetings, telephone and emails;

2. the Company updated regularly its news and developments through the "investor relations" section of the Company's website;

3. corporate communications such as annual reports, interim reports and circulars were published in printed form and on the websites of the Stock Exchange and the Company at www.hkexnews.hk and www.bphl.com.hk, respectively;

4. the Company held annual and special general meetings, which acted as a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

5. enquiries from the shareholders may be sent at any time to the Board for the attention of the Company Secretary via email (ir@bphl.com.hk) or directed to the Company's head office and principal place of business in Hong Kong at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The above channels will provide shareholders with the latest development of the Group as well as the real estate including high-end and modern general warehouse, cold chain logistics warehouse and trading business, specialised wholesale market, industrial property, commercial property and primary land development. The Company has reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

Constitutional documents

The special resolution regarding the amendments to the Bye-laws had been passed by the shareholders of the Company at the AGM held on 15 June 2023. There was no change to the Company's Memorandum of Association and Bye-laws during the year ended 31 December 2024. An updated consolidated version of the Memorandum of Association and Bye-Laws is available on both the websites of the Company and the Stock Exchange.

Independent Auditor's Report

Deloitte. 德勤

To the shareholders of Beijing Properties (Holdings) Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Properties (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 60 to 150, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 requirement 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"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements which indicates that the Group's had net current assets of RMB1.4 billion as at 31 December 2024, which mainly included properties held for sale of RMB1.7 billion, and incurred a net loss of RMB552 million for the year then ended. These conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTER

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties We identified the valuation of investment properties as a key audit matter due to its significance to the consolidated financial statements as a whole and the significant judgment and estimation associated in determining the fair values of the investment properties. As disclosed in note 14 to the consolidated financial statements, the fair values of the Group's investment properties amounted to RMB5,610 million as at 31 December 2024, with a net decrease in fair value of investment properties of RMB154 million recognised in the consolidated financial statements of profit or loss for the year then ended. The fair values of the Group's investment properties as at 31 December 2024 have been arrived at on the basis of valuations carried out by independent qualified professional valuers (the "Valuers"). Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in note 14 to the consolidated financial statements. The fair values are mainly derived from direct comparison method and dependent on certain key inputs that involve judgment and estimation made by the management of the Group together with the Valuers, including the transaction prices of comparable properties in the similar locations.	Our procedures in relation to the valuation of investment properties included: – evaluating the competence, capabilities and objectivity of the Valuers; – obtaining an understanding from the Valuers and the management of the Group on the valuation process to understand significant assumptions adopted and inputs used in the valuation; – evaluating the appropriateness of the valuation methodologies and assessing the reasonableness of key inputs used by the Valuers in the valuation models of selected properties, with the assistance of internal valuation specialists, by referring to the available market information such as transaction prices of comparable properties.

KEY AUDIT MATTER (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value ("NRV") of land held for development or sale and properties held for sale We identified assessment of the NRV of the Group's land held for development or sale and properties held for sale as a key audit matter due to its significance to the consolidated financial statements as a whole and significant judgment and estimation associated. As disclosed in notes 21 and 22 to the to the consolidated financial statements, the Group had land held for development or sale located in Cambodia and properties held for sale located in Chinese Mainland of the PRC amounting to approximately RMB3,732 million and RMB1,702 million, respectively, as at 31 December 2024. Land held for development or sale and properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is based on estimated selling prices less any estimated costs of disposal. The management of the Group assessed the NRV by reference to the valuation reports prepared by Valuer. The valuations are dependent on certain key inputs that involve judgment and estimation made by the management of the Group together with the Valuer including, transaction prices of comparable properties in the similar locations.	Our procedures in relation to the assessment of NRV of land held for development or sale and properties held for sale included: – evaluating the competence, capabilities and objectivity of the Valuer; – obtaining an understanding from the Valuer and the management of the Group on the valuation process to understand significant assumptions adopted and inputs used in the valuation; – evaluating the appropriateness of the valuation methodologies and assessing the reasonableness of the key inputs used by the Valuers in the valuation models, with the assistance of internal valuation specialists, by referring to the available market information such as transaction prices of comparable properties.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion with emphasis of matter on material uncertainty related to going concern on those statements on 28 March 2024.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES 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 solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgment and maintain professional skepticism 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, 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 To Kim Lai Ricky.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	**864,864**	1,468,336
Cost of sales and services		**(732,361)**	(1,234,240)
Gross profit		**132,503**	234,096
Changes in fair value of investment properties, net	14	**(154,155)**	(280,487)
Gain on disposal of subsidiaries	39	**55,767**	465
Other income and gains, net	6	**19,815**	55,236
Selling and distribution expenses		**(7,142)**	(15,762)
Administrative expenses		**(96,026)**	(130,670)
Other expenses, net		**(48,813)**	(12,450)
Finance costs	7	**(415,944)**	(474,288)
Share of profits and losses of:			
– Joint ventures	18(b)	**1**	(15,004)
– Associates	19(b)	**(120,077)**	(285,783)
LOSS BEFORE TAX	8	**(634,071)**	(924,647)
Income tax credit	11	**82,389**	14,764
LOSS FOR THE YEAR		**(551,682)**	(909,883)
Attributable to:			
– Shareholders of the Company		**(536,847)**	(901,406)
– Non-controlling interests		**(14,835)**	(8,477)
		(551,682)	(909,883)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
– Basic and diluted	12	**(RMB7.70 cents)**	(RMB12.93 cents)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTE	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR		**(551,682)**	(909,883)
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:			
– Exchange differences			
Translation of foreign operations		**26,857**	(128,735)
Disposal of subsidiaries	39	**(17)**	20,699
– Share of other comprehensive expense of associates		**(2,963)**	5,676
Net other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods		**23,877**	(102,360)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of the Company's financial statements		**–**	(5,071)
– Changes in fair value of an equity investment at fair value through other comprehensive income, net of income tax of nil		**(1,469)**	(7,718)
– Actuarial losses of defined benefit plans		**(1,070)**	(350)
– Share of other comprehensive expense of associates		**(2,923)**	(8,627)
Net other comprehensive expense that will not be reclassified to profit or loss in subsequent periods		**(5,462)**	(21,766)
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR, NET OF INCOME TAX OF NIL		**18,415**	(124,126)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(533,267)**	(1,034,009)
Attributable to:			
Shareholders of the Company		**(551,705)**	(1,044,689)
Non-controlling interests		**18,438**	10,680
		(533,267)	(1,034,009)

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**419,071**	433,478
Investment properties	14	**5,609,652**	3,467,683
Right-of-use assets	16(a)	**55,197**	57,782
Goodwill	17	**152,425**	91,953
Interests in joint ventures	18	**70,937**	70,936
Interests in associates	19	**207,900**	227,376
Equity instruments at fair value through other comprehensive income	20	**9,427**	11,254
Land held for development or sale	21	**3,731,673**	3,705,151
Total non-current assets		**10,256,282**	8,065,613
CURRENT ASSETS			
Properties under development for sale	21	**21,151**	22,138
Properties held for sale	22	**1,702,044**	1,720,614
Inventories	23	**112,156**	316,911
Trade receivables	24	**115,126**	90,333
Prepayments, deposits and other receivables	25	**80,343**	250,236
Due from joint ventures	18	**5,046**	5,046
Pledged and restricted bank deposits	27	**32,525**	9,090
Cash and cash equivalents	27	**650,322**	366,010
		2,718,713	2,780,378
Assets of disposal groups classified as held for sale	15	**–**	2,757,091
Total current assets		**2,718,713**	5,537,469

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	31 December 2024 RMB'000	31 December 2023 RMB'000
CURRENT LIABILITIES			
Trade payables	28	**135,896**	136,867
Other payables and accruals	29	**519,603**	494,036
Due to other related parties	26	**17,739**	503,623
Bank and other borrowings	30	**399,483**	898,317
Income tax payables		**56,966**	58,744
Provision for compensation	32	**206,217**	201,357
		1,335,904	2,292,944
Liability directly associated with the assets of disposal groups classified as held for sale	15	**–**	495,504
Total current liabilities		**1,335,904**	2,788,448
NET CURRENT ASSETS		**1,382,809**	2,749,021
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,639,091**	10,814,634
NON-CURRENT LIABILITIES			
Due to a joint venture	18	**176,809**	176,809
Bank and other borrowings	30	**6,199,297**	6,533,100
Guaranteed bonds	31	**1,490,277**	–
Deferred income	33	**17,926**	19,946
Defined benefit obligations		**8,950**	7,810
Deferred tax liabilities	34	**1,297,931**	1,073,192
Total non-current liabilities		**9,191,190**	7,810,857
NET ASSETS		**2,447,901**	3,003,777

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	31 December 2024 RMB'000	31 December 2023 RMB'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	35	**566,979**	566,979
Reserves	37(a)	**254,555**	808,678
		821,534	1,375,657
Non-controlling interests		**1,626,367**	1,628,120
Total equity		**2,447,901**	3,003,777

The consolidated financial statements on pages 60 to 150 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Siu Kin Wai
DIRECTOR

Cheng Ching Fu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

		Attributable to equity shareholders of the Company													
	NOTES	Issued capital RMB'000	Share premium account* RMB'000 (note 37(b))	Contributed surplus* RMB'000 (note 37(c))	Share option reserve* RMB'000 (note 37(d))	Property revaluation reserve* RMB'000	Capital and other reserves* RMB'000 (note 37(e))	Financial asset revaluation reserve* RMB'000	Defined benefit plan reserve* RMB'000	Exchange fluctuation reserve* RMB'000	PRC statutory reserves* RMB'000	Retained profits/ (accumulated loss) RMB'000 (note 37(f))	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023		566,979	1,434,273	298,002	29,254	(8,666)	(52,524)	(109,509)	(5,848)	(243,032)	13,166	498,050	2,420,145	1,790,464	4,210,609
Loss for the year		–	–	–	–	–	–	–	–	–	–	(901,406)	(901,406)	(8,477)	(909,883)
Other comprehensive income/(expense) for the year:															
– Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	(152,963)	–	–	(152,963)	19,157	(133,806)
– Changes in fair value of equity investment at fair value through other comprehensive expense, net of income tax of nil		–	–	–	–	–	–	(7,718)	–	–	–	–	(7,718)	–	(7,718)
– Share of other comprehensive income/(expense) of associates		–	–	–	–	–	–	(8,627)	–	5,676	–	–	(2,951)	–	(2,951)
– Actuarial gains of defined benefit plans		–	–	–	–	–	–	–	(350)	–	–	–	(350)	–	(350)
– Release of translation reserve upon disposal of subsidiaries	39	–	–	–	–	–	–	–	–	20,699	–	–	20,699	–	20,699
Total comprehensive income/(expense) for the year		–	–	–	–	–	–	(16,345)	(350)	(126,588)	–	(901,406)	(1,044,689)	10,680	(1,034,009)
Transfer of share option reserve upon expiry of share options	36(c)	–	–	–	(12,638)	–	–	–	–	–	–	12,638	–	–	–
Share of reserves of associates		–	–	–	–	–	201	–	–	–	–	–	201	–	201
Transfer to statutory reserves		–	–	–	–	–	–	–	–	–	676	(676)	–	–	–
Disposal of subsidiaries	39	–	–	–	–	–	–	–	–	–	–	–	–	(90,464)	(90,464)
Transfer of reserves upon disposal of subsidiaries		–	–	–	–	–	–	–	–	–	(3,605)	3,605	–	–	–
Dividends paid to non-controlling equity holders		–	–	–	–	–	–	–	–	–	–	–	–	(82,560)	(82,560)
At 31 December 2023		566,979	1,434,273	298,002	16,616	(8,666)	(52,323)	(125,854)	(6,198)	(369,620)	10,237	(387,789)	1,375,657	1,628,120	3,003,777

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	NOTES	Attributable to equity shareholders of the Company														
		Issued capital RMB'000	Share premium account* RMB'000 (note 37(b))	Contributed surplus* RMB'000 (note 37(c))	Share option reserve* RMB'000 (note 37(d))	Property revaluation reserve* RMB'000	Capital and other reserves* RMB'000 (note 37(e))	Financial asset revaluation reserve* RMB'000	Defined benefit plan reserve* RMB'000	Exchange fluctuation reserve* RMB'000	PRC statutory reserves* RMB'000	Retained profits/ (accumulated loss) RMB'000 (note 37(f))	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2024		566,979	1,434,273	298,002	16,616	(8,666)	(52,323)	(125,854)	(6,198)	(369,620)	10,237	(387,789)	1,375,657	1,628,120	3,003,777
Loss for the year		-	-	-	-	-	-	-	-	-	-	(536,847)	(536,847)	(14,835)	(551,682)
Other comprehensive income/(expense) for the year:															
– Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	(6,416)	-	-	(6,416)	33,273	26,857
– Changes in fair value of equity investment at fair value through other comprehensive expense, net of income tax of nil		-	-	-	-	-	-	(1,469)	-	-	-	-	(1,469)	-	(1,469)
– Share of other comprehensive income/(expense) of associates		-	-	-	-	-	-	(2,923)	-	(2,963)	-	-	(5,886)	-	(5,886)
– Actuarial gains of defined benefit plans		-	-	-	-	-	-	-	(1,070)	-	-	-	(1,070)	-	(1,070)
– Release of translation reserve upon disposal of subsidiaries	39	-	-	-	-	-	-	-	-	(17)	-	-	(17)	-	(17)
Total comprehensive income/(expense) for the year		-	-	-	-	-	-	(4,392)	(1,070)	(9,396)	-	(536,847)	(551,705)	18,438	(533,267)
Transfer of share option reserve upon expiry and cancellation of share options	36(c)	-	-	-	(16,616)	-	-	-	-	-	-	16,616	-	-	-
Share of reserves of associates		-	-	-	-	-	(2,418)	-	-	-	-	-	(2,418)	-	(2,418)
Transfer to statutory reserves		-	-	-	-	-	-	-	-	-	1,306	(1,306)	-	-	-
Deregistration of subsidiaries	39	-	-	-	-	-	-	-	-	-	-	-	-	(1,257)	(1,257)
Disposal of subsidiaries and transfer of reserves upon disposal		-	-	-	-	-	-	-	-	-	(682)	682	-	(18,934)	(18,934)
At 31 December 2024		566,979	1,434,273	298,002	-	(8,666)	(54,741)	(130,246)	(7,268)	(379,016)	10,861	(908,644)	821,534	1,626,367	2,447,901

* These reserve accounts comprise the consolidated reserves of RMB1,163,199,000 (2023: RMB1,196,467,000) in the consolidated statement of financial position as at 31 December 2024.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(634,071)**	(924,647)
Adjustments for:			
Bank interest income	6	**(6,093)**	(11,674)
Other interest income	6	**–**	(68)
Government grants	6	**(1,459)**	(4,053)
Gain on disposal of investments in a joint venture	6	**–**	(26,988)
Gain on disposal of investments in subsidiaries	39	**(55,767)**	(465)
Loss on fair value changes of investment properties, net	14(a)	**154,155**	280,487
Impairment of trade receivables		**7,264**	–
(Gain)/loss on disposal of property, plant and equipment	8	**(8)**	460
Depreciation of property, plant and equipment	8	**16,341**	14,171
Depreciation of right-of-use assets	8	**2,585**	2,586
Provision for compensation, net	8	**5,628**	2,959
Cost/(net reversal) of defined benefit plans	8	**210**	(2,121)
Finance costs	7	**415,944**	474,288
Share of results of joint ventures		**(1)**	15,004
Share of results of associates		**120,077**	285,783
Operating cash flows before movements in working capital		**24,805**	105,722
Increase of restricted cash and pledged deposits		**(23,435)**	(3,253)
Decrease in inventories		**204,755**	58,010
Decrease/(increase) in land held for development or sale		**12,701**	(24,804)
(Increase)/decrease in trade receivables		**(31,363)**	7,994
Decrease in prepayments, deposits and other receivables		**15,682**	82,667
Decrease in trade payables		**(971)**	(75,965)
Decrease in other payables and accruals		**(98,730)**	(99,207)
Decrease in defined benefit obligations		**(480)**	(2,128)
Cash generated from operations		**102,964**	49,036
Chinese Mainland income tax paid		**(17,517)**	(78,197)
Settlement for compensation	32	**(768)**	(4,679)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**84,679**	(33,840)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTE	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(2,008)**	(12,830)
Acquisition of investment properties		**(5,986)**	(12,171)
Proceeds on disposal of subsidiaries	39	**242,032**	387,427
Proceeds on disposal of subsidiaries in prior year		**25,599**	376,512
Proceeds from disposal of a joint venture in prior year		**146,000**	–
Proceeds on disposal of property, plant and equipment		**537**	–
Government grants received		**–**	1,193
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	180,100
Interest received		**6,093**	11,673
NET CASH FLOWS FROM INVESTING ACTIVITIES		**412,267**	931,904
FINANCING ACTIVITIES			
New bank loans raised		**653,414**	4,538,985
Repayment of bank loans		**(1,903,599)**	(2,441,159)
New other loans raised		**452,000**	5,308,000
Repayment of other loans		**(37,000)**	(3,273,000)
Issue of guaranteed bonds		**1,490,277**	–
Repayment of guaranteed bonds		**–**	(5,044,524)
Refund of capital contribution to a non-controlling equity holder upon deregistration of a subsidiary		**(1,257)**	–
(Repayment to)/net advances from other related parties		**(453,563)**	249,825
Interest paid		**(452,535)**	(450,344)
Dividends paid to non-controlling equity holders		**–**	(82,560)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(252,263)**	(1,194,777)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**244,683**	(296,713)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**402,968**	722,481
Effect of foreign exchange rate changes, net		**2,671**	(22,800)
TOTAL CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**650,322**	402,968
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Deposits placed with a fellow subsidiary	27	**281,216**	56,929
Time deposits	27	**229,000**	24,848
Other cash and bank balances	27	**172,631**	293,323
Less: Restricted cash and pledged deposits	27	**(32,525)**	(9,090)
Cash and cash equivalents as stated in the consolidated statement of financial position	27	**650,322**	366,010
Add: Pledged and restricted bank deposits, and cash and cash equivalents attributable to disposal groups held for sale	15	**–**	36,958
Cash and cash equivalents as stated in the consolidated statement of cash flows		**650,322**	402,968

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

Beijing Properties (Holdings) Limited (the "Company") is a limited liability company incorporated in Bermuda and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries (collectively the "Group") were involved in the following principal activities:

- leasing of commercial properties and a health care property in the mainland ("Chinese Mainland") of the People's Republic of China (the "PRC") and provision of related management services;
- provision of logistics services, including leasing of general warehouses, cold chain logistics warehouses and specialised wholesale market, and provision of related logistics and management services;
- leasing of industrial plants and provision of related management services, and sales of properties;
- sale of land for development or sale, provision of primary land development services; and
- sale of frozen products.

The immediate holding company of the Company is Beijing Enterprises Real Estate (HK) Limited ("BEREHK"), which is a limited liability company incorporated in the British Virgin Islands, and, in the opinion of the directors, the ultimate holding company of the Company is 北京控股集團有限公司 ("BE Group"), which is a state-owned enterprise established in the PRC and wholly owned by The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (the "Beijing SASAC").

2.1 BASIS OF PRESENTATION

At 31 December 2024, the Group had net current assets of RMB1.4 billion, which mainly included properties held for sale of RMB1.7 billion, and incurred a net loss of RMB552 million for the year then ended. There are identified events or conditions that indicate the existence of a material uncertainty related to going concern, when considering that the Group's current portion of bank and other borrowings which are due to be settled within one year from the end of the reporting period and the worsened financial position resulting in a breach of financial covenant of a bank loan (see note 30d). These conditions indicate the existence of a material uncertainty relating to going concern. In assessing the Group's ability to operate as a going concern, a cash flow projection has been prepared by the management, after giving careful consideration to the Group's future liquidity requirements, operating performance and available sources of financing for a period of not less than twelve months from the end of the reporting period.

The directors of the Company have reviewed the Group's cashflow projection prepared by management and they are of the opinion that, after taking into account the measures implemented or being implemented, the Group will have sufficient working capital to finance its operation and to meet its financial obligations as and when they fall due. The measures that the Group has implemented or is in the process of implementing are as follows:

(i) subsequent to the reporting period, in March 2025, a Hong Kong Dollar ("HKD") 300 million banking facility has been granted by a bank to the Company and a waiver for a breach of loan covenant has been obtained regarding a loan of a subsidiary amounted to RMB135 million;

(ii) the Group is in the process of realising certain of its investments or properties, including certain warehouses in Chinese Mainland;

2.1 BASIS OF PRESENTATION (Continued)

(iii) the Group is currently arranging additional banking facilities with banks to further support the Group's funding needs should the aforesaid realisation of investments and/or properties not be completed in the upcoming year; and

(iv) should the Group fails to further dispose the Group's properties or fail to obtain additional banking facilities as set out in (ii) and (iii) above, the Group plans to utilise standby facilities provided by BE Group, the ultimate controlling shareholder of the Company in accordance with the keepwell and liquidity support deeds signed between the Company (or its subsidiaries), BE Group and certain banks for the repayment of the loans due to those banks. According to the keepwell and liquidity support deeds, BE Group undertakes to the Company or its subsidiaries that it shall cause the Company or its subsidiaries to have sufficient liquidity to ensure timely payment of the debts and to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards. If the Company or its subsidiaries at any time determines that it will have insufficient liquidity to meet its payment obligations as they fall due, then the Company or its subsidiaries will promptly notify BE Group of the shortfall and BE Group will make available to the Company or the financing subsidiaries, before the due date of the relevant payment obligations, funds sufficient to enable the Company or its subsidiaries (as the case may be) to meet such payment obligations in full as they fall due.

Notwithstanding the above, whether the Group will be able to generate adequate cash flows to continue as a going concern would depend on (i) the successful disposal of the Group's properties; (ii) the success in obtaining additional funds from banks; or failing which, (iii) obtaining standby facilities from BE Group.

The directors believe that, taking into account the above factors, the Group will have sufficient working capital to continue as a going concern. However, should the disposal of the Group's properties be delayed or additional funds from banks not be obtained and standby facilities from BE Group not be provided, the Group may be unable to continue as a going concern, in which case adjustments would have to be made to adjust the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, equity investments at fair value through other comprehensive income, which have been measured in accordance with the accounting policy as further explained in note 2.5 to the consolidated financial statements.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2.3 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs in issued but not yet effective

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

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

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

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

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKFRSs in issued but not yet effective (Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

2.5 MATERIAL ACCOUNTING POLICIES

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any accumulated impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred.

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

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Goodwill

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than investment properties, deferred tax assets, land held for development or sale, properties under development or held for sales, inventories and disposal groups classified as held for sale) the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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

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

Property, plant and equipment and depreciation

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

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Buildings and warehouses	40-50 years
Leasehold improvements	Over the shorter of the lease terms and 4 years
Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

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

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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

Construction in progress represents building refurbishment, which is stated at cost less any accumulated impairment losses, and is not depreciated. Cost comprises the direct costs of construction. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

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

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and, subsequent to initial recognition, are stated at fair value at the end of the reporting period when the fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of completed investment properties or investment properties under construction are recognised in profit or loss in the period of the retirement or disposal.

Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Leasehold land	50 years

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

(b) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

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

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction cost.

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

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

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

Subsequent measurement

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

(a) *Financial assets at amortised cost (debt instruments)*

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

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on and instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividend are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments at fair value through other comprehensive income are not subject to impairment assessment.

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

(c) Financial assets at fair value through profit or loss

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, as appropriate.

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

The Group's financial liabilities include trade payables and other payables, amounts due to related parties, bank and other borrowings and guaranteed bonds.

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

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

Derecognition of financial liabilities

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

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

Land held for development or sale

Land held for development or sale is stated at the lower of cost and net realisable value and comprises the land acquisition cost, property transfer tax and other costs directly attributable to such land during the development period.

Net realisable value takes into account the Group's proceeds derived from the sale of land held for development or sale, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land held for development or sale, based on prevailing market conditions, less the estimated costs necessary to make the sale of the land.

Any excess of cost over the net realisable value of individual items of land held for development or sale is recognised as an expense in profit or loss.

Properties under development for sale

Properties under development for sale are intended to be held for sale after development. They are stated at the lower of cost and net realisable value. The costs comprise acquisition land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realisable value represents the estimated selling price, based on prevailing market conditions, less any estimated costs to be incurred to completion and in selling the property.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost of completed properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale of the properties.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all cost of purchase, cost of conversion and other costs incurred in bring the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Government grants

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

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

Revenue recognition

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 5.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made received or the a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other employee benefits (pension schemes)

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

The employees of the Group's subsidiaries which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. Contributions are made based on a percentage of the participating employee's salaries and are charged to profit or loss as they became payable in accordance with the rules of the central pension scheme. The employer contributions vest fully once made.

The Group also provided supplementary pension subsidies to retired employees. Such supplementary pension subsidies are considered to be defined benefit plans as they oblige the Group to provide post-employment benefits to employees. The benefits are unfunded. The liability recognised in the consolidated statements of financial position in respect of these defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in other comprehensive income as they occur.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

Foreign currencies

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

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

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

The functional currencies of certain subsidiaries and an associate established in Cambodia and Hong Kong are currencies other than RMB. At the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of certain subsidiaries established in Cambodia and Hong Kong are translated into RMB at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Property lease classification – Group as lessor

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

Classification between investment properties and owner-occupied properties

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

Estimation of fair value of investment properties, and net realisable value of land held for development or sale and properties held for sale

The Group adopts the fair value model to measure its investment properties in accordance with HKAS 40 *Investment Property* and engaged an independent professional valuer to perform fair value valuations of all its investment properties.

In addition, the Group's land held for development or sale and properties held for sale are stated at the lower of cost and net realisable value and the Group engaged an independent professional valuer to perform fair value valuations of all its land held for development or sale and properties held for sale for impairment assessment.

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

Estimation of fair value of investment properties, and net realisable value of land held for development or sale and properties held for sale (Continued)

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

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

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant cash-generating units ("CGUs") to which the goodwill is allocated, which is the higher of the fair value less costs of disposal and value in use. In determining the fair value less cost of disposal of the CGUs, references are made to the valuation of investment properties, properties held for sale, buildings, warehouses and/or health care property held and the carrying amount of the business unit's other assets and liabilities which approximated to their fair values, excluding any deferred tax liabilities initially recognised on acquisition of the relevant business. The assessment of the recoverable amount requires the use of estimates and assumptions such as identifying comparable market transactions for completed investment properties and certain investment properties under construction. These estimates and assumptions are subject to risk and uncertainty. The assumptions were affected by expectations of future market or economic conditions. Therefore, there is a possibility that changes in circumstances will impact on these projections, which will have a corresponding impact on the recoverable amounts of the CGUs, thus the goodwill impairment assessment. The carrying amount of goodwill carried as an asset in the consolidated statement of financial position as at 31 December 2024 was RMB152,425,000 (2023: RMB91,953,000), details of which are set out in note 17 to the consolidated financial statements.

Impairment of interests in associates

The Group determines that an indication of impairment existed for the interests in associates when there is objective evidence of impairment. The determination of recoverable amount requires significant judgements by management, in particular management's view on key internal inputs and external market conditions. Based on management's assessment, impairment loss of RMB Nil (2023: RMB210,300,000) was recognised in profit or loss during the year ended 31 December 2024, details of which are set out in note 19 to the consolidated financial statements.

Provision for compensation

As further disclosed in note 32 to the consolidated financial statements, Guangzhou Guangming, a subsidiary of the Group, involved in certain legal proceedings, arising from its failure to fulfill the compensation obligations liable to certain indigenous properties owners and tenants in accordance with the resettlement schedule agreed in prior years. Management determines the provision for compensation based on their best estimate, after considering all the available information such as the results of historical lawsuits, latest negotiations with local government authorities, certain indigenous properties owners and tenants, relevant rules and law and legal advice. If the final outcome of the claims and negotiations is different from the estimation made by management, such difference will impact on the provision for compensation in the period in which the liabilities of the compensation are concluded.

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

Current tax and deferred tax

The Group is subject to income taxes in Hong Kong, Chinese Mainland and Cambodia. The Group carefully evaluates tax implications of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations, of which the ultimate tax determination is uncertain, during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provision in the periods in which the determination is made. The carrying amount of current tax payables carried as liabilities in the consolidated statement of financial position as at 31 December 2024 was RMB56,966,000 (2023: RMB58,744,000).

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies, details of which are set out in note 34 to the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on usages of properties held and has five reportable operating segments as follows:

(a) the property business segment engages in the leasing of commercial properties and a health care property in Chinese Mainland, and the provision of related management services;

(b) the logistics business segment engages in the leasing of general warehouses, cold chain logistics warehouses and a specialised wholesale market, and the provision of related logistics and management services;

(c) the industrial business segment engages in the leasing of industrial plants, provision of related management services, and sale of properties;

(d) the trading business segment engages in the trading of frozen products; and

(e) the primary land development business segment engages in the sale of land held for development or sale and the provision of primary land development services.

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

Segment assets exclude amounts due from joint ventures and associates, deferred tax assets, pledged and restricted bank deposits, cash and cash equivalents, equity investment at fair value through other comprehensive income, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, amounts due to joint ventures and other related parties, guaranteed bonds, income tax payables, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (Continued)

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

	Property business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Segment revenue:												
Sales to external customers	**73,763**	74,883	**122,428**	180,534	**42,200**	80,724	**626,473**	1,132,195	**-**	–	**864,864**	1,468,336
Change in fair value of investment properties, net	**(62,532)**	(218,214)	**(91,623)**	(45,273)	**-**	(17,000)	**-**	–	**-**	–	**(154,155)**	(280,487)
Segment results:												
The Group	**(27,095)**	(172,569)	**(40,951)**	63,711	**1,478**	9,038	**(26,471)**	(53,273)	**(1,391)**	(1,150)	**(94,430)**	(154,243)
Share of profits and losses of:												
Joint ventures	**-**	–	**1**	(15,004)	**-**	–	**-**	–	**-**	–	**1**	(15,004)
Associates	**(15,077)**	(45,826)	**-**	–	**-**	–	**-**	–	**(105,000)**	(239,957)	**(120,077)**	(285,783)
	(42,172)	(218,395)	**(40,950)**	48,707	**1,478**	9,038	**(26,471)**	(53,273)	**(106,391)**	(241,107)	**(214,506)**	(455,030)
Reconciliation:												
Gain on disposal of Subsidiaries											**55,767**	465
Gain on disposal of a joint venture											**-**	26,988
Foreign exchange differences, net*											**(12,754)**	2,498
Bank interest income											**6,093**	11,674
Other interest income											**-**	68
Finance costs											**(415,944)**	(474,288)
Corporate and other unallocated income and expenses, net											**(52,727)**	(37,022)
Loss before tax											**(634,071)**	(924,647)
Segment assets	**2,169,418**	2,230,300	**4,483,603**	4,599,461	**1,678,048**	2,091,552	**150,537**	517,965	**3,697,402**	3,846,801	**12,179,008**	13,286,079
Reconciliation:												
Corporate and other unallocated assets											**795,987**	317,003
Total assets											**12,974,995**	13,603,082
Segment liabilities	**378,401**	362,375	**200,721**	499,670	**154,764**	347,648	**138,561**	129,384	**-**	9	**872,447**	1,339,086
Reconciliation:												
Corporate and other unallocated liabilities											**9,654,647**	9,260,219
Total liabilities											**10,527,094**	10,599,305

* Foreign exchange differences, net of RMB(12,754,000) is included in the Other expenses, net.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments: (Continued)

	Property business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Other segment information												
Depreciation of property, plant and equipment*:												
Segment assets	**3,114**	2,814	**7,685**	8,242	**150**	293	**3,234**	419	**-**	–	**14,183**	11,768
Reconciliation:												
Corporate and other unallocated assets											**2,158**	2,403
											16,341	14,171
Depreciation of right-of-use assets	**1,743**	1,744	**842**	842	**-**	–	**-**	–	**-**	–	**2,585**	2,586
Provision for compensation, net (note 32)	**5,628**	2,959	**-**	–	**-**	–	**-**	–	**-**	–	**5,628**	2,959
Interests in joint ventures	**-**	–	**70,937**	70,936	**-**	–	**-**	–	**-**	–	**70,937**	70,936
Interests in associates	**207,900**	227,376	**-**	–	**-**	–	**-**	–	**-**	–	**207,900**	227,376
Impairment losses on investments in associates	**-**	34,943	**-**	–	**-**	–	**-**	–	**-**	175,357	**-**	210,300
Capital expenditure**:												
Segment assets	**828**	7,106	**5,058**	11,657	**72**	270	**24**	4,664	**-**	–	**5,982**	23,697
Corporate and other unallocated assets											**150**	778
											6,132	24,475

* During the year, depreciation of property, plant and equipment included amounts of Nil (2023: RMB78,000) associated with assets of disposal groups classified as held for sale in prior year.

** Capital expenditure consists of additions of items of property, plant and equipment and investment properties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Geographical information of revenue is not presented since over 90% of the Group's revenue from external customers is generated in Chinese Mainland.

(b) ***Non-current assets***

The Group's operations are located on Chinese Mainland and Cambodia.

	2024 RMB'000	2023 RMB'000
Chinese Mainland	**6,549,510**	4,382,998
Cambodia	**3,697,345**	3,671,361
Total non-current assets	**10,246,855**	8,054,359

The non-current asset information of above is presented based on the geographical locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

During the year ended December 2024, the Group had two (2023: none) customers from the trading business segment which soly contributed over 10% of the Group's total revenue, with corresponding revenue of RMB148,297,000 and RMB86,529,000.

Revenue from major products and services

The analysis of the Group's revenue from its major products and services is presented in note 5.

5. REVENUE

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**674,223**	1,224,374
Revenue from other sources		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**190,641**	243,962
Total revenue	**864,864**	1,468,336

5. REVENUE (Continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

Year ended 31 December 2024

Segments	Property business RMB'000	Logistics business RMB'000	Industrial business RMB'000	Trading business RMB'000	Primary land development business RMB'000	Total RMB'000
Type of goods or services						
Logistics and other ancillary services	–	10,826	–	–	–	10,826
Property management fee	2,156	3,085	21	–	–	5,262
Sales of properties	–	–	31,662	–	–	31,662
Sales of frozen products	–	–	–	626,473	–	626,473
Total revenue from contracts with customers	2,156	13,911	31,683	626,473	–	674,223
Geographical markets						
Chinese Mainland	2,156	13,911	31,683	626,473	–	674,223
Total revenue from contracts with customers	2,156	13,911	31,683	626,473	–	674,223
Timing of revenue recognition						
Goods transferred at a point of time	–	–	31,662	626,473	–	658,135
Services transferred over time	2,156	13,911	21	–	–	16,088
Total revenue from contracts with customers	2,156	13,911	31,683	626,473	–	674,223

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

Year ended 31 December 2023

Segments	Property business RMB'000	Logistics business RMB'000	Industrial business RMB'000	Trading business RMB'000	Primary land development business RMB'000	Total RMB'000
Type of goods or services						
Logistics and other ancillary services	–	25,784	–	–	–	25,784
Property management fee	2,259	8,626	12,233	–	–	23,118
Sales of properties	–	–	43,277	–	–	43,277
Sales of frozen products	–	–	–	1,132,195	–	1,132,195
Total revenue from contracts with customers	2,259	34,410	55,510	1,132,195	–	1,224,374
Geographical markets						
Chinese Mainland	2,259	34,410	55,510	1,132,195	–	1,224,374
Total revenue from contracts with customers	2,259	34,410	55,510	1,132,195	–	1,224,374
Timing of revenue recognition						
Goods transferred at a point of time	–	–	43,277	1,132,195	–	1,175,472
Services transferred over time	2,259	34,410	12,233	–	–	48,902
Total revenue from contracts with customers	2,259	34,410	55,510	1,132,195	–	1,224,374

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	**125,150**	116,453

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations and revenue recognition policies

Information about the Group's performance obligations in contracts with customers and revenue recognition policies is summarised below:

Logistics and other ancillary services

The performance obligation is satisfied over time as services are rendered.

Property management fee

The performance obligation is satisfied over the scheduled period on the straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Sale of frozen products

The performance obligation is satisfied upon transfer of the control of frozen products and payment in advance is normally required.

Sale of land

The performance obligation is satisfied upon transfer of the control of land use rights and payment in advance is normally required.

Sale of properties

The performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

Revenue from other sources – Rental income

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

6. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Bank interest income	**6,093**	11,674
Other interest income	**–**	68
Government grants (Note)	**1,459**	4,053
Others	**12,263**	9,955
	19,815	25,750
Gains, net		
Gain on disposal of a joint venture	**–**	26,988
Foreign exchange differences, net	**–**	2,498
Other income and gains, net	**19,815**	55,236

Note: The government grants recognised during the years ended 31 December 2024 and 2023 represented grants received from certain government authorities in respect of the fulfilment of certain specific requirements in respect of the Group's investments in certain subsidiaries, construction of warehouses and purchase of land use rights and items of property, plant and equipment in Chinese Mainland.

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	**372,940**	421,718
Interest on loans from related parties	**568**	744
Interest on guaranteed bonds	**42,436**	51,826
Total finance costs	**415,944**	474,288
Less: Amount capitalised in properties under development for sale	**–**	–
Total	**415,944**	474,288

8. LOSS BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Direct cost of rental income		**23,483**	22,745
Cost of services provided		**31,737**	36,291
Cost of sale of properties		**26,919**	28,064
Cost of goods sold		**650,222**	1,147,140
Depreciation of property, plant and equipment	13	**16,341**	14,171
Less: Amount associated with disposal group classified as held for sale		**–**	(168)
		16,341	14,003
Less: Amount included in cost of sales and services		**(10,696)**	(8,328)
Total		**5,645**	5,675
Depreciation of right-of-use assets	16	**2,585**	2,586
Lease payments that not included in the measurement of lease liabilities		**3,901**	6,284
(Gain)/loss on disposal of items of property, plant and equipment		**(8)**	460
Impairment of investments in associates*	19(c)	**105,000**	210,300
Auditor's remuneration		**1,800**	1,808
Employee benefit expense (including directors' remuneration (note 9))			
Salaries, allowances and benefits in kind		**44,126**	68,116
Defined contribution scheme contributions		**15,096**	21,343
Cost/(Net reversal) of defined benefit plans		**210**	(2,121)
		59,432	87,338
Less: Amount included in cost of sales and services		**(18,882)**	(24,045)
Total		**40,550**	63,293
Provision for compensation, net	32	**5,628**	2,959

* This item is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss.

9. DIRECTORS' REMUNERATION

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

	2024 RMB'000	2023 RMB'000
Fees	**383**	998
Other emoluments:		
Salaries, allowances and benefits in kind	**2,418**	4,111
Performance related bonuses	**–**	30
Pension scheme contributions	**46**	387
Subtotal	**2,464**	4,528
Total fees and other emoluments	**2,847**	5,526

An analysis of directors' remuneration, on a named basis, is as follows:

Year ended 31 December 2024

Name of director	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Zhu Yingying *(Chairman)*	–	–	–	–	–
Mr. Fang Bin[1] *(General Manager)*	–	–	–	–	–
Mr. Siu Kin Wai *(Deputy General Manager)*	–	1,175	–	23	1,198
Mr. Xu Zhigang	–	–	–	–	–
Mr. Dong Qilin[2]	–	–	–	–	–
Mr. Cheng Ching Fu *(Chief Financial Officer)*	–	1,243	–	23	1,266
Subtotal	–	2,418	–	46	2,464

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. DIRECTORS' REMUNERATION (Continued)

An analysis of directors' remuneration, on a named basis, is as follows: (Continued)

Year ended 31 December 2024 (Continued)

Name of director	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Independent non-executive directors					
Mr. Goh Gen Cheung	131	–	–	–	131
Mr. James Chan	131	–	–	–	131
Dr. Li Huiqun[3]	66	–	–	–	66
Mr. Xie Ming[4]	55	–	–	–	55
Subtotal	383	–	–	–	383
Total	383	2,418	–	46	2,847

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

1 Appointed as an executive director of the Company on 2 July 2024
2 Resigned as an executive director on 2 July 2024
3 Appointed as an independent non-executive director on 2 July 2024
4 Resigned as an independent non-executive director on 2 July 2024

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. DIRECTORS' REMUNERATION (Continued)

An analysis of directors' remuneration, on a named basis, is as follows: (Continued)

Year ended 31 December 2023

Name of director	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Zhu Yingying *(Chairman)*	–	–	–	–	–
Mr. Qian Xu *(Chairman)*	27	–	–	–	27
Mr. Siu Kin Wai *(General Manager)*	27	1,466	–	23	1,516
Mr. Xu Zhigang	–	–	–	–	–
Mr. Yu Luning[1]	108	–	–	–	108
Mr. Dong Qilin	22	–	–	–	22
Mr. Zhao Jiansuo[2]	22	–	–	–	22
Mr. Cheng Ching Fu *(Chief Financial Officer)*	22	1,231	30	23	1,306
Mr. Ng Kin Nam[3]	108	–	–	–	108
Mr. Zhang Xudong[4]	22	795	–	170	987
Mr. Ren Lin[5]	22	619	–	171	812
Subtotal	380	4,111	30	387	4,908

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. DIRECTORS' REMUNERATION (Continued)

An analysis of directors' remuneration, on a named basis, is as follows: (Continued)

Year ended 31 December 2023 (Continued)

Name of director	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Independent non-executive directors					
Mr. Goh Gen Cheung	130	–	–	–	130
Mr. James Chan	130	–	–	–	130
Mr. Zhu Wuxiang[6]	120	–	–	–	120
Mr. Song Lishui[7]	108	–	–	–	108
Mr. Xie Ming	130	–	–	–	130
Subtotal	618	–	–	–	618
Total	998	4,111	30	387	5,526

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

1 Resigned as an executive director, the member of Remuneration Committee and the member of Nomination Committee of the Company on 2 November 2023
2 Retired on 21 July 2023
3 Resigned as an executive director on 16 November 2023
4 Re-designated from an executive director and the member of Sustainability Committee of the Company to a deputy general manager of the Company on 9 November 2023
5 Re-designated from an executive director to a deputy secretary of the Party Committee of the Company on 9 November 2023
6 Resigned as an independent non-executive director on 16 November 2023
7 Resigned as an independent non-executive director, the member of Audit Committee, the member of Remuneration Committee and the member of Nomination Committee on 2 November 2023

Note: There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 December 2024 included two (2023: two) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	1,941	2,613
Performance related bonuses	236	35
Pension scheme contributions	443	427
Total	2,620	3,075

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

	Number of employees	
	2024	2023
Nil to HKD1,000,000	1	1
HKD1,000,001 to HKD1,500,000	2	2
Total	3	3

11. INCOME TAX CREDIT

An analysis of the Group's income tax is as follows:

	2024 RMB'000	2023 RMB'000
Current – Hong Kong	–	–
Current – Cambodia	–	–
Current – Chinese Mainland		
Charge for the year	16,574	38,510
Over provision in prior years	(1,722)	(5,124)
Deferred tax (note 34)	(97,241)	(48,150)
Total income tax credit for the year	(82,389)	(14,764)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. INCOME TAX CREDIT (Continued)

Notes:

(a) Under the current laws of the Bermuda, the Company is not subject to tax on income.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

The PRC and Cambodia corporate income tax provisions in respect of operations in Chinese Mainland and Cambodia, respectively, are calculated at the applicable tax rates on the estimated assessable profits for the year based on the prevailing legislation, interpretations and practices in respect thereof. The tax rates of the subsidiaries in Chinese Mainland and Cambodia is 25% and 20%, respectivlely for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	2024 **RMB'000**	2023 RMB'000
Loss before taxation	**(634,071)**	(924,647)
Tax credit at statutory tax rate	**(151,431)**	(194,905)
Effect of tax payment in respect of the disposal of subsidiaries registered in the PRC	**10,417**	21,011
Effect of deferred tax in respect of the proposed disposal of subsidiaries registered in the PRC	**–**	(640)
Reversal of deferred tax in respect of the proposed disposal of subsidiaries registered in the PRC	**(76,199)**	–
Over provision in respect of prior years	**(1,722)**	(5,124)
Profits and losses attributable to joint ventures and associates	**28,738**	71,302
Income not subject to tax	**(7,656)**	(4,055)
Expenses not deductible for tax	**85,730**	89,020
Tax losses not recognised as deferred tax assets	**29,835**	13,757
Utilisation of tax losses previously not recognised	**(101)**	(5,130)
Income tax credit	**(82,389)**	(14,764)

12. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to shareholders of the Company and the weighted average number of 6,969,331,680 (2023: 6,969,331,680) ordinary shares in issue during the year.

In respect of the diluted loss per share amounts for the years ended 31 December 2024 and 2023, no adjustment has been made to the basic loss per share amounts presented as the impact of the share options outstanding during these years had an anti-dilutive effect on the basic loss per share amounts presented.

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13. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2024

	Building and warehouses RMB'000 (note)	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures, equipment, and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:						
Cost	503,961	36,499	60,136	21,371	6,824	628,791
Accumulated depreciation and impairment	(109,097)	(16,471)	(53,063)	(16,682)	–	(195,313)
Net carrying values	394,864	20,028	7,073	4,689	6,824	433,478
Net carrying values:						
At 1 January 2024	394,864	20,028	7,073	4,689	6,824	433,478
Additions	–	1,167	136	705	–	2,008
Depreciation provided for the year	(11,362)	(324)	(961)	(3,694)	–	(16,341)
Disposal	–	(4)	(473)	(52)	–	(529)
Reclassification	–	(19,085)	–	19,085	–	–
Transfer from disposal groups classified as held for sale (note 15)	–	239	6	210	–	455
At 31 December 2024	383,502	2,021	5,781	20,943	6,824	419,071
At 31 December 2024:						
Cost	503,961	18,816	59,805	41,319	6,824	630,725
Accumulated depreciation and impairment	(120,459)	(16,795)	(54,024)	(20,376)	–	(211,654)
Net carrying values	383,502	2,021	5,781	20,943	6,824	419,071

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Year ended 31 December 2023

	Building and warehouses RMB'000 (note)	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures, equipment, and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023						
Cost	496,358	32,908	59,784	22,876	7,868	619,794
Accumulated depreciation and impairment	(98,003)	(15,893)	(52,283)	(16,924)	–	(183,103)
Net carrying amount	398,355	17,015	7,501	5,952	7,868	436,691
Net carrying amount:						
At 1 January 2023	398,355	17,015	7,501	5,952	7,868	436,691
Additions	7,603	3,591	352	953	485	12,984
Depreciation provided during the year	(11,094)	(578)	(780)	(1,641)	–	(14,093)
Disposal	–	–	–	(378)	–	(378)
Transfer to investment properties (note 14)	–	–	–	–	(1,529)	(1,529)
Transfer to disposal groups classified as held for sale (note 15)	–	–	–	(203)	–	(203)
Exchange realignment	–	–	–	6	–	6
At 31 December 2023	394,864	20,028	7,073	4,689	6,824	433,478
At 31 December 2023:						
Cost	503,961	36,499	60,136	21,371	6,824	628,791
Accumulated depreciation and impairment	(109,097)	(16,471)	(53,063)	(16,682)	–	(195,313)
Net carrying amount	394,864	20,028	7,073	4,689	6,824	433,478

Note 1 The Group estimates the recoverable amounts of the building and warehouses based on the fair value less costs of disposal, with the assistance by independent professional valuers. The carrying amount of the relevant assets does not exceed the recoverable amount and no impairment has been recognised.

Note 2 At 31 December 2024, certain of the above buildings and warehouses of the Group with an aggregate net carrying amount of RMB293,809,000 (2023: RMB304,442,000) were pledged to secure certain bank loans granted to the Group (note 30(a)).

14. INVESTMENT PROPERTIES

	Notes	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount as at 1 January 2023		3,773,394	316,601	4,089,995
Additions		7,474	4,172	11,646
Net decrease in fair value recognised in profit or loss		(256,914)	(10,573)	(267,487)
Transfer from property, plant and equipment	13	1,529	–	1,529
Transfer to assets of disposal groups classified as held for sale	15(ii)	(368,000)	–	(368,000)
Carrying amount as at 31 December 2023		3,157,483	310,200	3,467,683
Additions		**–**	**4,124**	**4,124**
Net decrease in fair value recognised in profit or loss		**(128,894)**	**(25,261)**	**(154,155)**
Transfer from assets of disposal groups classified as held for sale	15(ii)	**2,292,000**	**–**	**2,292,000**
Carrying amount as at 31 December 2024		**5,320,589**	**289,063**	**5,609,652**

Notes:

(a) At 31 December 2024, the Group's investment properties consisted of eleven completed properties and three properties under construction.

At 31 December 2023, the Group's investment properties, including those included in assets of disposal groups (note 15), consisted of twelve completed properties and three properties under construction.

The completed investment properties are leased to third parties and related companies under operating leases, further summary details of which are included in note 16 to the consolidated financial statements.

During the year, the net fair value loss of investment properties of RMB154,155,000 (2023: RMB280,487,000) was recognised in profit or loss during the year.

At 31 December 2024, certain investment properties of the Group with an aggregate carrying amount of RMB1,931,000,000 (2023: RMB1,992,000,000), were pledged to secure certain bank loans granted to the Group (note 30(a)).

(b) The Group's investment properties were revalued on 31 December 2024 based on valuations performed by Vincorn Consulting and Appraisal Limited and Vocation (Beijing) International Asset Assessment Co., the independent professionally qualified valuers, at RMB5,609,652,000 (2023: RMB6,127,683,000). Each year, the Group's senior management decides which external valuers to be appointed for the external valuations of the Group's investment properties. Selection criteria include market knowledge, independence and whether professional standards are maintained. The Group's financial controller has on-going discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed.

(c) As at 31 December 2024 and 2023, the Group was in the process of applying for the title certificates of certain lands use right.

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy disclosure

At at 31 December 2024, fair value measurements of all the Group's investment properties are using significant unobservable inputs (Level 3 as defined in HKFRS 13). During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3.

For the year ended 31 December 2024, the Group changed the valuation techniques for certain investment properties from the income capitalization method or depreciated recoverable cost method to the direct comparison method, which estimates fair value based on observable market transactions of comparable properties. This change, applied prospectively as a change in accounting estimate under HKAS 8, better reflects current market conditions and the status of the properties.

Below is a summary of the valuation techniques used and the key inputs to the valuation of the Group's investment properties (including those of disposal groups classified as held for sale):

Valuation techniques	Significant unobservable inputs		Input/range of input 2024	2023
Completed investment properties				
Direct comparison method	(i)	Price per square metre (sq.m)	**RMB689- RMB28,260 per sq.m**	RMB3,060- RMB30,105 per sq.m
Income capitalisation method	(i)	Capitalisation rate (%)	**N/A**	4.3% - 7.3%
	(ii)	Monthly rental income per sq.m	**N/A**	RMB16.3- RMB669 per sq.m
Investment properties under construction				
Depreciated replacement cost method	(i)	Construction cost per sq.m	**RMB1,636 per sq.m**	RMB1,472 per sq.m
	(ii)	Finance cost (%)	**7%**	7%
Direct comparison method	(i)	Adjusted unit land price	**RMB306- RMB459 per sq.m**	RMB159- RMB488 per sq.m

Under the direct comparison method, comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital value.

The income capitalisation method is applied based on net rental income that can be generated from the properties under the master lease to be executed for the properties with the allowance on the reversionary interest upon expiry of the master lease.

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy disclosure (Continued)

The depreciated replacement cost method involves estimation of the redevelopment costs of the properties which includes construction costs and finance costs.

The above-mentioned valuations have been made on the assumption that the Group sells the properties in the market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

An increase (decrease) in the price per square metre, construction cost per square metre, finance cost and adjusted unit land price in isolation would each result in an increase (decrease) in the fair value of the investment properties.

15. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The major classes of assets and liabilities classified as held for sale at as the end of reporting period are as follows:

	2024 **RMB'000**	2023 RMB'000
Property, plant and equipment	–	658
Investment properties	–	2,660,000
Goodwill	–	56,951
Trade receivables	–	1,510
Prepayment, deposits and other receivables	–	1,014
Cash and cash equivalents	–	36,958
Assets of disposal groups classified as held for sale	–	2,757,091
Other payables and accruals	–	35,570
Income tax payables	–	887
Due to a non-controlling shareholder	–	54,278
Deferred income	–	49,056
Deferred tax liabilities	–	355,713
Liabilities directly associated with the assets of disposal groups classified as held for sale	–	495,504
Net assets of disposal groups held for sale	–	2,261,587

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15. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (Continued)

Notes:

At 31 December 2023, assets of disposal group classified as held for sale and liabilities directly associated with which represented two undergoing very substantial disposals of the Group. Further details of the aforesaid disposals are as follows:

(i) *China Logistics Disposal*

On 18 March 2022, the Group announced the decision to dispose of its entire equity interests in certain subsidiaries which hold six warehouses in Shanghai, Tianjin, Xiamen and Haikou (the "China Logistics Disposal") by way of public tender through China Beijing Equity Exchange ("CBEX"). Since the Company is a state-owned enterprise, the disposal of the stateowned assets is required to undergo the process of public tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of state-controlled assets. The China Logistics Disposal will be carried out through CBEX and the successful bidder(s) will enter into asset transaction agreements with the Group according to relevant rules and regulations of CBEX. The Company has issued the circular in relation to its proposed mandate of the China Logistics Disposal on 3 August 2022 and the shareholders of the Company approved the China Logistics Disposal in the special general meeting held on 23 August 2022.

On 28 April 2023, the Group entered into two sets sale and purchase agreements and the respective ancillary agreements with the successful bidder, Sinotrans Logistic Investment Holding Co. Ltd, in respect of the disposal of two subsidiaries (the "Disposal of Logistic Project") included in the China Logistics Disposal for a total cash consideration of approximately RMB395 million. The transaction was completed in October 2023. Details of the disposal of two subsidiaries are set out in note 39.

The public tender process of the remaining subsidiaries above expired during the year. As of the end of the process, the assets and liabilities of the remaining subsidiaries failed to be sold, hence the Company has reversed them from held for sale back to the respective asset and liability items.

(ii) *Disposal of Jiaxing Project*

On 28 August 2023, the Group announced the decision to dispose of its entire equity interests in a subsidiary which hold one industrial warehouse in Jiangsu (the "Disposal of Jiaxing Project"), through public tender on CBEX. Further to the abovementioned announcement, the Company has issued the circular in relation to its proposed mandate of the Disposal of Jiaxing Project on 6 October 2023 and the shareholders of the Company approved the Disposal of Jiaxing Project in the special general meeting held on 24 October 2023.

On 13 December 2023, the Group entered into the sale and purchase agreement with the successful bidder, WXYZ GEM (BVI) Holdings Limited, for a total cash consideration of approximately RMB273 million, which was increased by RMB3.3 million subsequently. The transaction was completed in January 2024. Details of the disposal are set out in note 39.

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16. LEASES

The Group as a lessee

The Group has lease contracts on land use right located in Chinese Mainland used in its operation. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The details of lease contracts are further discussed below.

(a) Right-of-use assets

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

	RMB'000
At 1 January 2023	60,368
Depreciation charge	(2,586)
At 31 December 2023 and 1 January 2024	**57,782**
Depreciation charge	**(2,585)**
At 31 December 2024	**55,197**

Note: At 31 December 2024, certain of the Group's right-of-use assets with a carrying amount of RMB14,443,000 (2023: RMB14,702,000) were sub-leased from certain grantees of the land use rights and therefore, the relevant land use rights were not registered under the name of the Group.

For the year 2024, the Group has no additions to right-of-use assets (2023: Nil).

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

	2024 **RMB'000**	2023 RMB'000
Depreciation charge of right-of-use assets	**2,585**	2,586
Expense relating to short-term lease	**3,901**	6,284
Total amount recognised in profit or loss	**6,486**	8,870

(c) The total cash outflow for leases is disclosed in notes 40(c) to the consolidated financial statements.

16. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of one commercial property, one health care property and nine warehouses (2023: one commercial property, one health care property and ten warehouses) in Chinese Mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB190,641,000 (2023: RMB243,963,000), details of which are included in note 5 to the consolidated financial statements.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

At 31 December 2024 and 2023, the undiscounted minimum fixed lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 **RMB'000**	2023 RMB'000
Within one year	**160,757**	251,322
After one year but within two years	**99,832**	138,842
After two years but within three years	**70,637**	106,017
After three years but within four years	**55,959**	78,233
After four years but within five years	**53,871**	65,265
After five years	**461,524**	545,198
	902,580	1,184,877

17. GOODWILL

	2024			2023		
	Properties business RMB'000	**Logistics business RMB'000**	**Total RMB'000**	Properties business RMB'000	Logistics business RMB'000	Total RMB'000
Cost and net carrying value as at 1 January	**40,047**	**51,906**	**91,953**	38,904	50,645	89,549
Transfer from assets of disposal groups held for sale (note 15)	**–**	**57,986**	**57,986**	–	–	–
Exchange realignment	**727**	**1,759**	**2,486**	1,143	1,261	2,404
Cost and net carrying value as at 31 December	**40,774**	**111,651**	**152,425**	40,047	51,906	91,953

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17. GOODWILL (Continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following operating segments for impairment testing:

- Properties business
- Logistics business

(i) Properties business

The recoverable amount of the properties business has been determined by reference to the fair value less costs of disposal of each relevant business unit comprising the segment.

In assessing the fair value less costs of disposal of each individual business unit, references were made to the valuation of the investment properties, properties held for sale, buildings and/or health care property held and the carrying amount of the business unit's other assets and liabilities which approximated to their fair value, excluding any deferred tax liabilities initially recognised on acquisition of the relevant business unit. Fair values of the properties were determined based on valuations performed by independent valuers at year end or close to year end using direct comparison method, which has used significant unobservable inputs (Level 3 of the fair value hierarchy as defined in HKFRS 13).

Based on the result of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the Group's goodwill which has been allocated to the properties business segment as at 31 December 2024 (2023: Nil).

(ii) Logistics business

The recoverable amount of the logistics business has been determined by reference to the fair value less costs of disposal of each relevant business unit comprising the segment.

In assessing the fair value less costs of disposal of each individual business unit, references were made to the valuation of the investment properties, land under development or sale and warehouses in property, plant and equipment, and the carrying amount of the business unit's other assets and liabilities which approximated to their fair value, excluding any deferred tax liabilities initially recognised on acquisition of the relevant business unit. Fair values of the properties were determined based on valuations performed by independent valuers at year end using direct comparison method which have used significant unobservable inputs (Level 3 of the fair value hierarchy as defined in HKFRS 13).

Based on the result of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the Group's goodwill which has been allocated to the logistics business segment as at 31 December 2024 (2023: Nil).

Notes to the Consolidated Financial Statements

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17. GOODWILL (Continued)

Key assumptions used in assessing the fair value less costs of disposal

The following describes each key assumption adopted by management for the purpose of impairment testing of goodwill:

- ***Fair value change***

  There is no major material adverse change in the fair value of the property held by each cash-generating unit from the date of valuation.

- ***Realisation of assets and liabilities***

  The identifiable assets and liabilities, excluding deferred tax liabilities recognised arising from the acquisition, can be realised at their book values.

- ***Business environment***

  There are no major changes in the existing political, legal and economic conditions in Chinese Mainland.

The directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the respective carrying amount of the logistics business segment and properties business segment cash-generating units to exceed its respective recoverable amount.

18. INTERESTS IN JOINT VENTURES

	Notes	**2024 RMB'000**	2023 RMB'000
Investments in joint ventures:			
Share of net assets		**70,911**	70,910
Goodwill on acquisition		**26**	26
Investments in joint ventures, included in non-current assets	(b)	**70,937**	70,936
Interests in joint ventures, included in non-current assets		**70,937**	70,936
Due from joint ventures, included in current assets	(c)	**5,046**	5,046
Total interests in joint ventures		**75,983**	75,982
Due to a joint venture, included in non-current liabilities	(d)	**(176,809)**	(176,809)

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18. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) Particulars of the Group's principal joint venture, which are all indirectly held by the Company, are as follows:

Company name	Place of registration and business	Registered capital	Percentage of Ownership interest %	Percentage of Voting power %	Percentage of Profit sharing %	Principal activities
北京京泰物流置業有限公司	The PRC/ Chinese Mainland	US$20,000,000	40	40	40	Storage and logistic facilities development

(b) Joint ventures' summarised financial information disclosure

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

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

	2024 RMB'000	2023 RMB'000
Share of the joint ventures' profit for the year	**1**	(15,004)
Aggregate carrying amount of the Group's investments in the joint ventures	**70,937**	70,936

(c) At 31 December 2024, the Group's amount due from a joint venture of RMB5,046,000 (2023: RMB5,046,000) is unsecured, interest-free and repayable within one year.

(d) At 31 December 2024, the Group's amounts due to a joint venture of RMB176,809,000 (2023: RMB176,809,000) are unsecured, interest-free and repayable after one year from the end of the reporting period.

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19. INTERESTS IN ASSOCIATES

	Notes	2024 RMB'000	2023 RMB'000
Investments in associates, included in non-current assets:			
Share of net assets		**462,640**	480,714
Goodwill on acquisition		**105,052**	103,176
		567,692	583,890
Provision for impairment	(c)	**(359,792)**	(356,514)
Total investments in associates		**207,900**	227,376
Deemed investment in an associate		**105,000**	–
Provision for impairment	(c)	**(105,000)**	–
Total deemed investments in an associate		**–**	–
Total interests in associates	(b)	**207,900**	227,376

Notes:

(a) Particulars of the Group's principal associates, which are all indirectly held by the Company, are as follows:

Company names	Place of registration and business	Registered capital	Percentage of ownership interest attributable to the Group %	Principal activities
Beijing Health (Holdings) Limited ("BJ Health")	Cayman Islands/ Chinese Mainland	HKD1,211,754,000	15.60*	Provision of medical care, health care and geriatric care related services and products
北晟鑫恆科技集團有限公司 (原"北控城投控股集團有限公司") ("BECI")	The PRC/ Chinese Mainland	RMB700,000,000	35.00	Primary land development

* In the opinion of the directors, notwithstanding that the Group has only 15.60 % (2023: 15.60%) equity interest in BJ Health, the Group has been able to exercise significant influence over BJ Health because the Group has appointed one (2023: two) representatives as directors of BJ Health for the year ended 31 December 2024.

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length. BJ Health and BECI are considered as material associates of the Group and are accounted for using the equity method in the consolidated financial statements.

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19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(b) Associates' summarised financial information disclosure of material associates

The following tables illustrate the summarised financial information of BJ Health, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Summarised statement of financial position of the material associates:		
Current assets	**546,885**	655,031
Non-current assets	**1,518,640**	1,575,780
Current liabilities	**(126,796)**	(135,273)
Non-current liabilities	**(67,432)**	(68,294)
Net assets	**1,871,297**	2,027,244
Non-controlling interests	**(53,457)**	(93,199)
Equity attributable to shareholders	**1,817,840**	1,934,045
Reconciliation to the Group's investment in the material associates:		
Proportion of the Group's ownership	**15.6%**	15.6%
The Group's share of net assets of the material associates, excluding goodwill	**283,583**	301,657
Goodwill on acquisition	**105,052**	103,176
	388,635	404,833
Cumulative impairment (Note)	**(180,735)**	(177,457)
Carrying amount of the investment	**207,900**	227,376
Summarised statement of profit or loss and other comprehensive income of the material associates:		
Revenue	**136,398**	126,873
Loss for the year	**(96,652)**	(69,780)
Other comprehensive expense for the year	**(37,730)**	(18,914)
Total comprehensive expense for the year	**(134,382)**	(88,694)
Share of the associate's loss for the year	**(15,078)**	(10,883)
Impairment of the associate for the year (Note)	**–**	(34,943)
Total share of loss of the associate for the year	**(15,078)**	(45,826)

Note:

This amount included impairment of associates recognised in the current year for BJ Health amounted to Nil (2023: RMB34,943,000), which are included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss.

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(c) The movement in provision for impairment of the investment in associates is as follows:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**356,514**	141,942
Impairment loss of investment in associates	**–**	210,300
Impairment loss of deemed investment in an associates	**105,000**	–
Exchange realignment	**3,278**	4,272
At 31 December	**464,792**	356,514

BJ Health

Shares of BJ Health are listed on the Main Board of the Stock Exchange. The market value of the shares of BJ Health held by the Group as at 31 December 2024, based on their then quoted market price, amounted to approximately RMB67,380,000 (2023: RMB57,585,000). Since its market value was lower than its carrying amount, the Group performed an impairment assessment of the investment in BJ Health.

The recoverable amount is determined based on value-in-use by the discounted cash flow model of the BJ Health's core businesses, and the fair value of the BJ Health's non-core businesses assets, including lands, properties, listed equity investments and etc., and discount of lack of control in computation of the recoverable amount. Based on the assessment result, Nil (2023: RMB34,943,000) impairment loss had been recognised by the Group during the year ended 31 December 2024.

BECI

As BECI has been loss marking and involved in a litigation case during the year ended 31 December 2023, the Group performed an impairment assessment of the investment in BECI. The recoverable amount is determined based on a value-in-use calculation. Based on the assessment result, the investment in BECI was fully impaired amounted to RMB175,357,000 during the year ended 31 December 2023.

Deemed investment loss in BECI

In December 2023, a bank (the "plaintiff") commenced a legal proceeding to the local court against a wholly-owned subsidiary of the Company (the "Subsidiary"), alleging that the Subsidiary bears supplementary compensation liability within the scope of RMB105 million in principal and interest in relation to the unpaid borrowings and interests owed to the plaintiff by a partial-owned subsidiary of BECI ("BECI Subsidiary) that guaranteed by BECI (an associate of the Group). The claim amount of RMB105 million is being the unpaid capital commitment by the Subsidiary to BECI with a capital injection deadline in 2030 while no guarantee has been provided by the Group in respect of borrowings granted to BECI and BECI Subsidiary. In January 2024, the local court allowed the legal proceeding by the plaintiff in its claims against BECI and the Subsidiary, among others, and found BECI and the Subsidiary liable for losses and damages suffered by the plaintiff in connection with certain borrowings granted to BECI Subsidiary by the plaintiff.

On 29 September 2024, the Company received the civil judgment ("Judgment") handed down by the Foshan Intermediate People's Court and dated 23 September 2024 in respect of the litigation. According to the Judgment, the Subsidiary, (being one of the defendants in the litigation) was ordered to bear supplementary compensation liability within the scope of RMB105 million in principal and interest for the debt owed to the plaintiff.

The Director considered the supplementary compensation liability as a deemed investment loss, and then accrued a fully impairment amounted to RMB105,000,000 during the year ended 31 December 2024.

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For the year ended 31 December 2024

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(d) Unrecognised share of losses of associates of the Group

Name	Cumulative unrecognised share of losses at 31 December 2023 RMB'000	Unrecognised share of losses for the year RMB'000	Cumulative unrecognised share of losses at 31 December 2024 RMB'000
– BECI	–	48,524	48,524

20. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Listed equity investment, at fair value:		
CAQ Holdings Limited	**3,427**	5,254
江蘇網博視界網絡科技公司	**6,000**	6,000
Total	**9,427**	11,254

Note: The fair value of the listed equity investment is determined by reference to its published quotations.

21. LAND HELD FOR DEVELOPMENT OR SALE AND PROPERTIES UNDER DEVELOPMENT FOR SALE

At 31 December 2024 and 2023, land held for development or sale mainly represented a freehold land located in Cambodia (the "Cambodia Land") with a total area of 14.67 square kilometres, which was classified as non-current assets since the development or sale of which is expected to be completed after one year from the end of the reporting period.

Properties under development for sale represented the development project in Changzhou, the PRC and is expected to be completed within the normal operating cycle and hence they are classified as current assets.

At 31 December 2024, part of the PRC land with a carrying amount of RMB63,338,000(2023: RMB63,786,000) was pledged to secure certain bank loans granted to the Group (note 30(a)).

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22. PROPERTIES HELD FOR SALE

At 31 December 2024 and 2023, properties held for sale mainly represented the development project in Changzhou, the PRC. The amount also included certain portion of the Group's shopping mall in Guangzhou, the PRC, which are held by the Group for ultimate transfer to certain indigenous properties owners (note 32) as compensation and seized by the local government authority until such time when the compensation is settled.

At 31 December 2024, part of the properties of RMB1,702,044,000 (2023: RMB1,718,145,000) were pledged to secure certain bank loans granted to the Group (note 30(a)).

23. INVENTORIES

Inventories of the Group as at 31 December 2024 and 2023 are mainly frozen products held by the Group in respect of its trading business.

24. TRADE RECEIVABLES

	Note	2024 RMB'000	2023 RMB'000
Trade receivables		**122,390**	95,616
Less: Allowance for credit losses	(b)	**(7,264)**	(5,283)
		115,126	90,333

Notes:

(a) Trade receivables of the Group included rental income receivable from tenants of the Group's investment properties, service fees receivable from customers of the Group's logistics centres and receivable from customers of trading business. The various group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. The Group does not hold any collateral or other credit enhancement over its trade receivables, except for trade receivables in relation to rental income were fully collateralised by the security deposits paid by the relevant tenants.

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

	2024 RMB'000	2023 RMB'000
Billed:		
Within one month	**5,485**	6,905
One to three months	**10**	679
Over three months	**–**	540
	5,495	8,124
Unbilled	**109,631**	82,209
	115,126	90,333

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For the year ended 31 December 2024

24. TRADE RECEIVABLES (Continued)

Notes: (Continued)

(b) The movement in the loss allowance for impairment of trade receivables during the year is as follows:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**5,283**	5,283
Impairment losses recognised	**7,264**	–
Write-offs	**(5,283)**	–
At 31 December	**7,264**	5,283

(c) The Company applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs have also incorporated forward looking information. The ECLs allowances for trade receivables as at 31 December 2024 and 2023 were considered as insignificant, except for a loss allowance of RMB7,264,000 (2023: RMB5,283,000) which was made in respect of receivable from trading business.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	**2024** **RMB'000**	2023 RMB'000
Prepayments		**28,319**	45,352
Deposits and other receivables		**7,839**	6,756
Consideration receivables	(a)	**17,261**	171,911
Value-added tax recoverable		**26,924**	26,217
		80,343	250,236
Portion classified as current assets		**(80,343)**	(250,236)
Non-current portion		**–**	–

Note:

(a) The balance represents the outstanding consideration arising from the disposal projects of the Group. The balance as at 31 December 2024 has been settled in January 2025.

Notes to the Consolidated Financial Statements

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26. BALANCES WITH OTHER RELATED PARTIES

	2024 RMB'000	2023 RMB'000
Due to other related parties:		
The immediate holding company	**169**	261
A fellow subsidiary	**–**	482,585
Non-controlling equity holders of subsidiaries	**17,570**	20,777
	17,739	503,623

The amounts due to other related parties are unsecured, interest-free and repayable on demand or within one year.

Note: At 31 December 2023, the principal of loans from a fellow subsidiary is RMB450,000,000, which are unsecured, bear interest at the rate of 5.95% per annum, and were repaid during the current year.

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

	Notes	2024 RMB'000	2023 RMB'000
Deposits placed with a fellow subsidiary	42 (a)(ii)	**281,216**	56,929
Time deposits placed in banks		**229,000**	24,848
Other cash and bank balances		**172,631**	293,323
Total cash and bank balances	(a)	**682,847**	375,100
Less: Pledged and restricted bank balances included in current assets	(b)	**(32,525)**	(9,090)
Cash and cash equivalents		**650,322**	366,010

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

At 31 December 2024, the cash and bank balances of the Group denominated in RMB amounted to RMB633,326,000 (2023: RMB385,825,000), of which Nil (2023: RMB36,915,000) are included in assets of disposal groups classified as held for sale (note 15). The RMB is not freely convertible into other currencies, however, under Chinese Mainland Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) At 31 December 2024, the Group's pledged and restricted bank balances amounting to RMB32,525,000 (2023: RMB9,090,000) mainly contains frozen deposits and several kinds of deposits.

28. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Billed:		
Within one month	**8,673**	2,535
One to three months	**–**	–
Over three months	**30**	30
	8,703	2,565
Unbilled	**127,193**	134,302
	135,896	136,867

The trade payables are non-interest-bearing and are repayable within the normal operating cycle or on demand.

29. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Accruals		**16,169**	13,639
Receipts in advance and rental deposits received from tenants		**43,768**	10,770
Contract liabilities	(a)	**30,651**	128,494
Other payables	(b)	**216,234**	255,899
Obligation to an creditor of an associate	19(c)	**105,000**	–
Consideration payable for the disposal of subsidiaries	(c)	**83,784**	59,625
Construction cost payables		**22,418**	24,280
Deferred income – current portion	33	**1,429**	839
Defined benefit obligations – current portion		**150**	490
		519,603	494,036

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29. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Receipts in advance from customers	**30,651**	128,494

Contract liabilities represented customers' deposits received for the sales of frozen products. The decrease in contract liabilities in 2024 was mainly due to less sales order received close to the end of the reporting period.

(b) Other payables are non-interest-bearing and have an average term of three months.

(c) As at 31 December 2024 and 2023, the balance represented a consideration payable for the disposal of equity interests in certain subsidiaries which hold four logistics and industrial warehouses located in Jiangsu Province, PRC. The transaction was completed in year 2022.

30. BANK AND OTHER BORROWINGS

	Notes	2024 RMB'000	2023 RMB'000
Bank loans:			
Secured	(a)	**976,480**	1,133,363
Unsecured		**2,871,292**	3,941,277
Total bank loans	(b)	**3,847,772**	5,074,640
Other borrowings:			
Secured		**152,308**	173,077
Unsecured	(c)	**2,598,700**	2,183,700
Total other borrowings		**2,751,008**	2,356,777
Total bank and other borrowings		**6,598,780**	7,431,417
Portion classified as current liabilities		**(399,483)**	(898,317)
Non-current portion		**6,199,297**	6,533,100

30. BANK AND OTHER BORROWINGS (Continued)

	Note	2024 RMB'000	2023 RMB'000
Analysis into:			
Bank loans repayable:			
Within 1 year or on demand	(d)	**332,629**	840,548
After 1 year but within 2 years		**2,983,145**	719,919
After 2 years but within 5 years		**378,362**	3,230,417
After 5 years		**153,636**	283,756
		3,847,772	5,074,640
Other borrowings repayable:			
Within 1 year or on demand		**66,854**	57,769
After 1 year but within 2 years		**36,923**	38,154
After 2 years but within 5 years		**2,168,923**	125,538
After 5 years		**478,308**	2,135,316
		2,751,008	2,356,777
		6,598,780	7,431,417

Notes:

(a) The secured bank loans of the Group are secured by the following assets:

	Notes	Carrying amount 2024 RMB'000	Carrying amount 2023 RMB'000
Buildings and warehouses included in property, plant and equipment	13	**293,809**	304,442
Investment properties	14(a)	**1,931,000**	1,992,000
Properties held for sale	22	**1,702,044**	1,718,145
Land held for development or sale and properties under development for sale	21	**63,338**	63,786
Net asset value of certain subsidiaries*		**581,081**	618,134

* At 31 December 2024, certain equity interests of subsidiaries with an aggregate net asset value of RMB581,081,000 (2023: RMB618,134,000) were pledged to secure certain bank loans granted to the Group.

In addition, certain bank loans of the Group are guaranteed by the Company and Beijing Enterprises City Development Group Limited ("BE City"), an intermediate holding company of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

30. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(b) An analysis of the bank loans denominated in different currencies is as follows:

	Carrying amount	
	2024	2023
	RMB'000	RMB'000
HKD	**106,059**	107,942
RMB	**3,712,385**	4,759,340
US$	**29,328**	207,358
	3,847,772	5,074,640

As at 31 December 2024, the bank loans bear interests at floating rates with interests at specified periods' LIBOR or HIBOR or the benchmark lending rate of the People's Bank of China plus a margin and at fixed rates ranging from of 3.0% to 4.32% (2023: 2.3% to 5.5%) per annum.

(c) The other borrowings of the Group represent:

(i) as at 31 December 2024, funds were obtained from a asset management company (the "Investor") in Chinese Mainland for the investment in certain warehouse projects of the Group. The aggregate fund available to the Group amounted to RMB2.5 billion, in which RMB2.5 billion has been utilised by the Group as at 31 December 2024 (2023: RMB2.05 billion). The funds are repayable to the Investor in 2029 and 2030 with fixed investment return ranging from 4.06% to 4.32% are payable annually. The repayment of the funds and payment of the annual investment return are guaranteed by the Company's intermediate holding company. In addition, according to a keepwell and liquidity support deed signed by BE Group, BE Group is obliged to provide a standby facility to the Group for the repayment of the funds and payment of the annual investment return if necessary. The Group accounted for the investment funds as liabilities and presented as non-current other borrowings.

(ii) as at 31 December 2024, loans of RMB241,007,800 (2023: RMB298,777,000) from Beijing Enterprises Group Finance Co., Ltd. ("BG Finance", a fellow subsidiary and an authorised financial institution under China Banking Regulatory Commission), which are denominated in RMB, unsecured and bear interest according to the benchmark lending rate of the People's Bank of China plus a margin.

(d) As at 31 December 2024 and 2023, certain loan agreements governing the bank and other borrowings, as the case may be, contain covenants that, subject to certain exceptions and conditions, among other things: (i) BE Group shall, directly or indirectly, own not less than 40% of issued share capital of the Company; (ii) Beijing SASAC shall, directly or indirectly, own not less than 90% of equity interest of BE Group; (iii) the Company shall remain listed on the Stock Exchange and maximum consecutive trading days requirements for temporary cease of listing or trading of shares of the Company; (iv) usage of the borrowings; and (v) financial covenants including, but not limited to, consolidated tangible net worth, consolidated net borrowings to consolidated tangible net worth, dividend payout ratio, loan-to-value ratio and minimum total equity requirements with respective applicable test dates of each year until maturity.

During the year, in respect of a bank loan matured in June 2025 with a carrying amount of RMB135,386,000 as at 31 December 2024, a subsidiary of the Company breached certain of the terms of the bank loan, which are primarily related to the consolidated net borrowings to consolidated tangible net worth of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. Since the waiver is only obtained subsequently after the end of the reporting period, this loan, together with another two loans amounted RMB42,701,000 deemed as default due to the term of cross default stated in respective loan agreements, have been classified as a current liability as at 31 December 2024. The directors of the Company believe that there is no threat to the continuing operations of the Group from the breach.

31. GUARANTEED BONDS

	2024 RMB'000	2023 RMB'000
5.40% guaranteed bond due 2027	**1,490,277**	–

Note: The Group's guaranteed bonds issued on 27 June 2024 were denominated in RMB and guaranteed by the Company, and interest thereon are payable semi-annually in arrears.

The bonds may be redeemed at the option of the issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the bondholders (which notice shall be irrevocable) and to the trustee and the principal agent, at their principal amount, together with interest accrued up to but excluding the date fixed for redemption. They also contains a provision for redemption at the option of the bondholders of the respective bonds at 101% of the principal amount, together with interest accrued to the date of redemption, upon a change of control (as defined in terms and conditions of the respective bonds) with respect to the Company.

In addition, the guaranteed bonds are bound by the keepwell deed signed between the Group and BE Group on 27 June 2024. According to the keepwell deed, BE Group is obliged to provide an irrevocable cross-border standby facility and liquidity to the Group in the amount equivalent to the bond outstanding balance in maximum. At all times during the term of the keepwell deed, BE Group undertakes that it will not change of control of the Company.

Details of the terms and conditions of the guaranteed bonds and the keepwell deed are set out in the announcement dated 21 June 2024.

32. PROVISION FOR COMPENSATION

	2024 RMB'000	2023 RMB'000
At 1 January	**201,357**	203,077
Addition of provision	**5,628**	2,959
Settlement during the year	**(768)**	(4,679)
At 31 December	**206,217**	201,357

The provision for compensation was a provision for resettlement compensations payable to certain indigenous properties owners and tenants (the "Concerned Residents") affected by the construction works of a residential and commercial complex (the "Metro Mall") undertaken by Guangzhou Guangming, a subsidiary of the Company, in prior years.

During the construction of the Metro Mall by Guangzhou Guangming in the 1990s, properties owned/rented by the Concerned Residents were demolished and it was agreed between the Concerned Residents and Guangzhou Guangming that new residential flats to be built by Guangzhou Guangming will be used as compensation to the Concerned Residents for the demolished properties. However, due to changes in the development plan, no residential flats can be built and Guangzhou Guangming was unable to resettle those Concerned Residents in the agreed manner. In prior years, some of the Concerned Residents had lodged litigations against Guangzhou Guangming for its breach of agreements and requested monetary compensation. Guangzhou Guangming lost some of those lawsuits and was required to pay compensation together with overdue penalties.

32. PROVISION FOR COMPENSATION (Continued)

In this regard, Guangzhou Guangming has been in negotiation with certain local government authorities for an arrangement (the "Compensation Arrangement") to construct resettlement buildings for the Concerned Residents. Under the Compensation Arrangement, resettlement buildings will be constructed and allocated to each Concerned Resident based on their respective areas of the demolished properties they previously owned. Guangzhou Guangming shall then be discharged from its legal obligation for the replacement flats to the Concerned Residents. The Compensation Arrangement has not yet been finalised as at the date of approval of these consolidated financial statements and is still subject to further negotiation with the local government authorities.

In arriving at the best estimate of the amount of the provision for the resettlement compensation, management of the Group had made reference to the latest plan of the Compensation Arrangement, judgements of the lawsuits and all other available information. As a result of the new development on the latest plan of the Compensation Arrangement, in the opinion of the directors, the amount of compensation cost that the Group may incur would be RMB206,217,000 (2023: RMB201,357,000) as at 31 December 2024.

33. DEFERRED INCOME

	2024 **RMB'000**	2023 RMB'000
Deferred income expected to be recognised in profit or loss:		
Within one year, included in current liabilities under other payables and accruals (note 29)	**1,429**	839
After one year, included in non-current liabilities	**17,926**	19,946
	19,355	20,785
Deferred income included in liabilities directly associated with the assets of disposal groups classified as held for sale (note 15)	**–**	49,056
	19,355	69,841

Deferred income of the Group mainly represented government subsidies received in respect of the Group's investments in certain subsidiaries, construction of warehouses and purchase of land use rights and property, plant and equipment in Chinese Mainland. These subsidies are recognised in profit or loss on the straight-line basis over the expected useful lives of the underlying assets.

34. DEFERRED TAX

The analysis of the deferred tax balances in the consolidated statement of financial position are as follows:

	2024 RMB'000	2023 RMB'000
Deferred tax liabilities	(1,297,931)	(1,073,192)
Deferred tax liabilities included in liabilities directly associated with the assets of disposal groups classified as held for sale (note 15)	–	(355,713)
	(1,297,931)	(1,428,905)

	Attributable to				
	Government grants RMB'000	Adjustments arising from acquisition of subsidiaries RMB'000	Revaluation of investment properties RMB'000	Capital gain RMB'000	Total RMB'000
At 1 January 2023	(743)	(823,037)	(641,005)	(76,839)	(1,541,624)
Net deferred tax credited/(charged) to profit or loss during the year	(331)	(1,883)	49,724	640	48,150
Disposal of subsidiaries (note 39)	1,074	34,082	29,413	–	64,569
At 31 December 2023 and 1 January 2024	–	(790,838)	(561,868)	(76,199)	(1,428,905)
Net deferred tax credited to profit or loss during the year	–	578	20,464	76,199	97,241
Disposal of subsidiaries (note 39)	–	–	33,733	–	33,733
At 31 December 2024	–	(790,260)	(507,671)	–	(1,297,931)

At 31 December 2024, the Group has unused tax losses of approximately RMB491,733,000 (2023: RMB390,933,000) available for offset against future profits that will expire in one to five years. Deferred tax assets have not been recognised as they have arisen in subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised. Other tax losses may be carried forward indefinitely.

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34. DEFERRED TAX (Continued)

The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised was approximately RMB261,967,000 (2023: RMB232,751,000) in aggregate as at 31 December 2024. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

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

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Chinese Mainland that are subject to withholding taxes (2023: Nil).

(b) There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders (2023: Nil).

35. SHARE CAPITAL

Shares

	2024 **HKD'000**	2023 HKD'000
Authorised: 10,000,000,000 ordinary shares of HKD0.10 each	**1,000,000**	1,000,000
Issued and fully paid: 6,969,331,680 (2023: 6,969,331,680) ordinary shares of HKD0.10 each	**696,933**	696,933
Equivalent to RMB'000	**566,979**	566,979

Note:

There was no movement in the Company's issued capital and share premium account during the years ended 31 December 2024 and 2023.

36. SHARE OPTION SCHEME

On 18 March 2010, the Company adopted a share option scheme (the "Scheme") and, unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from that date. The purpose of the Scheme is to attract and retain the best quality personnel of the Group for the development of the Group's business; to provide additional incentives to employees, officers and directors, contractors, suppliers, advisors and consultants who have contribution to the Group; and to promote the long term financial success of the Group by aligning the interests of option holders to shareholders of the Company. The directors of the Company may, at their discretion, invite employees (including executive directors) and non-executive directors of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HKD1 per grant of options.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the ordinary shares of the Company in issue at any time. The total number of ordinary shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to any one person must not exceed 1% of the total number of ordinary shares of the Company in issue.

An option granted under the Scheme is personal to the grantee and shall not be assignable or transferable.

The period during which an option granted under the Scheme may be exercised will be determined by the board of directors at their discretion, save that no option may be exercised later than 10 years after the grant date. No option may be granted more than 10 years after the date of approval of the Scheme.

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

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price (HKD per share)	**Number of options '000**	Weighted average exercise price (HKD per share)	Number of options '000
At 1 January	**0.841**	**67,700**	0.757	116,200
Expired during the year	**0.902**	**(45,200)**	0.574	(36,400)
Cancelled during the year	**0.720**	**(22,500)**	0.833	(12,100)
At 31 December	**–**	**–**	0.841	67,700

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36. SHARE OPTION SCHEME (Continued)

Notes:

(a) The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Number of options outstanding			
2024 ’000	2023 ’000	**Exercise price* (HKD per share)**	**Exercise period#**
–	–	0.574	24 May 2013 to 23 May 2023
–	36,100	0.940	31 March 2014 to 30 March 2024
–	9,100	0.750	28 August 2014 to 27 August 2024
–	22,500	0.720	8 April 2015 to 7 April 2025
–	67,700		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company’s share capital.

\# The share options have no vesting period.

(b) At 31 December 2024, the Company had Nil (2023: 67,700,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of Nil (2023: 67,700,000) additional ordinary shares of the Company and additional share capital of Nil (2023: HKD6,770,000) and share premium of Nil (2023: HKD50,189,000) (before issue expenses and without taking into account any transfer of share option reserve to the share premium account).

(c) During the year, 45,200,000 share options and 22,500,000 share options (2023: 36,400,000 share options and 12,100,000 share options) were expired and cancelled, respectively. Accordingly, the portion of share option reserve of HKD17,943,000 (equivalent to RMB16,616,000) (2023: HKD13,897,000 (equivalent to RMB12,638,000)) was transferred to retained profits during the year.

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37. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) The share premium account represents the aggregate differences between the nominal value of the ordinary shares and the carrying amount of the shares upon issuance of new shares.

(c) The contributed surplus of the Company mainly derived from the reduction in the share premium account of the Company and certain amounts of the aforesaid reduction was credited to the contributed surplus account of the Company on 2 July 2012. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders of the Company under certain circumstances.

(d) The share option reserve of the Group comprises the fair value of share options granted which are yet to exercise, as further explained in the accounting policy for the "Share-based payments" in note 2.5 to the consolidated financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

(e) The capital and other reserves of the Group include (i) gains or losses on acquisition of the non-controlling interests of existing subsidiaries and/or disposal of partial interests in subsidiaries without a loss of control; and (ii) share of capital and other reserves of associates and joint ventures.

(f) The PRC statutory reserves are reserves set aside in accordance with the PRC Companies Law or the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment as applicable to the Group's subsidiaries, joint ventures and associates established in Chinese Mainland. None of the Group's PRC statutory reserves as at 31 December 2024 and 2023 were distributable in the form of cash dividends.

38. SUBSIDIARIES

Information about principal subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows:

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
China Logistics infrastructures (Holdings) Limited ("China Logistics")Ω	British Virgin Islands/ Hong Kong	US$100	100	–	Investment holding
廣州光明房產建設有限公司 ("Guangzhou Guangming")@	The PRC/ Chinese Mainland	US$28,080,000	–	98.90	Shopping mall holding and leasing
北京允中創富企業管理有限公司 ("Stable Charmfull")^	The PRC/ Chinese Mainland	US$11,520,000	–	100	Health care property holding and leasing
Zhong Jian Jin Bian Jing Ji Te Qu Ltd ("Zhong Jian Jin Bian")	Cambodia	US$10,000,000	–	60	Primary land development
天津萬士隆國際物流有限公司@	The PRC/ Chinese Mainland	US$6,660,000	–	100	General warehouse leasing
北建(上海)倉儲有限公司^	The PRC/ Chinese Mainland	US$98,500,000	–	100	General warehouse leasing
眉山遜達洪通倉儲有限責任公司 ("Meishan Xunda")@	The PRC/ Chinese Mainland	RMB140,000,000	–	60	General warehouse leasing
天域萬隆物流(天津)有限公司^	The PRC/ Chinese Mainland	US$9,800,000	–	100	General warehouse leasing
天津通達優智物流有限公司 ("Tianjin Tong Da You Zh")	The PRC/ Chinese Mainland	HKD20,000,000	–	100	General warehouse leasing
通達大華物流有限責任公司#	The PRC/ Chinese Mainland	RMB23,848,800	–	100	General warehouse leasing and provision of logistics services
衢州通成農業發展有限公司^	The PRC/ Chinese Mainland	RMB249,800,000	–	100	Specialised wholesale market leasing for the trading and distribution of local agricultural products
天津中漁置業有限公司@	The PRC/ Chinese Mainland	RMB112,500,000	–	60	Provision of cold chain logistics warehouse management services

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38. SUBSIDIARIES (Continued)

Information about principal subsidiaries (Continued)

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows: (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Principal activities
江蘇蘇南智城科技發展有限公司#	The PRC/ Chinese Mainland	RMB800,000,000	–	72.48	Primary land development
北京養頤國際貿易有限公司#	The PRC/ Chinese Mainland	RMB25,000,000	–	100	Trading of frozen products
北京允中管理諮詢有限公司	The PRC/ Chinese Mainland	RMB10,000,000	–	100	Trading of frozen products
北京允中投資諮詢有限公司#Ω	The PRC/ Chinese Mainland	US$10,000,000	100	–	Office management

Notes:

@ Registered as Sino-foreign joint ventures under PRC law

^ Registered as wholly-foreign-owned enterprises under PRC law

Registered as a limited liability company under PRC law

Ω Except for these entities which are directly held by the Company, all other principal subsidiaries are indirectly held by the Company

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

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38. SUBSIDIARIES (Continued)

Material non-controlling interests

Zhong Jian Jin Bian was considered subsidiary that has material non-controlling interests during the years ended 31 December 2024 and 2023, and details of which are set out below:

	Zhong Jian Jin Bian	
	2024 **RMB'000**	2023 RMB'000
Percentage of equity interests and voting rights held by non-controlling equity holders of subsidiaries	**40%**	40%
Consolidated loss for the year allocated to non-controlling interests	**(176)**	(662)
Dividends paid	**–**	–
Accumulated balances of non-controlling interests at the reporting date	**1,289,524**	1,256,603

The following tables illustrate the summarised consolidated financial information of Zhong Jian Jin Bian:

	Zhong Jian Jin Bian	
	2024 **RMB'000**	2023 RMB'000
Revenue	**–**	–
Total expenses	**1,392**	1,151
Loss for the year	**(440)**	(1,653)
Total comprehensive income for the year	**82,303**	17,179
Current assets#	**52,928**	2,279
Non-current assets	**3,697,345**	3,671,361
Current liabilities#	**(3,892)**	(10,002)
Non-current liabilities	**(525,066)**	(525,066)
Net cash flows (used in)/from operating activities	**(2,153)**	61
Net cash flows from investing activities	**–**	–
Net cash flows used in financing activities	**–**	–
Net (decrease)/increase in cash and cash equivalents	**(2,153)**	61

The amounts disclosed above are before any inter-company eliminations.

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39. DISPOSAL OF SUBSIDIARIES

Details of the net assets of a subsidiary disposed of during the year and its financial impacts is summarised below:

31 December 2024

	Disposal of Jiaxing Project RMB'000 (note (a))
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	203
Investment properties	368,000
Trade receivables	816
Prepayments, deposits and other receivables	575
Cash and cash equivalents	17,727
Other payables, accruals and deposits received	(12,763)
Amounts due to group companies	(162,832)
Deferred income	(47,952)
Amount due to non-controlling shareholders	(54,278)
Deferred tax liabilities	(33,733)
Non-controlling interests	(18,934)
Net assets disposed of	56,829
Exchange fluctuation reserve	(17)
Gain on disposal of subsidiaries recognised in profit or loss	55,767
Settlement of amounts due to group companies	162,832
Transactions costs of the disposal	1,297
	276,708
Satisfied by:	
Cash	276,708

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39. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow and cash equivalents in respect of the disposal of subsidiaries is as follow:

	Disposal of Jiaxing Project RMB'000 (note (a))
Cash consideration	**276,708**
Less: cash and cash equivalents disposed of	**(17,727)**
	258,981
Less: consideration not yet satisfied by cash (Note (b))	**(16,949)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**242,032**

Notes:

(a) On 13 December 2023, the Group entered into the sale and purchase agreement with the successful bidder, WXYZ GEM (BVI) Holdings Limited, for the Disposal of Jiaxing Project for a total cash consideration of RMB273.4 million.

On 25 November 2024, the Group entered into a supplemental agreement to increase the cash consideration by RMB3.3 million.

The transaction was completed in January 2024. As a result of the transaction, a gain on disposal of approximately RMB55.8 million was recognised in profit or loss during the year upon the completion of the transaction.

(b) This amount is included in "Prepayments, deposits and other receivables" on the face of the consolidated statement of financial position.

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39. DISPOSAL OF SUBSIDIARIES (Continued)

31 December 2023

	Disposal of Logistics Project RMB'000 (note (a))
Property, plant and equipment	3,693
Investment properties	557,000
Goodwill	6,878
Trade receivables	1,410
Prepayments, deposits and other receivables	554
Cash and cash equivalents	4,375
Other payables, accruals and deposits received	(9,511)
Amounts due to group companies	(16,036)
Income tax payables	(671)
Amount due to non-controlling shareholders	(3,525)
Bank and other borrowings	(20,400)
Deferred tax liabilities	(64,569)
Non-controlling interests	(90,464)
	368,734
Exchange fluctuation reserve	20,699
Gain on disposal of subsidiaries recognised in profit or loss	465
Transactions costs of the disposal	5,450
	395,348
Satisfied by:	
Cash	395,348

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39. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow in respect of the disposal of subsidiaries is as follow:

	Disposal of Logistics Project RMB'000 (note (a))
Cash consideration	395,348
Cash and cash equivalents disposed of	(4,375)
	390,973
Less: consideration not yet satisfied by cash (Note (b))	(3,546)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	387,427

Notes:

(a) On 28 April 2023, the Group entered into two sets sale and purchase agreements and the respective ancillary agreements with the successful bidder, Sinotrans Logistic Investment Holding Co. Ltd, in respect of the disposal of its entire equity interests in two subsidiaries which hold two logistics warehouses located in Hainan and Xiamen for a total cash consideration of approximately RMB395 million. The transaction was completed in October 2023. As a result of the transaction, a gain on disposal of approximately RMB465,000 was recognised in profit or loss during the year upon the completion of the transaction.

(b) The amount is included in "Prepayments, deposits and other receivables" on the consolidated statement of financial position.

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40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had no major non-cash transactions of investing and financing activities during the year ended 31 December 2024 (2023: none).

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings RMB'000	Guaranteed bonds RMB'000	Due to other related parties RMB'000	Due to joint ventures RMB'000
At 1 January 2023	2,921,193	4,926,286	288,208	176,809
Changes from financing cash flows	4,132,826	(5,044,524)	249,825	–
Interest expense	–	4,208	19,735	–
Attributable to disposal groups held for sale	361,516	–	(46,602)	–
Attributable to disposal of subsidiaries	(20,400)	–	(4,284)	–
Exchange realignment	36,282	114,030	(3,259)	–
At 31 December 2023 and 1 January 2024	**7,431,417**	**–**	**503,623**	**176,809**
Changes from financing cash flows	**(835,185)**	**1,490,277**	**(453,563)**	**–**
Interest expense	**–**	**–**	**(32,321)**	**–**
Exchange realignment	**2,548**	**–**	**–**	**–**
At 31 December 2024	**6,598,780**	**1,490,277**	**17,739**	**176,809**

(c) Total cash outflows for lease

All cash outflows for lease included in the consolidated statement of cash flow for the year ended 31 December 2024 are RMB3,901,000 (2023: RMB6,284,000) and within operating activities.

41. COMMITMENTS

At 31 December 2024 and 2023, the Group had the following capital commitments:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Capital injection into an associate (note 29(c))	**–**	105,000
Capital contribution to a joint venture	**3,446**	3,446
Construction of logistic facilities and industrial plants	**442,871**	581,542
Total capital commitments	**446,317**	689,988

42. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2024 RMB'000**	2023 RMB'000
Interest income from a joint venture	(i)	**–**	68
Interest income from a fellow subsidiary	(ii)	**1,283**	2,269
Interest expense to fellow subsidiaries	(iii)	**24,771**	32,744

Notes:

(i) The interest income was charged on bank entrusted loans advanced to the joint venture at mutually-agreed rates.

(ii) Pursuant to a deposit services master agreement (the "Deposit Agreement") entered into between the Company and BG Finance on 29 June 2015, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. BG Finance is a non-wholly-owned subsidiary of BE Group and acts as a platform for members of BE Group for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

The term of the Deposit Agreement shall commence on the date of the Deposit Agreement and continue up to and including 31 December 2024. The daily aggregate of deposits placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Agreement shall not exceed of HKD400,000,000. Further details of the Deposit Agreement are set out in the Company's announcement dated 29 October 2019 and 9 December 2022.

The deposits placed by the Group with BG Finance as at 31 December 2024 amounted to RMB281,216,000 (2023: RMB62,060,000, of which RMB5,131,000 is included in assets of disposal groups classified as held for sale).

(iii) The interest expense was charged on loans from BE City and BG Finance at mutually-agreed rates as disclosed in notes 26 and 30(c) to the consolidated financial statements.

Save as disclosed above and the balances detailed in notes 18, 26 and 30 to the consolidated financial statements, the Group had no material transactions and outstanding balances with related parties during the years ended 31 December 2024 and 2023.

(b) Transactions with other state-owned entities in Chinese Mainland

The Company is a state-owned enterprise of the PRC government and is subject to the control of the Beijing SASAC and ultimate control of the PRC government. The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively the "Other SOEs"). During the year, the Group had transactions with the Other SOEs including, but not limited to, bank borrowings, deposits and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's businesses, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are individually or collectively significant related party transactions that require separate disclosure in the consolidated financial statements.

42. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Short term employee benefits	**6,202**	10,158
Pension scheme contributions	**1,095**	1,705
Total compensation paid to key management personnel	**7,297**	11,863

Further details of directors' emoluments are included in note 9 to the consolidated financial statements.

43. FINANCIAL INSTRUMENTS BY CATEGORY

Except for equity investments being classified as financial assets at fair value through other comprehensive income, as further detailed in note 20 to the consolidated financial statements, all financial assets and financial liabilities of the Group as at 31 December 2024 and 2023 were financial assets and financial liabilities at amortised cost, respectively.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group's corporate finance team headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair value of equity intrusments at fair value through other comprehensive income ("FVTOCI") is presented in note 20. The listed equity investments at fair value in FVTOCI are mainly categorised into Level 1 of the fair value hierarchy.

The following table sets out a comparison, by carrying amount and fair value, of the Group's financial instruments that are carried in the consolidated financial statements at other than fair value:

	Carrying amount		Fair value	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Non-current financial liabilities:				
Due to a joint venture	**176,809**	176,809	**157,442**	157,442
Bank and other borrowings	**6,199,297**	6,533,100	**6,011,747**	6,530,019
Guaranteed bonds	**1,490,277**	–	**1,463,543**	–
	7,866,383	6,709,909	**7,632,732**	6,687,461

Note: The fair values of the financial assets and financial liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short-term maturities of these instruments, therefore, no disclosure of the fair values of these financial instruments is made.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, guaranteed bonds and cash and bank balances. The main purpose of these financial instruments is to finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, deposits received and other payables.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are (a) interest rate risk, (b) foreign currency risk, (c) credit risk and (d) liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates (note 30). The Group's exposure to market risk arising from changes in interest rates in respect of cash and bank balances is considered relatively minimal.

At 31 December 2024, the Group's interest-bearing borrowings amounting to RMB1,227,409,000 (2023: RMB3,080,939,000) bore interest at floating rates.

At 31 December 2024, it was estimated that a general decrease/(increase) of 100 basis points in interest rate of average balances of bank loans during the year, with all other variables held constant, would increase/(decrease) the Group's loss before tax by approximately RMB12,274,000 (2023: RMB30,809,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the beginning of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point decrease or increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's businesses are mainly carried out by subsidiaries located in Chinese Mainland and the majority of their transactions are conducted in RMB. The Group therefore has minimal transactional currency exposure which arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group only leases its completed investment properties to recognised and creditworthy third parties. It is the Group's policy that security deposits equivalent to three month rentals are received in advance from the tenant upon each rental agreement is signed.

Since the Group only leases its completed investment properties to recognised and creditworthy third parties, and the trade receivables are fully collateralised by the security deposits paid by the relevant tenant, there is no requirement for further collateral. Over 90% of the Group's customers and operations are located in Chinese Mainland. Concentrations of credit risk are managed by diversity in customer base and geographical locations of warehouse portfolio.

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts of financial assets.

At 31 December 2024

	Maximum exposure to credit risk				
	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	122,390	122,390
Financial assets included in prepayments, deposits and other receivables*	25,100	–	–	-	25,100
Due from joint ventures*	5,046	–	–	–	5,046
Pledged and restricted bank deposits, not yet past due	32,525	–	–	–	32,525
Cash and cash equivalents	650,322	–	–	–	650,322
	712,993	–	–	122,390	835,383

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

At 31 December 2023

	Maximum exposure to credit risk				
	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	95,616	95,616
Financial assets included in prepayments, deposits and other receivables	178,667	–	–	–	178,667
Due from joint ventures	5,046	–	–	–	5,046
Pledged and restricted bank deposits, not yet past due	9,090	–	–	–	9,090
Cash and cash equivalents	366,010	–	–	–	366,010
	558,813	–	–	95,616	654,429

For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 24 to the consolidated financial statements.

The credit risk of the Group's other financial assets, which comprise amounts due from joint ventures, deposits and other receivables and cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of bank and other borrowings and guaranteed bonds. In addition, banking facilities have been put in place for contingency purposes.

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 short term loans to cover expected cash demands, subject to approval by management of the Group. The Group's policy is to regularly monitor current and expected 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 maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 3 years RMB'000	More than 3 years RMB'000	Total RMB'000
At 31 December 2024						
Trade payables	**–**	**135,896**	**–**	**–**	**–**	**135,896**
Other payables and accruals	**387,420**	**3,496**	**–**	**–**	**–**	**390,916**
Due to other related parties	**17,739**	**–**	**–**	**–**	**–**	**17,739**
Due to joint ventures	**–**	**–**	**176,809**	**–**	**–**	**176,809**
Bank and other borrowings	**181,407**	**472,309**	**3,154,879**	**289,119**	**3,229,650**	**7,327,364**
Guaranteed bonds	**–**	**81,000**	**81,000**	**1,540,500**	**–**	**1,702,500**
	586,566	**692,701**	**3,412,688**	**1,829,619**	**3,229,650**	**9,751,224**
At 31 December 2023						
Trade payables	–	136,867	–	–	–	136,867
Other payables and accruals	290,949	3,800	–	–	–	294,749
Due to other related parties	228,975	274,648	–	–	–	503,623
Due to joint ventures	–	–	176,809	–	–	176,809
Bank and other borrowings	–	898,317	758,073	184,214	5,590,813	7,431,417
	519,924	1,313,632	934,882	184,214	5,590,813	8,543,465

46. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings and guarantee bonds disclosed in notes 30 and 31 respectively, net of cash and bank balances and equity of the Group, comprising issued share capital, reserves and non-controlling interests.

Depending on the market conditions and funding arrangements, if at any time repurchase of the Company's shares will lead to an enhancement of the net asset value per share and/or earnings per share of the Group, the directors will authorise such transactions.

The Group monitors capital using a gearing ratio, which is total net borrowings divided by total equity. Total borrowings are calculated as total bank and other borrowings and guaranteed bonds. The gearing ratio as at the end of the reporting period was as follows:

	2024 **RMB'000**	2023 RMB'000
Sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and pledged and restricted bank deposits	**7,406,210**	7,056,317
Total equity	**2,447,901**	3,003,777
Gearing ratio	**302.55%**	234.91%

In addition, the Group also monitors the bank loan covenant and takes immediate actions when there is breach of bank covenant. As disclosed in note 30, a waiver is obtained subsequently after the end of the reporting period.

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47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**7,252,965**	7,252,965
Equity investment at fair value through other comprehensive income	**3,427**	5,254
Total non-current assets	**7,256,392**	7,258,219
CURRENT ASSETS		
Prepayments, deposits and other receivables	**4,417**	3,885
Due from subsidiaries	**1,227,949**	1,678,919
Due from joint ventures	**5,046**	5,046
Cash and bank balances	**18,360**	95,719
Total current assets	**1,255,772**	1,783,569
CURRENT LIABILITIES		
Other payables and accruals	**2,129**	252,464
Due to subsidiaries	**5,828,127**	4,709,779
Bank borrowings	**9,870**	514,793
Income tax payables	**25,512**	25,056
Total current liabilities	**5,865,638**	5,502,092
NET CURRENT LIABILITIES	**(4,609,866)**	(3,718,523)
NON-CURRENT LIABILITIES		
Bank borrowings	**2,832,500**	2,841,401
Due to subsidiaries	**–**	659,634
Total non-current liabilities	**2,832,500**	3,501,035
Net (liabilities)/assets	**(185,974)**	38,661
EQUITY		
Issued capital	**566,979**	566,979
Reserves (Note)	**(752,953)**	(528,318)
Total equity	**(185,974)**	38,661

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the Company's reserves is as follows:

	Share Premium account RMB'000	Contributed surplus RMB'000	Share option reserve RMB'000	Financial asset revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	1,434,273	344,178	29,254	(105,685)	139,378	(2,201,384)	(359,986)
Loss for the year	–	–	–	–	–	(165,685)	(165,685)
Other comprehensive expense for the year							
– Change in fair value of equity investment at fair value through other comprehensive income, net of income tax of nil	–	–	–	(7,718)	–	–	(7,718)
Translation of the Company's financial statements	–	–	–	–	5,071	–	5,071
Total comprehensive (expense) income for the year	–	–	–	(7,718)	5,071	(165,685)	(168,332)
Transfer of share option reserve upon expiry of share options	–	–	(12,638)	–	–	12,638	–
At 31 December 2023 and 1 January 2024	**1,434,273**	**344,178**	**16,616**	**(113,403)**	**144,449**	**(2,354,431)**	**(528,318)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(223,166)**	**(223,166)**
Other comprehensive expense for the year							
– Change in fair value of equity investment at fair value through other comprehensive income, net of income tax of nil	**–**	**–**	**–**	**(1,469)**	**–**	**–**	**(1,469)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(1,469)**	**–**	**(223,166)**	**(224,635)**
Transfer of share option reserve upon expiry and cancellation of share options	**–**	**–**	**(16,616)**	**–**	**–**	**16,616**	**–**
At 31 December 2024	**1,434,273**	**344,178**	**–**	**(114,872)**	**144,449**	**(2,560,981)**	**(752,953)**

48. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in note 2.1, the Group has no other significant events subsequent to the end of the reporting period.

Particulars of Properties

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Completed investment properties			
Level 1 on No. 89 Shenfei Road, Levels 1 and 2 on Nos. 59, 119, 159, 199, 239 Shenfei Road, and Levels 1 and 2 on Nos. 60, 90, 120, 160, 200 and 240 Shenya Road, Shanghai Wai Gao Qiao Logistics Centre, Pudong New District, Shanghai City, the PRC	Logistics Warehouse	Medium term lease	100%
No. 19, Third Avenue, Dongli District, Tianjin City, the PRC	Logistics warehouse	Medium term lease	100%
Metro Mall (excluding Units 63 to 65, Basement I) No. 63 Xihu Road, Yuexiu District, Guangzhou City, Guangdong Province, the PRC*	Shopping mall	Medium term lease	98.9%
Peng Jia Tai Community, Xiazhuang Street, Chengyang District, Qingdao City, Shandong Province, the PRC	Cold chain warehouse	Medium term lease	80%
No. 3 Bencao Avenue South Section, Dongpo District, Meishan City, Sichuan Province, the PRC	Logistics warehouse	Medium term lease	60%
No. 1 Yihao Road, Dongli District, Tianjin City, the PRC	Logistics warehouse	Medium term lease	100%
No. 168 Jing Bin Avenue, Binhai New District, Tianjin City, the PRC	Logistics warehouse	Medium term lease	100%

INVESTMENT PROPERTIES (Continued)

Location	Use	Tenure	Attributable interest of the Group
No. 1 Mojiahu Road, Kecheng District, Quzhou City Zhejiang Province, the PRC	Logistics center	Medium term lease	100%
Horqin 2nd Wei and 7th Jiefang, Horqin District, Tongliao City, the PRC	Logistics warehouse	Medium term lease	100%
A healthcare property located in Holiday Inn Downtown Beijing, 98 Beilishi Road, Financial Street, Xicheng District, Beijing, the PRC	Healthcare property	Long-term lease	100%
Investment properties under construction			
Developing warehouses in South of China Railway 19th Bureau, East of Tongliao Hexi Inner Mongolia Autonomous Region Food Reserve, Horqin District, Tongliao City, the PRC	Logistics warehouse	Medium term lease	100%
A warehouse and various building structures in Qinghe Town, Horqin District, Tongliao City, the PRC	Logistics warehouse	Medium term lease	100%
Developing warehouses in the West of Jiaoda Avenue and South of Taohe Road, Jiaozhou City, Qingdao, Shandong Province, the PRC	Logistics warehouse	Medium term lease	100%

Particulars of Properties

BUILDING, WAREHOUSES AND LAND UNDER DEVELOPMENT FOR SALE OR HELD FOR SALE

Location	Use	Tenure	Attributable interest of the Group
No. 95 Hairong Road, Binhai New District, Tianjin City, the PRC	Cold chain warehouse	Medium term lease	60%
No. 28 Chuangke Road, Tianning District, Changzhou City, Jiangsu Province, the PRC	Industrial park	Medium term lease	72.48%
256 land parcels located in Kampong Tralach District and Samaki Meanchey District, Kampong Chhnang Province, The Kingdom of Cambodia	Complex	Freehold	60%

* The 6th Floor of Metro Mall was classified as properties held for sale since 31 December 2017 (note 22).

Five Year Financial Summary

A summary of the results and of the assets, liabilities and total equity of the Group for the last five financial years, as extracted from the published annual report and audited financial statements, is set out below:

REVENUE

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**864,864**	1,468,336	1,125,947	590,037	612,261
Profit/(loss) before tax	**(634,071)**	(924,647)	260,006	(212,840)	28,434
Income tax	**82,389**	14,764	(196,493)	(65,467)	(118,526)
Profit/(loss) for the year	**(551,682)**	(909,883)	63,513	(278,307)	(90,092)
Attributable to:					
Shareholders of the Company	**(536,847)**	(901,406)	(70,973)	(310,436)	(240,713)
Non-controlling interests	**(14,835)**	(8,477)	134,486	32,129	150,621
	(551,682)	(909,883)	63,513	(278,307)	(90,092)

ASSETS, LIABILITIES AND TOTAL EQUITY

	At 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**12,974,995**	13,603,082	15,677,261	17,958,527	16,977,914
Total liabilities	**(10,527,094)**	(10,599,305)	(11,466,652)	(13,354,526)	(12,201,351)
NET ASSETS	**2,447,901**	3,003,777	4,210,609	4,604,001	4,776,563
Attributable to:					
Shareholders of the Company	**821,534**	1,375,657	2,420,145	2,779,722	2,937,480
Non-controlling interests	**1,626,367**	1,628,120	1,790,464	1,824,279	1,839,083
TOTAL EQUITY	**2,447,901**	3,003,777	4,210,609	4,604,001	4,776,563