CAPITAL GRAND

BEIJING CAPITAL GRAND LIMITED
首創鉅大有限公司

Incorporated in the Cayman Islands with limited liability
STOCK CODE : **1329**

ANNUAL REPORT 2023

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Fan Shubin *(Chairman)*
Mr. Xie Hongyi *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Wang Hao
Ms. Qin Yi
Mr. Zhai Senlin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chi Tat
Dr. Huang Wei
Mr. Xu Weiguo

AUDIT COMMITTEE

Mr. Yeung Chi Tat *(Chairman)*
Dr. Huang Wei
Mr. Xu Weiguo

REMUNERATION COMMITTEE

Dr. Huang Wei *(Chairlady)*
Ms. Qin Yi
Mr. Yeung Chi Tat
Mr. Xu Weiguo

NOMINATION COMMITTEE

Mr. Fan Shubin *(Chairman)*
Mr. Zhai Senlin
Mr. Yeung Chi Tat
Dr. Huang Wei
Mr. Xu Weiguo

STRATEGIC INVESTMENT COMMITTEE

Mr. Xie Hongyi *(Chairman)*
Mr. Wang Hao
Mr. Zhai Senlin
Mr. Xu Weiguo

SECRETARY OF THE BOARD OF DIRECTORS

Ms. Wang Xia

JOINT COMPANY SECRETARIES

Ms. Wang Xia
Mr. Ng Lok Ming

AUTHORISED REPRESENTATIVES

Mr. Fan Shubin
Mr. Xie Hongyi

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISERS

AS TO HONG KONG LAWS:

Norton Rose Fulbright Hong Kong

AS TO CAYMAN ISLANDS LAWS:

Conyers Dill & Pearman

AS TO PRC LAWS:

Beijing Zhonglun W&D Law Firm

CORPORATE INFORMATION

REGISTERED OFFICE

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

PRC HEADQUARTERS

7/F., West Zone, Jing'an Centre
No. 8, North 3rd Ring East Road, Chaoyang District
Beijing, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10/F., Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

China Construction Bank
China Merchants Bank
Bank of Communications
Bank of China
Agricultural Bank of China
CITIC Bank
The Hongkong and Shanghai Banking Corporation Limited

CORPORATE WEBSITES

www.bcgrand.com
www.capitaloutlets.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

EQUITY SECURITY LISTED ON THE STOCK EXCHANGE OF HONG KONG	SECURITY CODE
Ordinary shares	1329.HK

DEBT SECURITY LISTED ON THE SHENZHEN STOCK EXCHANGE	SECURITY CODE
RMB2,700,000,000 Senior Class ABS due 2024	119487
RMB879,000,000 Subordinated Class ABS due 2024	119488

INVESTOR RELATIONS CONTACT

Email: comsec@bcgrand.com

MAJOR EVENTS OF THE YEAR

MAJOR EVENTS OF THE YEAR 2023 OF CAPITAL OUTLETS

January/ February

Capital Outlets recorded a nationwide sales revenue of RMB238 million and RMB248 million during the New Year's Day holiday and the later Spring Festival holiday respectively, achieving a good start.

February

As of the end of February, by driving sales with innovative business models and marketing strategies, Capital Outlets achieved a sales revenue of around RMB2.12 billion, an increase of 22% over the same period last year, and a customer traffic of about 9.24 million, an increase of 17% over the same period last year, creating the best start in history.

March

On 8 March, Capital Outlets held the third "Come to Capital Outlets for the Goddess Festival (來首創奧萊過女神節)" activity and issued targeted invitations to 181 companies for the Goddess Festival, creating a sales revenue of RMB41.6 million and a customer traffic of 170,000 on the same day, an increase of 22% and 19% year-on-year in sales revenue and customer traffic, respectively.

April

Qingdao Capital Outlets held its grand opening ceremony, which marked the further deepening of Capital Outlets in the Shandong market.

MAJOR EVENTS OF THE YEAR

May

During the May Day holiday, Capital Outlets projects in 15 cities across the country carried out a unified marketing activity of "Super Decade and Celebrating in 15 Cities (超級十年，15城聯慶)", achieving a sales turnover of more than RMB410 million and a customer traffic of nearly 1.8 million in five days, recording a new historical high, and the sales turnover and customer traffic increased by 136% and 173% respectively over the same period last year.

May

The "10th China Outlets Industry Development Forum and 2022 China Outlets Awards Ceremony" was held in Guangzhou. With the excellent performance in 2022, Capital Grand and 10 Capital Outlets projects won 9 major awards.

July

Capital Grand was once again shortlisted in the 2022 "Top 100 Commercial Retail Enterprises in China" released by China General Chamber of Commerce and China National Commercial Information Center, and surpassed its 52nd place in the 2021 list to enter the top 50, ranking 48th.

July

Capital Grand disposed Jinan Outlets and Wuhan Outlets to Capital City Development, and was entrusted to continue managing these two outlets projects, which realized the value appreciation and value realization of its properties, promoted the transformation and development of its asset structure from "heavy" to "light", and also helped to consolidate its dominant position and expand its influence in the industry.

MAJOR EVENTS OF THE YEAR

September

Capital Grand has deeply explored business model innovation, launching “Capital Outlets City Night Alley (首創奧萊城市夜巷)” in the famous national 5A-level tourist attraction Wuzhen, cross-border creating a new model of “Outlet + Bazaar (奧萊+市集)”, which has won the favor and praise of tourists.

October

During the holiday period of the Mid-Autumn Festival and the National Day, we organized an activity with the theme “Let’s Spend National Day Shopping Festival in Capital Outlets (來首創奧萊過國慶嗨購節)”. Benefiting from the country's policy of promoting the recovery and expansion of consumption and stimulating domestic demand, the double-festival events of Capital Outlets received extremely high popularity, achieving a sales revenue of nearly RMB600 million, marking a new high for the same period in the past decade.

MAJOR EVENTS OF THE YEAR

November

The Nanning Capital Outlets project introduced the largest non-powered parent-child amusement park in Guangxi, Happy Children Amusement Park, together with children's research institutions and other formats to create the "first parent-child amusement center of Beijing Capital". The project won the title of "AAAA-level National Tourist Attraction" in November, making it the first outlets project in South China to receive such title.

December

Kunshan "Capital Arcade (鉅潮薈)", the asset-light operation project of Capital Grand, grandly opened, launching a new product line of "Outlets + Shopping Mall", and achieved a customer traffic of more than 100,000 and a sales revenue of more than RMB10 million on the opening day.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of Beijing Capital Grand Limited ("Capital Grand" or the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2023.

In 2023, the Chinese government withstood external pressure and overcome internal difficulties, and the national economy rebounded and made solid progress with high-quality development. In 2023, China achieved a GDP exceeding RMB126 trillion, representing an increase of 5.2% year-on-year at constant prices; and the per capita GDP increased steadily, reaching RMB89,400 in 2023, representing an increase of 5.4% year-on-year.

During the Period, with the smooth transition of pandemic prevention and control, the economy and society fully returned to normal operation, and consumption showed a good recovery trend, becoming an important force driving economic recovery in 2023. In 2023, the total retail sales of consumer goods exceeded RMB 47 trillion, reaching a historic high, and the consumer spending drove economic growth by approximately 4.3 percentage points, representing an increase of approximately 3.1 percentage points over the same period last year, becoming the main driving force of economic growth; and the contribution rate of consumption to economic growth reached 82.5%, an increase of approximately 43.1 percentage points, and the fundamental role of consumption becomes more significant.

During the Period, the Group adhered to the lean operation, focused on industry development trends, innovated marketing strategies, improved the efficiency of precision marketing, fully mobilized the enthusiasm of brand owners, and made every effort to tap consumption potential. In the first half of the year, the Group seized the valuable opportunity of consumption recovery after the liberalization of the pandemic and achieved a good start in its operating performance; in the second half of the year, the outlets projects made great efforts to overcome the adverse factors such as extreme weather and changes in consumption trends, seized the opportunity of major holidays, organized unified marketing activities, and made joint efforts through online and offline channels to attract customers to spend in our shopping malls through promotional activities such as shopping festivals, brand days, member feedback and store celebrations, which led to a stable recovery in sales. In 2023, the annual sales turnover of the Group exceeded RMB10 billion, representing an increase of approximately 38% over the same period last year on a comparable basis, and our annual customer traffic reached nearly 55 million, representing an increase of more than 40% over the same period last year on a comparable basis.

During the Period, Nanning Capital Outlets, as the largest single outlets complex in Guangxi, was awarded the title of "AAAA-level National Tourist Attraction" by the Department of Culture and Tourism of Guangxi Zhuang Autonomous Region by virtue of the characteristics and advantages of micro-vacation consumption scenarios, achieving a new breakthrough after Beijing Capital Outlets and Huzhou Capital Outlets were rated as "AAA-level National Tourist Attractions". Under the tide of expanding domestic demand and promoting consumption, the concept of "tourism + outlets" has entered a new era. Capital Outlets continues to explore the new model of "brand discounts + cultural, commercial and tourism experience", to create a new life model of "light tourism" and "micro-vacation" and fully stimulate the consumption enthusiasm of Chinese people.

During the Period, the Group actively explored new tracks for shopping malls, and presided over the grand opening of "Capital Arcade" in Kunshan, which was entrusted to us for management. The project is adjacent to Kunshan Capital Outlets, and through the combination of "Outlets + Shopping Mall", it not only gives full play to the complementary effect of all categories of "Capital Business Circle" and fills the market gap in the eastern business circle of Kunshan, but also brings new development opportunities to Kunshan Capital Outlets through differentiated positioning and two-way traffic attracting. The Group has taken another solid step forward in the established strategic direction of "balancing light and heavy".

During the Period, the Group disposed its outlet projects in Wuhan and Jinan to the Capital City Development, which opened up a new channel for the "investment-financing-management-withdrawal (投-融-管-退)" of the outlet projects, and realized the historical breakthrough in the transformation of outlet assets "from heavy to light (由重變輕)". Through such disposals, the Group realized the value-added and value realization of the property operation, the proceed from which was mainly used to repay the interest-bearing debts. In 2023, the Group's interest-bearing debt scale was successfully reduced by approximately RMB2 billion, so that the overall gearing ratio of the Group was reduced and the business operation was more stable. At the same time, the Group continues to be entrusted with the management of two outlet projects in Wuhan and Jinan, and further consolidates the Group's dominant position and market influence in the outlet industry by comprehensively improving the business management output capacity system and exploring new business and performance growth points.

During the Period, the Group gave full play to the advantages of shareholders' background and the advantages of underlying outlet assets, and actively planned to make a prepayment in 2023 in respect of certain debts due in 2024, including the financing facility of Senior Class ABS Phase II of RMB2.6 billion and offshore loans of US$198 million. Through active management, the Group not only optimizes the debt maturity and debt structure, but also realizes the reducing of the pressure of comprehensive financing cost, which lays a solid foundation for the long-term and steady development of outlet business.

During the period under review, the Group achieved an operating revenue of RMB2,124 million, representing an increase of 127% over the same period last year and recorded a net profit attributable to the parent of approximately RMB9 million. The Board has resolved not to declare an annual dividend for the year ended 31 December 2023.

In 2024, with the rising of the complexity, severity and uncertainty of the external environment, the economic development in China will still face some difficulties and challenges. In December 2023, the Central Economic Work Conference was held, at which requirements was made in respect of economic development to "seek progress in stability, promote stability through progress, and construction before destruction (穩中求進、以進促穩、先立後破)". In terms of consumption, it is necessary to stimulate potential consumption and actively cultivate new consumption growth points such as entertainment tourism and domestic products "trendy brand (潮品)". It is expected that with the continuous emergence of the effects of various policies, social expectations will gradually improve. In 2024, it is expected to further consolidate and enhance the trend of economic recovery.

Brand and discount are the core competitiveness of outlets, and the mission of Capital Grand is to "make high-quality goods cheaper (讓好商品賣得更便宜)". In 2024, the Group will continue to license-in good brands, continue to explore high-quality products, and continuously optimize to reduce operating costs, offering consumers a shopping experience of "extremely cost-effective (極致性價比)".

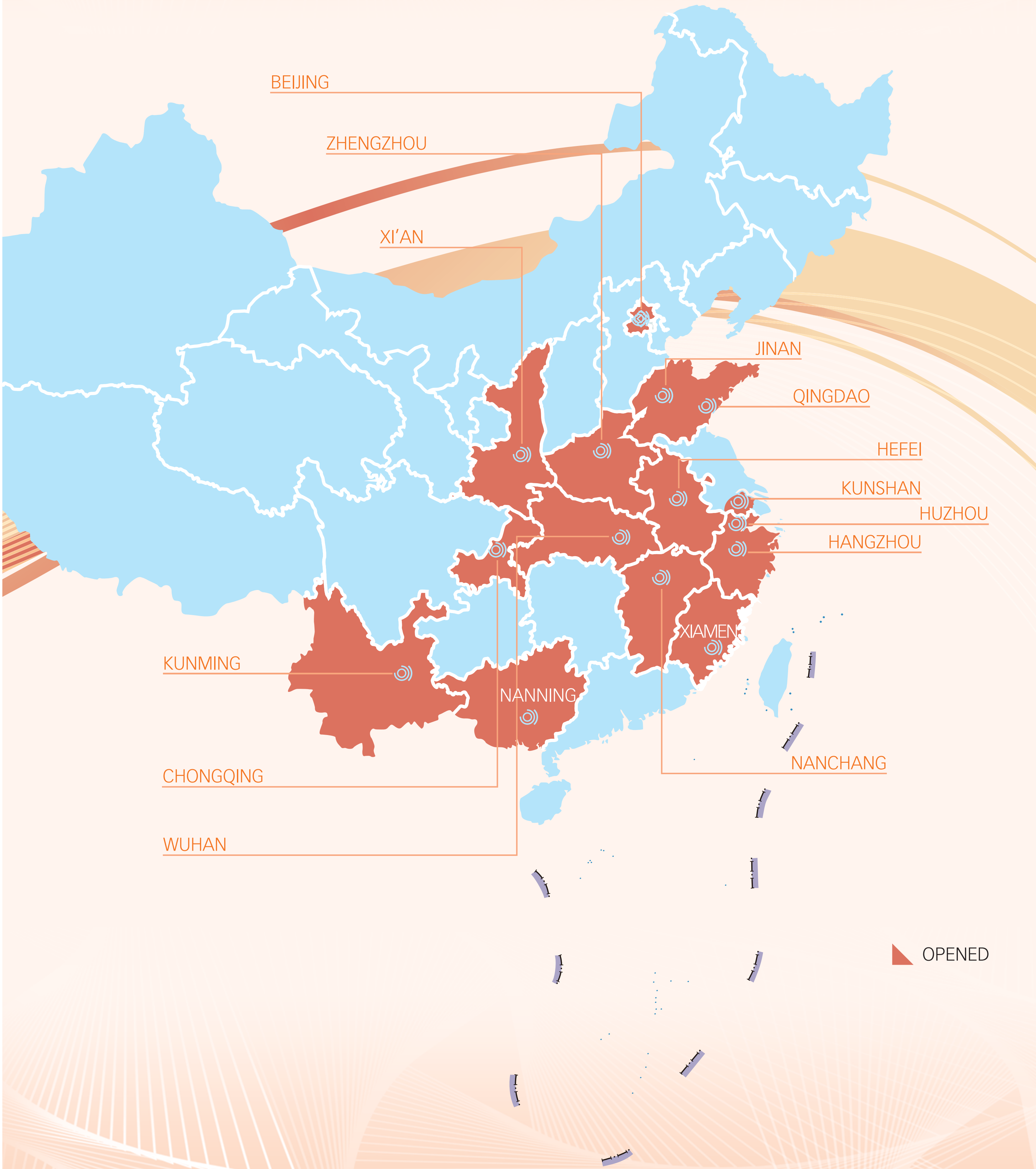
At the operational level, the outlet projects of Capital Grand in 15 cities across the country will focus on the price advantage of goods, the rationality of the proportion of business formats, the environment friendliness, and the fineness of service quality; at the marketing level, the Group will continue to create a unified national marketing activity with IP characteristics, and leverage new media and new channels, such as Tik Tok live broadcast, to innovate marketing, open up online and offline dual links, and achieve closed-loop channels; at the investment level, the Group will continue to license-in high-quality domestic and foreign well-known brands, enrich and expand the strategic brand lineup; in terms of digitization, the Group will continue to upgrade and optimize the system construction, and provide more accurate and timely basis for precise investment promotion, lean operation and scientific decision-making through digital transformation.

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders, partners and clients for their care and strong support to Capital Grand. The Group will adhere to the "two optimization and four precision (兩優四精)" concept, that is to continue to optimize the asset structure, optimize the capital structure, and improve the precise investment, precise research technology, precise operation, precise management ability. We will continue to make progress, and relentlessly strive to "become the most valuable outlets comprehensive operator in China which provides excellent experience for consumers".

Mr. Fan Shubin
Chairman
27 February 2024

STRATEGIC MAP OF CAPITAL GRAND

STRATEGIC MAP OF CAPITAL GRAND



MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT PROPERTIES

Project	Approximate Site Area (m²)(Note 1)	Total Gross Floor Area (m²)(Note 2)	Property Type (m²)	Time of Launching	Attributable Interests
Beijing Capital Outlets (Changyang Town, Fangshan District, Beijing)	90,770(Note 3)	108,720	Outlets: 104,340 Parking space: 4,380	2013	100%
	90,770(Note 3)	87,770	Outlets: 39,540 Supermarket: 3,260 Parking space: 44,970	2019	100%
Kunshan Capital Outlets (Kunshan Development Zone)	46,240	50,420	Outlets: 50,420	2015	100%
	46,790	50,110	Outlets: 50,110	2017	100%
Huzhou Capital Outlets (Huzhou Taihu Lake Tourism Resort (Note 4)	109,940	97,540	Outlets: 97,540	2013	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	56,830	129,700	Outlets: 85,240 Parking space: 44,460	2017	100%
	30,150(Note 5)	28,370	Cinema: 4,990 Supermarket: 7,660 Parking space:15,720	2018	40%
Hangzhou Capital Outlets (Fuyang District, Hangzhou)	101,690	112,280	Outlets: 88,980 Parking space: 23,300	2017	100%
Xi'an Capital Outlets (Xi'an Hi-tech Industrial Development Zone)	119,650	118,840	Outlets: 83,040 Parking space: 35,800	2019	100%
Zhengzhou Capital Outlets (Xingyang City, Zhengzhou)	80,860	96,580	Outlets: 81,070 Parking space: 15,510	2018	100%
Hefei Capital Outlets (Binhu New District, Hefei)	87,910	96,270	Outlets: 75,230 Parking space: 21,040	2018	100%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350(Note 6)	110,560	Outlets: 79,110 Parking space: 31,450	2019	100%
Kunming Capital Outlets (Wuhua District, Kunming)	67,920	136,040	Outlets: 86,010 Parking space: 50,030	2020	85%
Qingdao Capital Outlets (Qingdao High-tech Zone)	93,970	97,600	Outlets: 80,280 Parking space: 17,320	2021	100%
Nanning Capital Outlets (Xingning District, Nanning)	101,970(Note 7)	145,590	Outlets: 113,740 Parking building and Parking space: 31,850	2021	100%
Xiamen Capital Outlets (Xiang'an District, Xiamen)	55,660	124,870	Outlets: 83,480 Parking space: 34,890 Supermarket: 6,500	2022	100%

DEVELOPMENT PROPERTIES

Project	Approximate Site Area (m^2)	Unsold Gross Floor Area (m^2)	Unsold Ground Floor Area (m^2)	Property Type	Attributable Interests
Xi'an First City (Xi'an Economic Technology Development Zone)	355,900	266,853	95,366	Residential/ Commercial/ Office buildings/ Parking space	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	30,150 (Note 5)	24,325	24,325	Commercial	40%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350 (Note 6)	663	663	Commercial	100%
Nanning Capital Outlets (Xingning District, Nanning)	101,970 (Note 7)	6,055	6,055	Commercial	100%

Note 1: Approximate site area is based on State-owned Construction Land Use Right Grant Contract or Land Use Right Certificates;

Note 2: Total gross floor area is based on State-owned Construction Land Use Right Grant Contract and the latest project design plan;

Note 3: The site area of Beijing Capital Outlets is 90,800 m^2, of which the gross floor areas of Phase I and Phase II are 108,700 m^2 and 87,800 m^2, respectively;

Note 4: The total site area of Huzhou Capital Outlets is 214,300 m^2, of which the site areas of Phase I and Phase II are 109,900 m^2 and 104,400 m^2, respectively;

Note 5: The site area of Nanchang Capital Outlets Plot B is 30,200 m^2, of which 30,100 m^2 of the gross floor area is investment property and 30,800 m^2 is development property;

Note 6: The site area of Chongqing Capital Outlets is 74,300 m^2, of which 110,600 m^2 of the gross floor area is investment property and 17,100 m^2 is development property;

Note 7: The site area of Nanning Capital Outlets is 102,000 m^2, of which 145,600 m^2 of the gross floor area is investment property and 15,300 m^2 is development property.

INDUSTRY OVERVIEW

– Looking back at 2023, the complexity, severity, and uncertainty of the external environment have increased meanwhile the internal cyclical and structural contradictions still exist. China has withstood external pressure and overcome internal difficulties, and the overall economy has rebounded and made solid progress in high-quality development. From the perspective of economic growth, the gross domestic product (GDP) in 2023 exceeded RMB126 trillion, representing a growth of 5.2% as compared to the corresponding period last year if calculated at constant prices. The economic growth rate is higher than the expected global growth rate of about 3%. The Chinese economy has shown tremendous development resilience and potential, and the long-term positive fundamentals have not changed.

– The year 2023 is a year when the prevention and control of the pandemic, which has lasted for three years, began to turn to economic recovery and development. During the Period, all regions and departments deeply implemented the strategy of expanding domestic demand, actively launched a series of measures to boost consumption policies, and promoted the recovery of the consumer market and the continuous release of consumption potential. The total retail sales of consumer goods in the whole year exceeded RMB47 trillion, representing an increase of 7.2% as compared to the corresponding period last year, and the scale reached a new historical high. The final consumption spending drove economic growth by 4.3 percentage points, representing an increase of 3.1 percentage points as compared to the corresponding period last year, and contributed to 82.5% of economic growth, representing an increase of 43.1 percentage points as compared to the corresponding period last year. The fundamental role of consumption is more significant.

– In 2023, various departments in China have successively introduced relevant policies to support the development of commercial real estate. Among them, the NDRC and the CSRC issued policies in March 2023, which for the first time expanded the scope of underlying assets of listed REITs to the field of consumer type real estate, giving priority to supporting the issuance of listed REITs in urban and rural commercial network projects such as department stores, shopping malls, and farmers' markets, providing a policy window opportunity for Capital Grand to adjust its asset structure and gradually realize the transformation of assets "from heavy to light, from light to premium (由重變輕、由輕變精)".

BUSINESS REVIEW

- **REBOUNDING SIGNIFICANTLY IN OUTLETS BUSINESS AND HITTING ANOTHER RECORD HIGH IN SALES RESULTS**

  – During the Period, we focused on the holiday economy, leading a unified marketing activity with the IP of "Come Together to Capital Outlets and Celebrate each Festival (來首創奧萊過節)", working together online and offline to attract customers to shop and effectively drive sales. There were nearly 55 million store visits during the year, representing a comparable increase of over 40% as compared to the corresponding period last year. The annual sales turnover exceeded RMB10 billion, representing a comparable increase of approximately 38% as compared to the corresponding period last year, creating the best performance in history.

  – In the first half of the year, the Group seized the valuable opportunity of consumer recovery after the relaxation of pandemic policies, and achieved a good start in business performance; In the second half of the year, we worked hard to overcome adverse factors such as extreme weather and changes in consumer trends, seized major holiday opportunities, held nearly a thousand internal shopping fairs and brand days throughout the year, and extended sales scenarios and extended customer stay time through extended business hours and non-closing modes. At the same time, the Group created member discount days and provided unique exclusive discounts to members, comprehensively improving their repurchase rate and helping to significantly increase member's consumption.

- **PROMOTING DIGITAL TRANSFORMATION AND IMPROVING OPERATIONAL CAPABILITIES**

  – The leasing decision-making system was comprehensively upgraded to eliminate data bottlenecks, and the analysis and decision-making capabilities of dynamic leasing of each outlets project were effectively improved;

  – From deep operation of private domain traffic, creating BOSS live streaming, to collective live streaming sales of major brand stores, we continuously explored the path of online and offline integration. By leveraging new traffic platforms such as Tiktok (抖音), Meituan (美團), Kuaituantuan (快團團), we enabled store sales, improved the associated sales of Outlets by selling group coupons, continuously enriched customer experience, expanded the transformation scenario of customer flow and member resources, improved the stickiness of brand merchants and customers, and enhanced lean operation capabilities.

- **OPTIMIZING THE INVENTORY STRUCTURE OF PROPRIETARY BUSINESS AND SIGNIFICANTLY IMPROVING PROFITABILITY**

  – We have carried out 15 large-scale internal purchasing activities, including the "Worker's Gymnasium Automobile Life Festival (工體汽車生活節)", throughout the year, and our inventory structure has been optimized. At the same time, we have achieved cost reduction, efficiency improvement, and lean operations with a profit-oriented approach, resulting in a significant improvement in the profitability of our proprietary business;

  – We actively expanded our "proprietary" business, developed new procurement channels for Burberry and Armani, and promoted the consignment business of brands such as Noble Vision, DKNY, and Bernstein. We strengthened our innovation in mini apps and live streaming, developed and launched the self-owned CO brand yoga series products, and achieved the transformation and expansion of our proprietary business from "retail (做零售)" to "brand (做品牌)".

- **CONTINUOUSLY ENHANCING INNOVATION CAPABILITIES AND EXPLORING NEW COMMERCIAL TRACKS**

  – Capital Outlets has created a pop-up bazaar with the theme of Outlets in Wuzhen, realizing a business innovation model of "Outlets + Bazaar (奧萊+市集)", integrating elements of brand shopping, food, entertainment, etc., providing consumers with a "one-stop" experience of eating, drinking, and playing, which has sparked great interest and positive reviews from both local consumers and tourists who come from afar;

  – The Group actively explored new tracks for shopping malls, and presided over the grand opening of "Capital Arcade (首創鉅潮薈)" in Kunshan at the end of the year. "Capital Arcade" is a new product line innovatively incubated by the Group after ten years of deep cultivation on the Outlets track. With international trends as the main line, "Capital Arcade" focused on introducing experiential formats, advocated a healthy and happy lifestyle, and formed commercial complementarity with Kunshan Capital Outlets to achieve a scale effect of "1+1>2";

  – Nanning Capital Outlets was awarded the title of "AAAA-level National Tourist Attraction" by virtue of the characteristics and advantages of "micro-vacation (微度假)" consumption scenarios, achieving a new breakthrough after Beijing Capital Outlets and Huzhou Capital Outlets were rated as "AAA-level National Tourist Attractions". In the current context of expanding domestic demand and promoting consumption, the Group is striving to enhance the "tourism + outlets (旅遊+奧萊)" feature by incorporating the new concept of tourism consumption into the daily operation of projects, allowing consumers to linger in shopping malls, fully enjoying the fun of shopping and wandering.

- **REALIZING THE VALUE REALIZATION OF ITS HIGH-QUALITY OUTLETS, AND TRANSFORMING THE ASSET STRUCTURE FROM "HEAVY" TO "LIGHT"**

  – During the Period, the Group disposed its Outlets in Wuhan and Jinan to the Beijing Capital City Development Group, achieving value-added and value realization of the property operation. The proceed from which was mainly used to repay debts. The Group's interest-bearing debt scale reduced by approximately RMB2 billion, so that the overall gearing ratio of the Company was reduced and the business operation was more stable.

  – The Group continues to be entrusted with the management of the Outlets in Wuhan and Jinan, achieving the output of commercial operation and management capabilities. This can not only increase management fee income and improve the Company's profit level, but also help to consolidate the leading position of Capital Outlets in the industry, accelerate the construction of a market-oriented light asset expansion system, and create conditions for the Group's light asset transformation and development, as well as achieving asset and capital structure optimization.

FINANCIAL REVIEW

1. REVENUE AND OPERATING RESULTS

For the twelve months ended 31 December 2023, the revenue of the Group was approximately RMB2,123,739,000, representing an increase of 127% as compared to RMB935,898,000 of the same period after restated in 2022. The increase in revenue was mainly attributable to the significant increase in the revenue of sale of properties due to the completion of properties under development this year and the significant improvement of sales performance of outlets since the optimization of the prevention and control policies for pandemic.

For the twelve months ended 31 December 2023, the Group's gross profit margin was approximately 15%, representing a decrease of 19 percentage points from 34% for the same period after restated in 2022. Among them, the gross profit margins of investment property development and operation, sales of properties, and sales of goods in the period were 58%, -22%, and 0%, respectively, representing an increase of 9 percentage points, an increase of 33 percentage points and a decrease of 8 percentage points as compared to the 49%, -55%, and 8% in the same period after restated in 2022, respectively. Due to the substantial increase in revenue from sales of properties with the lowest gross margin, which has led to an increased proportion of the group's total revenue, the overall gross margin of the group has decreased.

For the twelve months ended 31 December 2023, the Group's operating profit was approximately RMB367,070,000, representing an increase of 964% as compared to RMB34,489,000 for the corresponding period after restated in 2022. Such increase was mainly attributable to the increase in the revenue of investment property development and operation, as well as a significant increase in fair value gains on investment properties as compared to the same period last year, and the recognition of gains on disposal of the Outlets in Wuhan and Jinan amounting to RMB231,468,000.

For the twelve months ended 31 December 2023, the net profit of the Group during the period was approximately RMB13,761,000, representing an increase of 103% as compared to the loss of RMB393,269,000 during the same period in 2022. The main reasons for the Group's realization of turning losses into profits in the period include the significant increase in fair value gains on its investment properties as compared to the same period last year, and the recognition of gains on disposal of the Outlets in Wuhan and Jinan.

2. LIQUIDITY AND FINANCIAL RESOURCES

The Group has sufficient funds to meet its operating requirements. As at 31 December 2023, the Group had total cash and cash equivalents and restricted cash of approximately RMB1,491,685,000 (31 December 2022: approximately RMB1,210,365,000), of which, approximately RMB1,491,113,000 (31 December 2022: approximately RMB1,209,643,000), approximately RMB117,000 (31 December 2022: approximately RMB690,000), approximately RMB455,000 (31 December 2022: approximately RMB32,000) are presented in RMB, Hong Kong dollars and United States dollars respectively. Substantially all of the Group's cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

The Group’s current ratio as at 31 December 2023 was 0.61 (31 December 2022: 1.11). The decrease in current ratio was mainly attributable to the reclassification of partial long- term debts due in 2024 by the Group to current liabilities. As at 31 December 2023, the principal amount of interest-bearing debts of the Group amounted to approximately RMB10,053,019,000 (31 December 2022: approximately RMB11,909,442,000), of which approximately 58% was non-current portion (31 December 2022: 89%). The main purpose of the interest-bearing debt was to meet the funding requirements for property development and construction, operation and business development.

As at 31 December 2023, the Group had a net gearing ratio of 195% (31 December 2022: 244%), which was calculated as net debt divided by total equity. Net debt includes total bank and other borrowings, guaranteed notes (including current and non-current portions) and the Asset-backed securities scheme, senior class (including current and non-current portions), outlets plan and lease liabilities less cash and cash equivalents and restricted cash. The change in the net gearing ratio was primarily due to the decrease in the Group’s net debt in 2023.

3. CHANGES IN PRINCIPAL SUBSIDIARIES AND MAJOR NON-CONTROLLING INTERESTS

The Group had no changes in major subsidiaries and major non-controlling interests during the year, except for the completion of the disposal of the Outlets located in Wuhan and Jinan on 18 August 2023. Details are set out in the Company's announcement dated 10 July 2023, the circular dated 2 August 2023, and the announcement dated 18 August 2023.

4. BORROWINGS, GUARANTEED NOTES AND ASSET-BACKED SECURITIES SCHEME

As at 31 December 2023, the Group’s borrowings from banks and other financial institutions amounted to approximately RMB4,193,381,000 (31 December 2022: approximately RMB5,939,442,000). Of the total amount, bank borrowings of RMB523,981,000 (31 December 2022: RMB1,370,963,000) were secured by land use rights and buildings and guaranteed by Beijing Capital Land Co., Ltd. (“BCL”). Borrowings from other financial institutions of approximately RMB Nil (31 December 2022: approximately RMB1,000,000,000) were guaranteed by BCL. Bank borrowings of approximately RMB1,169,400,000 (31 December 2022: approximately RMB Nil) were guaranteed by Beijing Capital City Development Group Co., Ltd. (the “Capital City Development”). Bank borrowings of approximately RMB Nil (31 December 2022: approximately RMB1,368,479,000) were guaranteed by Beijing Capital Group Co., Ltd. (“Capital Group”). Borrowings from other financial institutions of approximately RMB2,500,000,000 (31 December 2022: approximately RMB2,200,000,000) were guaranteed by Capital Group.

On 9 December 2019, the Group issued an asset-backed securitization scheme known as Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme (中聯一創－首創鉅大奧特萊斯一號第一期資產支持專項計劃) for the purpose of securitizing the two properties held by the Group, namely the Beijing Capital Outlets and the Kunshan Capital Outlets. The total issuance of the scheme was RMB3,579,000,000 with a maturity term of five years, including: (i) the Senior Class ABS in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum, all of which were subscribed by qualified third party investors, and listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate, all of which were subscribed by Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. ("Hengsheng Huachuang"), a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. Details are set out in the announcement of the Company dated 9 December 2019.

On 28 May 2021, the Group issued Zhonglian BCG — Capital Outlets Phase II Asset-backed Securities Scheme (中聯首創證券－首創鉅大奧特萊斯二期資產支持專項計劃) for the purpose of securitizing the four properties held by the Group, namely the Hefei Capital Outlets, the Hangzhou Capital Outlets, the Jinan Capital Outlets and the Nanchang Capital Outlets. The total issuance of the scheme was RMB3,268,000,000 with a maturity term of three years, including: (i) the Senior Class ABS in the principal amount of RMB2,600,000,000 with a fixed coupon rate of 5.05% per annum, all of which were subscribed by qualified third party investors and are listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB668,000,000 with no fixed coupon rate, all of which were subscribed by Hengsheng Huachuang, a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. Details are set out in the announcement of the Company dated 28 May 2021. On 26 July 2023, the Asset-backed Securities Scheme was fully repaid in advance.

On 27 April 2022, the Group issued an asset-backed securitized product known as China Life Investment — BCG Outlets First Stage Asset Support Scheme (國壽投資－首創鉅大奧特萊斯第一期資產支持計劃) for the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,350,000,000. Under the Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Chongqing BCG Outlets Properties Co., Ltd. (an indirect wholly-owned subsidiary of the Company) and Kunming Beijing Capital Outlets Commercial Operation Management Co., Ltd. (an indirect non-wholly-owned subsidiary of the Company). The creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitization under the Scheme for the purpose of raising funds for the Group's operation and development. As at 31 December 2023, the Group had issued asset-backed securities in the principal amount of RMB1,350,000,000 with a fixed coupon rate of 4.85% and a maturity term of three years. Details are set out in the announcement of the Company dated 27 April 2022.

On 6 July 2023, the Group issued an asset-backed securitized product known as China Life Investment — BCG Outlets Second Stage Asset Support Scheme (國壽投資－首創鉅大奧特萊斯第二期資產支持計劃) for the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,800,000,000. Under the Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Xi'an Shouju Commercial Development and Management Co., Ltd. (an indirect wholly-owned subsidiary of the Company), Nanning Grand Outlets Property Investment Co., Ltd. (an indirect wholly-owned subsidiary of the Company) and Zhejiang Outlets Property Real Estate Co. Ltd. (an indirect wholly-owned subsidiary of the Company). The creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitization under the Scheme for the purpose of raising funds for the Group's operation and development. As at 31 December 2023, the Group had issued asset-backed securities in the principal amount of RMB1,800,000,000 with a fixed coupon rate of 4.60% and a maturity term of three years. Details are set out in the announcement of the Group dated 6 July 2023.

5. FOREIGN EXCHANGE EXPOSURE

Major subsidiaries of the Group operate in the PRC and most of the transactions are denominated in RMB. As at 31 December 2023, the Group has fully repaid the US$-denominated bank borrowings amounting to US$197,700,000 (31 December 2022: US$197,700,000). In addition, certain of the Group's assets and liabilities are denominated in HK$ and US$, the amount of which is not significant. Hence, it is expected that exchange rate fluctuations will have no significant impact on the finance of the Group.

6. FINANCIAL GUARANTEES

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to purchasers of properties. As at 31 December 2023, the financial guarantees amounted to approximately RMB540,074,000 (31 December 2022: RMB702,104,000).

7. CAPITAL COMMITMENTS

As at 31 December 2023, the Group had capital commitments relating to the development properties under construction of approximately RMB Nil (31 December 2022: RMB403,438,000).

8. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS

For the year ended 31 December 2023, the Group had no significant investments, material acquisitions and disposals, and future plans for significant investment or acquisition of capital assets, except for the completion of the disposal of the Outlets located in Wuhan and Jinan on 18 August 2023. Details are set out in the Company's announcement dated 10 July 2023, the circular dated 2 August 2023, and the announcement dated 18 August 2023.

9. PLEDGE OF ASSETS

As at 31 December 2023, the total amount of the Group's pledge of investment properties and land use rights arising from borrowings were RMB956,000,000 (31 December 2022: RMB3,586,865,000).

10. CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities.

11. SUBSEQUENT EVENTS

As at 31 December 2023, the Group did not have any subsequent events.

COST OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 673 employees, of which 344 were male and 329 were female (as of 31 December 2022, the Group employed 722 employees, of which 355 were male and 367 were female). For the year ended 31 December 2023, employee benefit expenses (excluding remunerations of Directors and the chief executive officer) of the Group amounted to approximately RMB171,594,600 (as at 31 December 2022, employee benefit expenses (excluding remunerations of Directors and the chief executive officer) of the Group amounted to approximately RMB186,663,400). The remuneration policy and package of the Group's employees are structured in accordance with market conditions, individual employee performance, qualifications and experience and statutory requirements where appropriate. The Group also provides other staff benefits such as pension scheme, medical insurance scheme, unemployment insurance scheme and housing provident fund to motivate and reward employees at all levels to achieve the Group's business performance targets. In addition, the Group provides trainings, including professional skill training, and development programmes on an ongoing basis.

FUTURE DEVELOPMENT AND OUTLOOK

In 2024, the domestic economy still faces triple pressures of demand contraction, supply shock, and weakened expectations. Problems such as insufficient effective demand and overcapacity in some industries still exist, and economic development still faces some difficulties and challenges. In 2024, the domestic economic work will adhere to the policy of "seek progress in stability, promote stability through progress, and construction before destruction (穩中求進、以進促穩、先立後破)", actively advancing in mode transformation, structural adjustment, quality improvement, and efficiency enhancement, continuously implementing active fiscal policies and prudent monetary policies, focus on expanding domestic demand, stimulating potential consumption, and actively cultivating new consumption growth points such as smart homes, entertainment tourism, sports events, and domestic "trendy brand (潮品)". It is expected that with the advancement of various policies, economic vitality will be effectively enhanced, social expectations will be improved, and the trend of economic recovery towards a positive state will be consolidated and strengthened, thereby continuously promoting the effective improvement of quality and reasonable growth of quantity in the economy.

Under the new trend of rational consumption, the outlets industry with the attribute of "amazing discounts" will still show a strong "lipstick effect (口紅效應)" and continue to maintain a good growth momentum. The Group will seize the favorable opportunity for the country to expand domestic demand and promote consumption, focus on new consumption hotspots such as domestic products and China-Chic, innovate and develop, deepen and strengthen the "amazing discount" attribute of outlets, provide consumers with an "extremely cost-effective (極致性價比)" shopping experience, turn policy dividends into growth momentum, and constantly improve sales performance.

The Group will uphold the concept of "make high-quality goods cheaper (讓好商品賣得更便宜)" to strengthen the core competitiveness of outlets business, strengthen and consolidate brand relationships and discount management, continuously introduce good brands and products, continuously optimize to reduce operating costs, and provide consumers with a shopping experience of "extremely cost-effective (極致性價比)".

The Group will continue to refine and improve the "Capital Arcade (鉅潮薈)" product line, further promote the expansion of light assets, expand management scale, promote the strategic transformation of assets "from heavy to light, from light to premium" (由重變輕、由輕變精), and continuously innovate and build a new highland for development. At the same time, we will conduct in-depth research on the business models closely related to outlets, enrich the brand structure, consolidate the main track of outlets and expand new business opportunities through win-win cooperation.

The Group will continuously strengthen leasing capacity construction, upgrade brand resource library, optimize brand resources, continue to implement the plan to eliminate vacant stores, increase the rent and improve the sales conversion. We will strengthen the management of private domain traffic, and achieve the addition of millions of members through system construction, operation mode, and service content innovation. We use lean management and classified policy implementation to scientifically and reasonably regulate multiple-operation points, and improve the efficiency of multi business output. We continue to promote the destocking of proprietary businesses, explore corporate development, strengthen business innovation capabilities, and achieve breakthroughs in the reform of proprietary businesses.

In 2024, the Group will focus on building a lean operation system through digital means, continuously improving our operational capabilities, using scientific operational indicators for assessment, enhancing standardization, systematization, and normalization levels, leveraging the advantages of chain operation, promoting high-quality development, and consolidating the leading position of Capital Outlets in the industry. We are committed to becoming the most valuable outlets operator in China which provides excellent experience for consumers.

EXECUTIVE DIRECTORS

Mr. Fan Shubin (范書斌), aged 55, a senior accountant, was elected as an executive Director, the chairman of the Board and the chairman of the Nomination Committee of the Company in October 2021. Mr. Fan served as the head of the Accounting Department of China Nonferrous Metals Industry Technology Development Company Limited from August 1992 to February 1995. He also served as the manager of the Financial Department of China Rare Earth Development Company from March 1995 to April 2002. Mr. Fan joined Beijing Capital Group Co., Ltd. ("Capital Group") in May 2002, and served as the deputy general manager and the general manager of the Financial Management Department of Beijing Capital Eco-environment Protection Group Co., Ltd. ("Capital Environment", SSE stock code: 600008), the deputy general manager of the Planning and Financial Department and the general manager of the Financial Management Department of Capital Group. He served as a supervisor of Beijing Capital Land Co., Ltd. ("BCL", formerly known as Beijing Capital Land Ltd.) from December 2011 to October 2016, deputy general manager and chief financial officer (CFO) of BCL from October 2016 to October 2021, and an executive director of BCL from April 2018 to October 2021. Mr. Fan was appointed as director and general manager of Beijing Capital City Development Group Co., Ltd. ("Capital City Development") in October 2021 and at the same time he was appointed as a director and general manager of BCL. He obtained a bachelor's degree in Accounting of Industrial Enterprises from North China University of Technology in July 1991 and an MBA degree from Guanghua School of Management, Peking University in July 2000.

Mr. Xie Hongyi (謝洪毅), aged 44, was appointed as a party committee secretary, executive Director, chief executive officer and chairman of the Strategic Investment Committee of the Company in February 2024. Mr. Xie joined Capital Group in April 2013. Mr. Xie served as the deputy general manager and general manager of the Strategic Development Center of Capital Urbanization (Tianjin) Investment Co., Ltd. (首創經中(天津)投資有限公司) from April 2013 to June 2017, the assistant to the general manager and the deputy general manager of Capital Urbanization (Tianjin) Investment Co., Ltd. from June 2017 to December 2022, and an executive director of Beijing Capital Investment and Development Co., Ltd. (首創投資發展有限公司) from September 2018 to December 2022. In January 2023, Mr. Xie was appointed as the deputy general manager of Capital City Development. Prior to joining Capital Group, Mr. Xie served as the executive deputy general manager of the Communication Consulting Department of CCID Consulting Company Limited (賽迪顧問股份有限公司) and the industrial analysis manager of the Industrial Analysis Department of the Industrial Research Institute of Investment Promotion Center of China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司) from July 2008 to April 2013. Mr. Xie obtained a bachelor's degree in Electronic Science and Technology from the Department of Electronic Engineering of Tsinghua University in September 2003, and a doctorate degree in Electronic Science and Technology from Tsinghua University in July 2008.

NON-EXECUTIVE DIRECTORS

Mr. Wang Hao (王昊), aged 41, was appointed as a non-executive Director and a member of the Strategic Investment Committee of the Company in May 2018. Mr. Wang served as an employee of CITIC Securities Co., Ltd. from June 2007 to August 2010. Mr. Wang served as an assistant to the chairman of the Capital Management Center of BCL from August 2010 to January 2014, an assistant to the chairman of the board of BCL from January 2014 to October 2015, the deputy general manager of the Synergy Development Department of the Capital Group from October 2015 to February 2017, the deputy general manager of the Real Estate Department of the Capital Group from February 2017 to January 2023, the deputy general manager of the Industrial Development Department of the Capital Group since January 2023 , and has served as a non-executive director of Beijing Media Corporation Limited (HKEX stock code: 1000) since 29 December 2023. Mr. Wang obtained a bachelor's degree in Electrical and Communication Engineering from University of Bristol in the United Kingdom in June 2006, and a master's degree in Business Administration jointly offered by Tsinghua University and the Chinese University of Hong Kong in November 2020.

Ms. Qin Yi (秦怡), aged 45, was appointed as a non-executive Director and a member of the Remuneration Committee of the Company in December 2018. Ms. Qin joined BCL in July 2004 and served as a professional manager of the Business Development Department, a senior manager of the Strategic Development Center, as well as the assistant general manager, deputy general manager and general manager of the Capital Management Center. Ms. Qin served as the secretary of the board of directors of BCL from March 2016 to January 2024, and served as the secretary of the board of directors of Capital City Development from November 2021 to January 2024. From January 2022 to May 2023, she acted as the general manager (director) of the Capital Operation Department (the office of the board of directors) of Capital City Development, and was appointed as a director of Capital City Development In May 2023. Ms. Qin has served as the deputy general manager (presiding) of the Capital Group since May 2023, she was appointed as a director of Capital Securities Company Limited (SSE stock code: 601136) since September 2023, and a director of Capital Environment since December 2023. Prior to joining BCL, Ms. Qin served in the Finance Department of Beijing Saike Pharmaceutical Co., Ltd. from 2000 to 2001. Ms. Qin obtained a bachelor's degree in Economics from China Institute of Finance and Banking in 2000 and a master's degree in Economics from the School of Economics of Peking University in 2004.

Mr. Zhai Senlin (翟森林), aged 37, was appointed as a non-executive Director, member of the Nomination Committee, and member of the Strategic Investment Committee of the Company in April 2024. He served as an executive deputy general manager (in charge of overall operation) of the Investment and Development Center of Sino-Ocean Group Holding Limited ("Sino-Ocean Group", HKEX stock code: 3377). Mr. Zhai joined Sino-Ocean Group in February 2017 and served as deputy director of investment of the office of CEO Affairs, assistant to the general manager of Investment and Financing Business Center and deputy general manager of Investment Development Center. Mr. Zhai has previously worked at Lufthansa Shopping City Co. Ltd. (燕莎商城股份有限公司) and BCL. Mr. Zhai graduated from Xi'an Jiaotong University and obtained a bachelor's degree in Science in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chi Tat (楊志達), aged 54, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company in May 2023. Mr. Yeung possesses extensive experience in auditing, corporate restructuring and corporate finance. He worked at a major international accounting firm for over 10 years and then worked for various Hong Kong listed companies as vice-president, chief financial officer, financial controller and/or company secretary. He is currently an independent non-executive director of ZO Future Group (HKEX stock code: 02309), Sitoy Group Holdings Limited (HKEX stock code: 01023), ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (HKEX stock code: 01541) and Shiyue Daotian Group Co., Ltd. (HKEX stock code: 09676). He was an independent non-executive director of ANTA Sports Products Limited (HKEX stock code: 02020) from February 2007 to June 2018 and Boer Power Holdings Limited (HKEX stock code: 01685) from September 2010 to June 2020. He was also an independent non-executive director of Guodian Technology & Environment Group Corporation Limited (HKEX stock code: 01296), which was formerly listed on the Main Board of the Stock Exchange, from August 2017 to June 2022. He served as an independent director of New Hope Dairy Co., Ltd. (SZSE stock code: 002946) from December 2016 to June 2023. He graduated from the University of Hong Kong with a bachelor's degree of business administration and obtained a master's degree in professional accounting with distinction from Hong Kong Polytechnic University. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He was the president of the Hong Kong Independent Non-executive Director Association from 2022 to 2023 and currently serves as an executive council member.

Dr. Huang Wei (黃瑋), aged 55, was appointed as an independent non-executive Director, the chairlady of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company in May 2023. She is an accredited senior appraiser of American Society of Appraisers, a chartered member of the Royal Institution of Chartered Surveyors (RICS). Dr. Huang is the founder and the managing director of Hong Kong Appraisal Advisory Limited and the General Manager of Hong Kong branch of China United Assets Appraisal Group (中聯資產評估集團(香港分所)). Dr. Huang has more than 18 years' experience in the valuation industry and has taken part in asset and business valuation for diverse industries. Dr. Huang is a vice president and chairlady of business valuation committee of the Hong Kong Independent Non-Executive Director Association, the founding member and senior valuation advisor of HK Bio-Med Innotech Association, the judge and mentor of the "HKTech300" Innovation and Entrepreneurship Program of City University of Hong Kong, the vice president of Hong Kong Association of Overseas-Returned Scholars and a director of the Chinese Financial Association of Hong Kong. Dr. Huang is currently an independent non-executive director of Tenfu (Cayman) Holdings Company Limited (SEHK stock code: 06868) and Tianqi Lithium Corporation (HKEX stock code: 09696; SZSE stock code: 002466). Dr. Huang holds a master's degree with honors in mathematics from Sun Yat-sen University and a doctorate degree in real estate economics from the University of Hong Kong.

Mr. Xu Weiguo (許衛國), aged 50, was appointed as an independent non-executive Director, a member of the Audit Committee, the Strategic Investment Committee, the Remuneration Committee and the Nomination Committee of the Company in May 2023. Mr. Xu served as a deputy manager of the development department of China Resources (Shenzhen) Co, Ltd. from February 2001 to April 2006, a general project manager of China Resources Sun Hung Kai Properties (Hangzhou) Limited from May 2006 to September 2012, and the group vice president, the general manager of the Commercial Property Division and the general manager of the Southern China district of KWG Group Holdings Limited (HKEX stock code: 01813) from September 2012 to November 2016. He has been the founder of Yisi Enterprise Management (Tianjin) Company Limited (易思企業管理(天津)有限公司) and Sirun Investment Management (Tianjin) Company Limited (思潤投資管理(天津)有限公司) since July 2017. He obtained a bachelor's degree in architecture from Tsing Hua University in 1998 and a master's degree in architecture from Tsing Hua University in 2001. He also obtained a master's degree in Business Administration of Senior Management (EMBA) from the School of Business of The Hong Kong University of Science and Technology in 2016.

SENIOR MANAGEMENT

Mr. Gao Baofeng (高寶豐), aged 49, was appointed as the deputy secretary of Party Committee, secretary of the Disciplinary Committee of the Company in September 2023. Mr. Gao served in the PLA Air Force from July 1995 to December 2007 and acted as a teacher, assistant lecturer, deputy instructor, party branch secretary, and officer of the political office. From December 2007 to October 2013, he served successively as the deputy chief clerk and chief clerk of the disciplinary inspection and supervision division of the Beijing Municipal SASAC (北京市國資委); from October 2013 to October 2014, he served as the senior manager of the disciplinary inspection and supervision office of Beijing Enterprises Group Co., Ltd. (北京控股集團有限公司); from October 2014 to December 2015, he successively served as the deputy general manager (as a temporary post) of the first branch of Beijing Gas Group Co., Ltd. (北京市燃氣集團有限責任公司) and the discipline inspection supervisor (deputy division-level) of the Disciplinary Committee. He served as the director of the Discipline Inspection and Supervision Office of Capital Environment and the secretary of the third party branch of the headquarters from December 2015 to May 2019. Mr. Gao joined BCL in August 2020 as the deputy director of the Party Committee Office. He joined the Company in August 2020 as the secretary of the Disciplinary Committee. Mr. Gao obtained a diploma in cryptography and information security from the Air Force Telecommunications Engineering Institute in July 1995, and an undergraduate diploma in economics and management from the Air Force Political Institute in July 1999.

Mr. Yuan Zelu (袁澤路), aged 56, is a senior business operator and senior marketing specialist, was appointed as a deputy general manager of the Company in October 2018, and was appointed as the executive deputy general manager of the Company in January 2022. Mr. Yuan served as an assistant manager of Beijing Wangfujing Department Store (北京王府井百貨大樓) from September 1987 to April 1992, the head and department manager of the operation department of Beijing Jianguomen Scitech Plaza (北京建國門賽特購物中心) from April 1992 to May 2003, and the deputy general manager of Oriental Kenzo (Beijing) Company Limited (東方銀座商業(北京)有限公司) from June 2003 to March 2007. Later, Mr. Yuan worked as the general manager of the Beijing Project and Tianjin Project of Capital Commercial Jia Mao Shopping Mall (凱德商用嘉茂購物中心) from April 2007 to September 2009. He was the deputy director of the commercial property business department of Beijing Glory Group (北京國瑞集團) and the general manager of Beijing Glory Commercial Management Co., Ltd. (北京國瑞商業管理有限公司) from October 2009 to July 2010. He also served as the business executive director of the property asset management department of China Ping An Trust (中國平安信託) and the general manager of Beijing City Mall (北京都匯天地購物中心) from July 2010 to May 2012. He joined the business department for commercial property development of BCL in June 2012. He has severed as the general manager of the Beijing Capital Outlets of the Company since December 2012, concurrently served as the general manager of the Nanchang Capital Outlets from January 2019 to November 2020 and the general manager of the Kunming Capital Outlets from December 2020 to February 2022. Mr. Yuan obtained a diploma in Commercial Economics (Corporate) Management (商業經濟(企業)管理專業大專文憑) from the School of Continuing Education, Beijing Normal University in March 2000, a bachelor's degree in Business Administration from Beijing Municipal Party Committee School (北京市委黨校) in July 2006, and an MBA degree from the International Business University of Beijing in August 2012.

Mr. Lin Zhiyong (林智勇), aged 48, was appointed as the deputy general manager of the Company in October 2022. Mr. Lin joined BCL in 2007, and served as the senior professional manager of the Marketing Department of the BCL headquarters, the assistant general manager of the Brand Customer Center of the headquarters, and the assistant general manager of the Innovation and Research Center from April 2007 to January 2012, and the deputy general manager and the general manager of the BCL Jiangsu Company from January 2012 to July 2014. Mr. Lin served as the general manager of the Customer Development Center of the BCL headquarters, the general manager of the BCL Qingdao Company, and the general manager of BC Property Management Company from July 2014 to November 2022. Mr. Lin was appointed as the general manager of BCL Shouao Property Company (首創置業首奧物業公司) in July 2022. Mr. Lin obtained a diploma in Business English from Northeastern University in July 1996 and a bachelor's degree in Economics from the University of International Business and Economics in June 2002.

Mr. Wang Liwen (王立文), aged 47, was appointed as the chief accountant of the Company in September 2022. Mr. Wang served as the chief accountant of the BCL Northern China Company from February 2022 to September 2022. He successively served as the chief financial officer and deputy general manager of the BCL Tianjin Company from September 2012 to February 2022, the chief financial officer of the commercial property department of BCL from September 2011 to August 2012, the general manager of the financial management center of Outlets (China) Limited (奧特萊斯(中國)有限公司) from February 2010 to September 2011, and the senior professional manager of the financial management center of the BCL headquarters from April 2009 to February 2010. Also, he served as the department manager of the financial department of Jiangsu Capital Real Estate Development Co., Ltd. (江蘇首創置業有限公司) from April 2008 to April 2009, the financial accountant and deputy department manager of Beijing Maple Real Estate Company Limited (北京楓樹置業有限公司) from April 2004 to April 2008, the accountant of the finance department of Beijing Rongbang Real Estate Development Company Ltd. (北京榮邦房地產開發有限責任公司) from August 2001 to April 2004, and an employee of the modern management department of Beijing Double-Crane Modern Pharmaceutical Technology Company Limited (北京雙鶴現代醫藥技術有限責任公司) from August 2000 to August 2001. Mr. Wang obtained a bachelor's degree in Taxation from the Central University of Finance and Economics in July 2000.

Ms. Wang Xia (汪霞), aged 48, a financial risk manager (FRM), was appointed as the secretary of the Board of the Company in October 2018, she was further appointed as one of the joint company secretaries of the Company in October 2023 and the deputy general manager of the Company in January 2024. Ms. Wang served as the manager of the President's Office of Dalian Hanfeng Group Company (大連漢楓集團公司) and the general manager of its Dalian company from January 2000 to April 2002, a member of the Preparatory Office, an executive secretary of the General Manager's Office, a director of Strategic Planning Department and a director of Process Planning and Customer Relationship Management Department of ING Capital Life Insurance Company Ltd. (首創安泰人壽保險有限公司) from May 2002 to November 2006. From December 2009 to March 2010, Ms. Wang was a communications and specialised projects manager of the Strategy and Business Development Department of Pfizer Investment Co., Ltd. (輝瑞投資有限公司). Ms. Wang joined BCL in July 2010 and served as a professional manager of the Capital Management Center, a premier manager and later a senior manager of corporate governance. Ms. Wang joined the Company in May 2015 as the general manager of the Capital Management Center, she has also served as the general manager (director) of the Strategic Cooperation Center (the Board's Office) since December 2022. Ms. Wang obtained a bachelor's degree and a master's degree in Engineering from Shaanxi University of Science and Technology (formerly known as "Northwest Institute of Light Industry") in July 1997 and April 2000, respectively; later obtained a master's degree in Business Administration from Tsinghua University (the Tsinghua-MIT Global MBA Program) in July 2009.

Mr. Zhang Zhuoran (張卓然), aged 46, who holds legal professional qualification and second-level legal adviser qualification, was appointed as the general counsel of the Company in August 2022. Mr. Zhang is also the general manager of the Legal Compliance Department of the Company. He served as the deputy director of the office of Beijing Building Science and Technology Research Institute of CSCEC (北京中建建築科學技術研究院) from July 1999 to June 2002, the general manager of the Legal Audit Department of BEIH-Property Co., Ltd. (京能置業股份有限公司) from June 2002 to October 2010, and the deputy general manager of the investment development center of the Hopson Development Group (合生創展集團) headquarters from October 2010 to November 2015. He joined the Company in November 2015 and served as the general manager of the risk management center. Mr. Zhang obtained a bachelor's degree in International Economic Law from the School of Law of Heilongjiang University in July 1999.

JOINT COMPANY SECRETARY

Mr. Ng Lok Ming (吳樂茗), aged 51, was appointed as one of the joint company secretaries of the Company in October 2023. Mr. Ng is a solicitor of the High Court of the Hong Kong Special Administrative Region and a lawyer in the Guangdong-Hong Kong-Macao Greater Bay Area in private practice. In additional to Mr. Ng's experience as legal director of Alibaba Group Holding Limited from November 2015 to November 2020, he had for many years worked as head of legal/general counsel and company secretary at former blue-chip and companies listed on the Main Board of the Hongkong Stock Exchange. Since January 2024, he has been a member of the Internal Audit and Risk Prevention Committee under the State-owned Assets Supervision and Administration Commission of Henan Province; in March 2024, he was appointed as a member of the Advisory Group of the Guangdong-Hong Kong-Macao Greater Bay Area Lawyers within the Department of Justice of the Hong Kong Special Administrative Region. Mr. Ng graduated from the University of Hong Kong with a Bachelor of Laws and a Postgraduate Certificate in Laws in 1995 and 1996 respectively. He later obtained a Master of Laws in Chinese and Comparative Law from the City University of Hong Kong in 2002.

The board of directors (the "Board" or the "Directors") of Beijing Capital Grand Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") hereby presents its report and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Group is principally engaged in commercial property development and operation management, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the PRC, the details of which have been disclosed in the circular of the Company dated 14 November 2018. The activities of its principal subsidiaries are set out in Note 20 to the Consolidated Financial Statements of this report.

BUSINESS REVIEW

Pursuant to the requirements of the Schedule 5 to the Hong Kong Companies Ordinance, an indication of likely future development in the Company's business, a fair review of the business of the Group, a discussion and analysis of the Group's performance during the year including analysis using financial key performance indicators, particulars of important events affecting the Group that have occurred since the end of the year and the Group's compliance with relevant laws and regulations that have a significant impact on the Group are disclosed throughout this report, particularly in the sections headed "Five-Year Financial Summary", "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report". A discussion on the Company's environmental policies and performance and an account of the Company's relationship with its key stakeholders are disclosed in detail in the 2023 Environmental, Social and Corporate Governance Report to be published by the Company, which will be available for shareholders' inspection at the websites of the Company (www.bcgrand.com) and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk). A description of the key risks and uncertainties faced by the Company is set out below:

KEY RISK FACTORS

The key risks and uncertainties faced by the Group are as follows. As it is a non-exhaustive list, there may be other risks and uncertainties other than those disclosed below. Besides, this report does not constitute any recommendation or advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgment or consult professionals before making any investment in the securities of the Company.

During the development process, the Company has taken into full consideration the changes in the market and political environment, and complied with the regulatory requirements of the Stock Exchange, while aligning with the relevant environmental, social and corporate governance ("ESG") factors. The Company also recognized the existing strategic risks, operation risks, financial risks, legal risks and market risks, etc., of which:

(1) Strategic risks are mainly attributable to domestic and overseas macro-economies, the overall trend of the industrial structure and the commensurate level of the scientific and sustainable standards of strategy establishment of the Company;

(2) Market risks are mainly attributable to changes to internal and external environment, such as domestic policies on real estate and commercial market, outbreak of pandemic, market supply and demand, market competition and business partnership, as well as the risk of unexpected potential losses in value in the stock market due to changes of stock prices, interest rates and exchange rates;

(3) Operation risks are mainly attributable to the supervision and control procedures of each business segment involved in the daily operation and management process of the Company;

(4) Financial risks are mainly attributable to the supervision and control procedures of the financial system of the Company as a whole, including fund raising, investment management and revenue accounting;

(5) Legal risks are mainly attributable to the ongoing changes to domestic and overseas policies and regulations, and the internal contract management ability of the Company and the occurrence of relevant legal disputes.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2023, prepared in accordance with the Hong Kong Institute of Certified Public Accountants (HKICPA) and disclosure provisions of the Hong Kong Companies Ordinance, are set out in the Consolidated Statement of Profit or Loss on page 63 of this report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2023.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out in the Five-Year Financial Summary on page 154 of this report. The summary does not form a part of the audited financial statements. The results published may not be comparable to the balance sheet.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the review period are set out in Note 15 to the Consolidated Financial Statements on page 114 of this report.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the review period are set out in Note 18 to the Consolidated Financial Statements on pages 116 to 119 of this report.

ISSUED SHARES

During the year, the Company did not issue any shares. Details of movements in the Company's share capital are set out in Note 32 to the Consolidated Financial Statements on page 142 of this report.

ISSUE OF THE CONVERTIBLE BOND SECURITIES

During the year, the Company did not issue or grant any convertible bond securities. Details of the convertible bond securities of the Company during the review period are set out in Note 33 and Note 34 to the Consolidated Financial Statements on pages 143 to 145 of this report.

DEBT SECURITIES

During the year, the Company did not issue any debt securities.

PRE-EMPTIVE RIGHTS

There are no provisions on pre-emptive rights under the Company's Articles of Association (the "Articles") or the Companies Law which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 39 to the Consolidated Financial Statements on page 152 of this report as well as in the Consolidated Statement of Changes in Equity on page 67 of this report.

As at 31 December 2023, the distributable reserves of the Company amounted to approximately RMB3.964 billion.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, sales to the Group's largest customer and five largest customers accounted for approximately 30.21% and 33.96%, respectively, of the total sales of the Group for the review period. Purchases from the Group's largest supplier and five largest suppliers accounted for approximately 1.99% and 8.06%, respectively, of the Group's total purchases for the year. None of the Directors, their close associates or any shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers or five largest suppliers at any time during the year.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2023 are set out in Note 27 to the Consolidated Financial Statements on pages 132 to 134 of this report.

DIRECTORS

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

EXECUTIVE DIRECTORS:

Mr. Fan Shubin *(Chairman)*
Mr. Xie Hongyi *(Chief Executive Officer)* (Appointed on 8 February 2024)
Mr. Xu Jian *(Chief Executive Officer)* (Resigned on 8 February 2024)

NON-EXECUTIVE DIRECTORS:

Mr. Wang Hao
Ms. Qin Yi
Mr. Zhai Senlin (Appointed on 18 April 2024)
Mr. Zhou Yue (Resigned on 18 April 2024)
Mr. Zhao Randolph (Resigned on 23 January 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Yeung Chi Tat (Appointed on 9 May 2023)
Dr. Huang Wei (Appointed on 9 May 2023)
Mr. Xu Weiguo (Appointed on 9 May 2023)
Dr. Ngai Wai Fung (Resigned on 9 May 2023)
Ms. Zhao Yuhong (Resigned on 9 May 2023)
Mr. He Xiaofeng (Resigned on 9 May 2023)

Mr. Xie Hongyi, who was appointed as the executive director of the Company on 8 February 2024, has obtained the legal opinion mentioned in Article 3.09D of the Listing Rules on 7 February 2024, and Mr. Xie has confirmed his understanding of his responsibilities as a director of the Company.

Mr. Zhai Senlin, who was appointed as the non-executive director of the Company on 18 April 2024, has obtained the legal opinion mentioned in Article 3.09 of the Listing Rules on 18 April 2024, and Mr. Zhai has confirmed his understanding of his responsibilities as a director of the Company.

In accordance with article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Mr. Xie Hongyi was appointed as an executive Director in February 2024, Mr. Zhai Senlin was appointed as a non-executive Director in April 2024, and shall be re-elected at the forthcoming annual general meeting in accordance with the Articles.

In accordance with articles 84(1) and (2) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if such number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at the annual general meeting at least once every three years. Pursuant to that, Mr. Wang Hao and Ms. Qin Yi will be re-elected at the forthcoming annual general meeting.

Details regarding the re-election of directors will be set out in the circular of annual general meeting to shareholders.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the changes in information of Directors subsequent to the date of the 2023 Interim Report is set out below:

On September 2023, Ms. Qin Yi, the non-executive Director of the Company, has appointed as a director of Capital Securities Corporation Limited (listed on the Shanghai stock exchange, stock code: 601136). On December 2023, she has appointed as a director of Beijing Capital Eco-environment Protection Group Co., Ltd. (listed on the Shanghai stock exchange, stock code: 600008).

On 11 October 2023, Mr. Yeung Chi Tat, the independent non-executive Director of the Company, has appointed as an independent non-executive director of Shiyue Daotian Group Co., Ltd. (listed on the Stock Exchange, stock code: 09676).

On 29 December 2023, Mr. Wang Hao, the non-executive Director of the Company, has appointed as a non-executive director of Beijing Media Corporation Limited (listed on the Stock Exchange, stock code: 1000).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors are set out on pages 24 to 29 of this report.

DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

During the year, no Director entered into a service agreement with the Company which was not terminable by the Company within one year without payment of compensation (other than statutory compensation).

The Directors' remuneration policy and package shall be determined by the Board with the recommendation of the remuneration committee of the Company with reference to the market rate, individual qualifications as well as contribution and commitments to the Company. The details of Directors' remuneration are set out in Note 10 to the Consolidated Financial Statements on pages 107 to 110 of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" on pages 39 to 41 of this report, none of the Directors or their connected entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or its subsidiaries was a party during the year.

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

As at 31 December 2023, to the knowledge of the Directors, none of the Directors and chief executives of the Company and their associates had interests and short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following Directors are also directors and/or officers of Capital City Development and/or BCL (the controlling shareholders of the Company).

Name of Director	Position held in Capital City Development and/or BCL
Mr. Fan Shubin	director and general manager of Capital City Development and BCL
Mr. Xie Hongyi	deputy general manager of Capital City Development
Ms. Qin Yi	director of Capital City Development

BCL is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four core business streams of residential property development, integrated outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industry properties, cultural and creative industries and rental housing. Capital City Development is an offeror of BCL privatization, and BCL completed privatization and withdrawal of listing of the H shares on 30 September 2021. As at the date of this report, Capital City Development owns all shares of BCL and is a controlling shareholder of the Company.

On 10 October 2018, the Company entered into the second amended non-competition deed (the "Second Amended Non-Competition Deed") with BCL to delineate the respective businesses of the Company and BCL according to (i) usage of the land and properties to be developed and (ii) the business models, the details of which are set out in the circular of the Company dated 14 November 2018, and the Second Amended Non-Competition Deed has come into effect on 30 November 2018.

BCL has confirmed that during the year, it has complied with the non-competition undertaking under the Second Amended Non-Competition Deed. Therefore, none of the Directors or their respective associates had interests in such business that competes or may compete with the business of the Group.

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

As at 31 December 2023, to the knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital (%)	Total number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual Convertible Bond Securities (at the initial conversion price of HK$2.10 per share)	Total interests	Percentage of total interests to total issued shares
BECL Investment Holding Limited ("BECL")	Beneficial owner	701,353,846	72.94%	1,072,928,106 *(Note 5)*	1,774,281,952	184.53%
BCL	Interests of controlled corporation *(Note 1)*	701,353,846	72.94%	1,072,928,106 *(Note 5)*	1,774,281,952	184.53%
Beijing Capital City Development Group Co., Ltd. ("Capital City Development")	Interests of controlled corporation *(Note 1)*	701,353,846	72.94%	1,072,928,106 *(Note 5)*	1,774,281,952	184.53%

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital (%)	Total number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual Convertible Bond Securities (at the initial conversion price of HK$2.10 per share)	Total interests	Percentage of total interests to total issued shares
BCG Chinastar International Limited	Beneficial owner	19,800,000	2.06%	–	19,800,000	2.06%
Capital Group	Interests of controlled corporation *(Note 2)*	721,153,846	75%	1,072,928,106 *(Note 5)*	1,794,081,952	186.58%
Smart Win Group Limited	Beneficial owner	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Land (Hong Kong) Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Faith Ocean International Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Shine Wind Development Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Group Holding Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
KKR CG Judo Outlets	Beneficial owner	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR CG Judo	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Fund L.P.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Associates China Growth L.P.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Limited	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Partnership L.P.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital (%)	Total number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual Convertible Bond Securities (at the initial conversion price of HK$2.10 per share)	Total interests	Percentage of total interests to total issued shares
KKR Group Holdings L.P.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Holdings Corp.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Co. Inc	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR & Co. Inc	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Management LLP	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Henry Robert Kravis	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Roberts George R.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%

Notes:

1. Total interests in 1,774,281,952 shares were deemed to be corporation interest under the SFO.
2. Total interests in 1,794,081,952 shares were deemed to be corporation interest under the SFO.
3. Total interests in 408,332,432 shares were deemed to be corporation interest under the SFO.
4. Total interests in 295,238,095 shares were deemed to be corporation interest under the SFO.
5. On 19 December 2016, the Company issued a total of 905,951,470 Class B Convertible Preference Shares to BECL pursuant to the Class B Convertible Preference Share Subscription Agreement. On 28 December 2016, BECL converted 571,153,846 Class A Convertible Preference Shares into ordinary shares.

Save as disclosed above, as of the date of this report, as recorded in the register of interests kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

During the year, no contracts were entered into or subsisted that concerned the management and administration of the whole or any substantial part of the business of the Company.

EQUITY-LINKED AGREEMENTS

Other than the Class A Convertible Preference Share Subscription Agreement entered into on 15 August 2014, the Class B Convertible Preference Share Subscription Agreement entered into on 8 June 2016 and the Subscription Agreement entered into on 25 November 2016 by the Company, during the year ended 31 December 2023, no equity-linked agreements were entered into by the Company or subsisted that would or may result in the Company issuing shares or require the Company to enter into any agreements that would or may result in the Company issuing shares.

CONVERTIBLE PREFERENCE SHARES

On 15 August 2014, the Group entered into an acquisition agreement with a subsidiary of BCL to acquire all of its 100% equity interests in Xi'an Capital Xin Kai Real Estate Ltd.. In order to finance the payment of the consideration, the Company issued 738,130,482 Class A Convertible Preference Shares to a wholly-owned subsidiary of BCL, the details of which are set out in the announcements dated 15 August 2014 and 22 January 2015, the circular dated 26 November 2014 and Note 33 to the Consolidated Financial Statements on page 143 of this report.

On 8 June 2016, the Group entered into an acquisition agreement with BCL and its subsidiary to acquire all of its equity interests in Beijing Chuangxin Jianye Real Estate Investment Ltd. and Zhejiang Outlets Property Real Estate Co., Ltd.. In order to finance part of the payment of the consideration, the Company issued 905,951,470 Class B Convertible Preference Shares to a wholly-owned subsidiary of BCL, the details of which are set out in the announcements dated 8 June 2016 and 14 December 2016, the circular dated 30 June 2016 and Note 33 to the Consolidated Financial Statements on page 144 of this report.

PERPETUAL CONVERTIBLE BOND SECURITIES

On 25 November 2016, in order to raise capital and introduce two reputable investors to the Group, the Company entered into a subscription agreement with each of Smart Win Group Limited ("Smart Win") and KKR CG Judo Outlets ("KKR"), and issued 313,140,124 perpetual convertible bond securities to Smart Win and 200,045,787 perpetual convertible bond securities to KKR, respectively, the details of which are set out in the announcements dated 25 November 2016 and 28 December 2016, the circular dated 2 December 2016 and Note 34 to the Consolidated Financial Statements on page 144 of this report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries as a party to any arrangements to enable the Directors or chief executives of the Company or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions and continuing connected transactions are set out in Note 78 to the Consolidated Financial Statements of this report.

ESTABLISHMENT OF THE ASSET-BACKED SECURITIES SCHEME

The Company has arranged for the establishment of the Zhonglian BCG — Capital Outlets Phase II Asset-backed Securities Scheme (the "Scheme") with an issue size of not more than RMB3,268,000,000 (the "Issuance"). On 28 May 2021, a wholly-owned subsidiary of the Company entered into a project cooperation agreement for a term of three years with Capital Securities Company Limited ("Capital Securities", as the manager of the Scheme), pursuant to which it will provide services as an underwriter and manager of the Scheme and receive a one-off underwriting fee of RMB2,340,000 and an annual management fee of the Scheme of RMB1,470,600 from the Company. On 28 May 2021, a wholly-owned subsidiary of the Company entered into a fund contract for a term of three years with Shouzheng Desheng Capital Management Co., Ltd. ("Shouzheng Desheng", as the fund manager of the Scheme), pursuant to which it will provide services as the fund manager of the Scheme and receive an annual fund management fee of RMB2,777,800 from the Company. Since Capital Securities and Shouzheng Desheng are subsidiaries of Capital Group, the indirect controlling shareholder of the Company, and Capital Securities and Shouzheng Desheng are therefore both connected persons of the Company within the meaning of the Listing Rules, the entering into of the project cooperation agreement and fund contract and the transactions contemplated thereunder constitute connected transactions and continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 28 May 2021. The annual cap of service fee for 2023 was agreed to be RMB4,248,400, and the total actual amount incurred was RMB1,952,300 which did not exceed the annual cap.

PROVISION OF GUARANTEE

(1) On 30 June 2021, Xi'an Shouchuang Xinkai Development Co., Ltd ("Xi'an Xinkai", a wholly-owned subsidiary of the Company) entered into an entrustment guarantee agreement for a term of three years with Capital Group in relation to the guarantee provided by Capital Group, on behalf of Xi'an Xinkai, in favour of China Life Investment Management Company Limited ("China Life Investment") as stipulated under the cooperation agreement, and Xi'an Xinkai shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group as stipulated under the cooperation agreement. As Capital Group is the indirect controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company within the meaning of the Listing Rules, the entering into of the entrustment guarantee agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 30 June 2021. The annual cap of service fee for 2023 was agreed to be RMB10,500,000, and the total actual amount incurred was RMB10,406,000, which did not exceed the annual cap.

(2) On 29 July 2021, Trade Horizon Global Limited ("Trade Horizon", a wholly-owned subsidiary of the Company) entered into an entrustment guarantee agreement for a term of three years with Capital Group in relation to the guarantee provided by Capital Group in favour of Ping An Bank Co., Ltd. ("Ping An Bank") by way of a letter of guarantee issued by the Beijing branch of the Bank of Hangzhou Co., Ltd. (杭州銀行股份有限公司) for Capital Group in favour of Ping An Bank, and Trade Horizon shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group as stipulated under the guarantee agreement. As Capital Group is the indirect controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company within the meaning of the Listing Rules, the entering into of the entrustment guarantee agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 29 July 2021. The annual cap of service fee for 2023 was agreed to be RMB9,100,000, and the total actual amount incurred was RMB8,818,000, which did not exceed the annual cap.

(3) On 27 April 2022, Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. ("Hengsheng Huachuang", a wholly-owned subsidiary of the Company), the Company and Capital Group entered into an entrustment guarantee agreement in relation to the joint liability guarantee provided by Capital Group in connection with the "China Life Investment — BCG Outlets First Stage Asset Support Scheme (國壽投資—首創鉅大奧特萊斯第一期資產支持計劃)" in favour of China Life Investment as stipulated under the credit enhancement agreement and Hengsheng Huachuang shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group under the entrustment guarantee agreement. As Capital Group is the indirect controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company within the meaning of the Listing Rules, the entering into of the entrustment guarantee agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 27 April 2022. The annual cap of service fee for 2023 was agreed to be RMB9,450,000 and the total actual amount incurred was RMB7,937,000, which did not exceed the annual cap.

(4) On 28 September 2022, Shanghai Juque Investment Management Co., Ltd ("Shanghai Juque", a wholly-owned subsidiary of the Company) and Capital Group entered into an entrustment guarantee agreement in relation to the guarantee provided by Capital Group on behalf of Shanghai Juque in favour of China Life Investment as stipulated under the cooperation agreement and Shanghai Juque shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by the Capital Group. As Capital Group is the indirect controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company within the meaning of the Listing Rules, the entering into of the entrustment guarantee agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 28 September 2022. The annual cap of service fee for 2023 was agreed to be RMB7,000,000 and the total actual amount incurred was RMB6,004,000, which did not exceed the annual cap.

(5) On 6 July 2023, Hengsheng Huachuang, the Company and Capital Group entered into an entrustment guarantee agreement in relation to the joint liability guarantee provided by Capital Group in connection with China Life Investment — BCG Outlets Second Stage Asset Support Scheme* (國壽投資—首創鉅大奧特萊斯第二期資產支持計劃) in favour of China Life Investment as stipulated under the credit enhancement agreement and in return, Hengsheng Huachuang shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group under the entrustment guarantee agreement. As Capital Group is the indirect controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company within the meaning of the Listing Rules, the entering into of the entrustment guarantee agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 6 July 2023. The annual cap of service fee for 2023 was agreed to be RMB6,144,700 and the total actual amount incurred was RMB6,144,700, which did not exceed the annual cap.

(6) On 29 September 2023, the Company, Hengsheng Huachuang and Capital City Development entered into an entrustment guarantee agreement in relation to the joint liability guarantee provided by Capital City Development in connection with the Reimbursement of Shortfall Obligation of the Company as stipulated under Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme* (中聯一創—首創鉅大奧特萊斯一號第一期資產支持專項計劃) and the supplemental agreement to credit enhancement agreement and in return, Hengsheng Huachuang shall pay a guarantee fee to Capital City Development calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital City Development under the entrustment guarantee agreement. As Capital City Development is the indirect controlling shareholder of the Company, and therefore Capital City Development is a connected person of the Company within the meaning of the Listing Rules, the entering into of the entrustment guarantee agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 29 September 2023. The annual cap of service fee for 2023 was agreed to be RMB4,868,000 and the total actual amount incurred was RMB4,867,000, which did not exceed the annual cap.

(7) On 26 October 2023, Shanghai Juque and Capital City Development entered into an entrustment guarantee agreement in relation to the joint liability guarantee provided by Capital City Development in favor of China CITIC Bank (Beijing Branch)* (中信銀行股份有限公司北京分行) ("CITIC Bank") for the loan granted by CITIC Bank to Shanghai Juque as stipulated under the guarantee agreement and in return, Shanghai Juque shall pay a guarantee fee to Capital City Development calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital City Development under the entrustment guarantee agreement. As Capital City Development is the indirect controlling shareholder of the Company, and therefore Capital City Development is a connected person of the Company within the meaning of the Listing Rules, the entering into of the entrustment guarantee agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 26 October 2023. The annual cap of service fee for 2023 was agreed to be RMB1,502,600 and the total actual amount incurred was RMB1,502,600, which did not exceed the annual cap.

ENTRUSTED OPERATION MANAGEMENT

(1) On 10 July 2023, wholly-owned subsidiary of the Company and wholly-owned subsidiary of Capital City Development entered into an equity transfer agreement for the transfer of Wuhan Capital Juda Outlets Business Management Limited* (武漢首創鉅大奧萊商業管理有限公司) ("Wuhan Shouju") and Jinan Shouju Real Estate Co., Ltd. * (濟南首鉅置業有限公司) ("Jinan Shouju"). As Capital City Development is a connected person of the Company, the disposal constitutes connected transactions of the Company. Upon completion of the disposal, Wuhan Shouju and Jinan Shouju are wholly-owned subsidiaries of Capital City Development. On 10 July 2023, (a) Jinan Shouju, Beijing Capital Commercial Management Co., Ltd.* (北京首創商業管理有限公司) ("Beijing Capital Commercial") and the Company entered into the Operations Entrustment Agreement A, pursuant to which the Group will provide property operation and management services in respect of Jinan Capital Outlets held by Jinan Shouju; (b) Wuhan Shouju, Beijing Capital Commercial and the Company entered into the Operations Entrustment Agreement B, pursuant to which the Group will provide property operation and management services in respect of Wuhan Capital Outlets held by Wuhan Shouju. Upon completion of the disposal, Jinan Shouju and Wuhan Shouju are both connected persons of the Company, therefore entering into of the Operations Entrustment Agreement A, Operations Entrustment Agreement B and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the Company's announcement dated 10 July 2023, the circular dated 3 August 2023 and the announcement dated 18 August 2023. The annual cap of service fee for 2023 under the Operations Entrustment Agreement A was agreed to be RMB10,800,000 and the actual amount incurred was RMB3,906,000, and the annual cap of service fee under the Operations Entrustment Agreement B was agreed to be RMB10,800,000 and actual amount incurred was RMB3,655,000, which both did not exceed the annual cap.

(2) On 20 December 2023, the Kunshan branch of Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd.* (珠海橫琴恒盛華創商業管理有限公司昆山分公司) ("Hengsheng Huachuang Kunshan") and Kunshan Shouchuang Xinkai Property Co., Ltd.* (昆山市首創新開置業有限公司) ("Shouchuang Xinkai") entered into an entrusted management agreement pursuant to which Shouchuang Xinkai shall entrust to Hengsheng Huachuang Kunshan the operation and management of the Kunshan Property from 23 December 2023 to 20 June 2024. Save for the entrusted management agreement, the parties also entered into a preparatory management agreement previously where, in the consideration of RMB2,400,000, Hengsheng Huachuang Kunshan provided business planning and preparation, merchant and site management, and opening planning services for the Kunshan Property during 13 June 2023 to 22 December 2023 being the pre-opening preparation stage of the Kunshan Property. As Capital City Development is the indirect controlling shareholder of the Company and Shouchuang Xinkai is a wholly-owned subsidiary of Capital City Development, therefore Shouchuang Xinkai is a connected person of the Company within the meaning of the Listing Rules, the entering into of the management agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 20 December 2023. The annual cap of service fee for 2023 was agreed to be RMB2,700,000 and the total actual amount incurred was RMB2,647,000, which did not exceed the annual cap.

OTHERS

On 28 September 2023, Chongqing BCG Outlets Properties Co., Ltd.* (重慶首鉅奧特萊斯置業有限公司) ("Chongqing BCG Outlets", an indirect wholly-owned subsidiary of the Company) and Chongqing Yajin Real Estate Development Co., Ltd* (重慶雅錦房地產開發有限公司) ("Chongqing YaJin") entered into a supply agreement pursuant to which Chongqing BCG Outlets provided Consumption Vouchers to Chongqing YaJin on the terms as set out in the supply agreement for use in property sales promotion activities. As Chongqing Yajin is a non-wholly-owned subsidiary of Capital City Development, therefore Chongqing Yajin is a connected person of the Company within the meaning of the Listing Rules, the entering into of the supply agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Details are set out in the announcement of the Company dated 28 September 2023. The annual cap of service fee for 2023 was agreed to be RMB4,248,000 and the total actual amount incurred was RMB50,000, which did not exceed the annual cap.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions conducted during the year and confirmed that such transactions (a) were entered into in the ordinary and usual course of business of the Group; (b) were on normal commercial terms or better terms; and that (c) the agreements governing the transactions were entered into in a fair and reasonable manner and in the interests of the shareholders of the Company as a whole, and such transactions have been carried out in accordance with the agreements governing the transactions.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the auditors of the Company to conduct an audit of the above continuing connected transactions. The auditors have issued a letter containing their conclusions in respect of the continuing connected transactions of the Group disclosed above and their findings that there is no non-compliance with the Rule 14A.56 of the Listing Rules. The Board hereby adds that the auditors of the Company confirm that the continuing connected transactions (i) were approved by the Board; (ii) in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (iii) were conducted pursuant to the relevant agreements for such transactions; and (iv) did not exceed the caps.

The Company confirmed that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the transactions set out above.

RELATED PARTY TRANSACTIONS

As at 31 December 2023, the Group has carried out several related party transactions, please refer to Note 37 to the Consolidated Financial Statements of this report, save as the connected transactions and continuing connected transactions disclosed above, other transactions are not deemed as the connected transactions or continuing connected transactions under Chapter 14A or are exempted from the requirements of reporting, announcement and shareholders' approval under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

CORPORATE GOVERNANCE

Details of the Company's corporate governance are set out in the Corporate Governance Report on pages 44 to 57 of this report.

INDEPENDENT AUDITOR

The financial statements for the year were audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting. The Company will propose a resolution at the forthcoming annual general meeting to appoint KPMG as the Company's auditors for the coming year.

There has been no change in the auditors of the Company during the past three years.

It is the auditors' responsibility to form an independent opinion, based on their audit, on these financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept legal liability to any other person for the contents of the Independent Auditor's Report. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 58 to 62.

PERMITTED INDEMNITY PROVISION

The Articles provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, provided that such indemnity shall not be extended to any matters in respect of any fraud or dishonesty. During the year, the Company arranged appropriate directors' liability insurance for its Directors and senior management to cover their responsibilities arising from the legal actions against the Directors and senior management in relation to corporate activities.

On behalf of the Board

Fan Shubin
Chairman

Beijing, 27 February 2024

The corporate vision of the Group is to "become the most valuable outlets comprehensive operator in China which provides excellent experience for consumers", which aligns with the Company's strategies and corporate culture. By applying the values of "mission, landscape, breakthrough, and transcendence (使命、格局、突破、超越)" to our actual operation, we adhere to our strategic goals, work together to overcome difficulties and pursue excellence with a view to achieving the strategic goals of the Company.

The board of directors of the Company (the "Board") and the management are also committed to establishing and maintaining good corporate governance standards, a robust internal control mechanism and effective risk management. They are convinced that sound corporate governance is the cornerstone for the Company's long-term success and can establish a framework for effective management, superior corporate culture, successful business development and higher shareholder value. At the same time, the Board also actively improves transparency and accountability to all shareholders.

CORPORATE GOVERNANCE FUNCTIONS

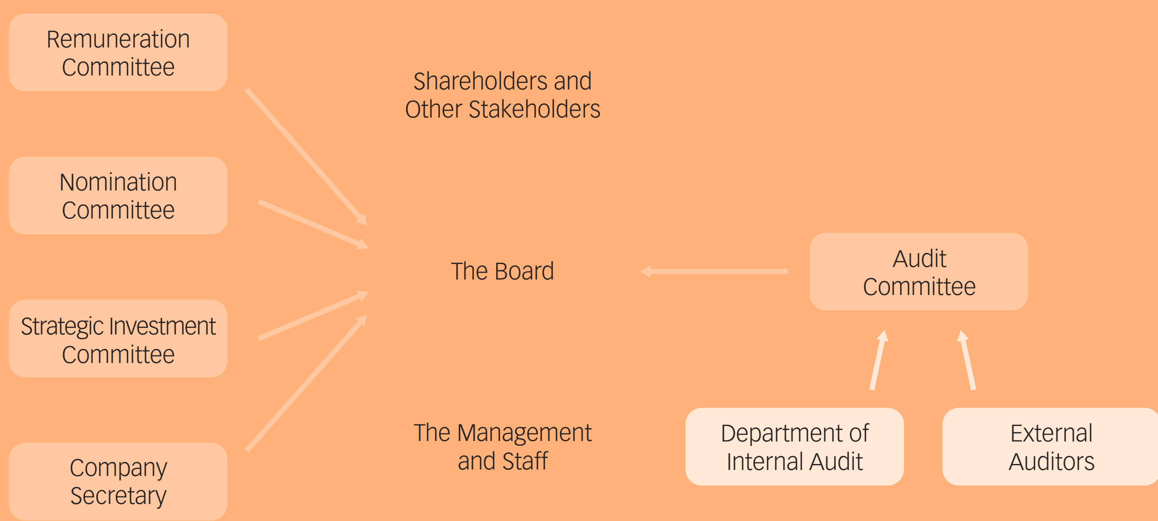
The Company adopted the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules as its policies and practices on corporate governance.

The Board is responsible for performing the corporate governance duties, including developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the trainings and continuous professional development of the Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. In addition, the Board has also designated four committees under the Board to assist in the performance of corporate governance duties.

For the year ended 31 December 2023, the Company complied with the requirements under the code provisions set out in the CG Code and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules.

CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is as follows:



BOARD OF DIRECTORS

The Board shoulders the responsibilities of improving the financial performance of the Company and making decisions in the best interest of the Company. The Board is also responsible for formulating the development strategies as well as medium and long-term development plans, establishing and maintaining the Group's operation policies and objectives, monitoring the performance of the management, reviewing the delegated functions and assignments regularly, ensuring that the Company implements a prudent and effective control framework to assess and manage risks, ensuring that the financial statements truly and fairly reflect the financial position of the Group as well as performing its corporate governance duties.

The Board has delegated the day-to-day management, administration and operations of the Group and the implementation and execution of the Board's policies and strategies to the executive Directors and senior management of the Company.

The Company has purchased suitable and adequate insurance coverage for all Directors against the litigation liabilities that may arise due to the performance of their duties. The Company reviews the insurance purchased annually to ensure the provision of reasonable and sufficient protection.

BOARD COMPOSITION

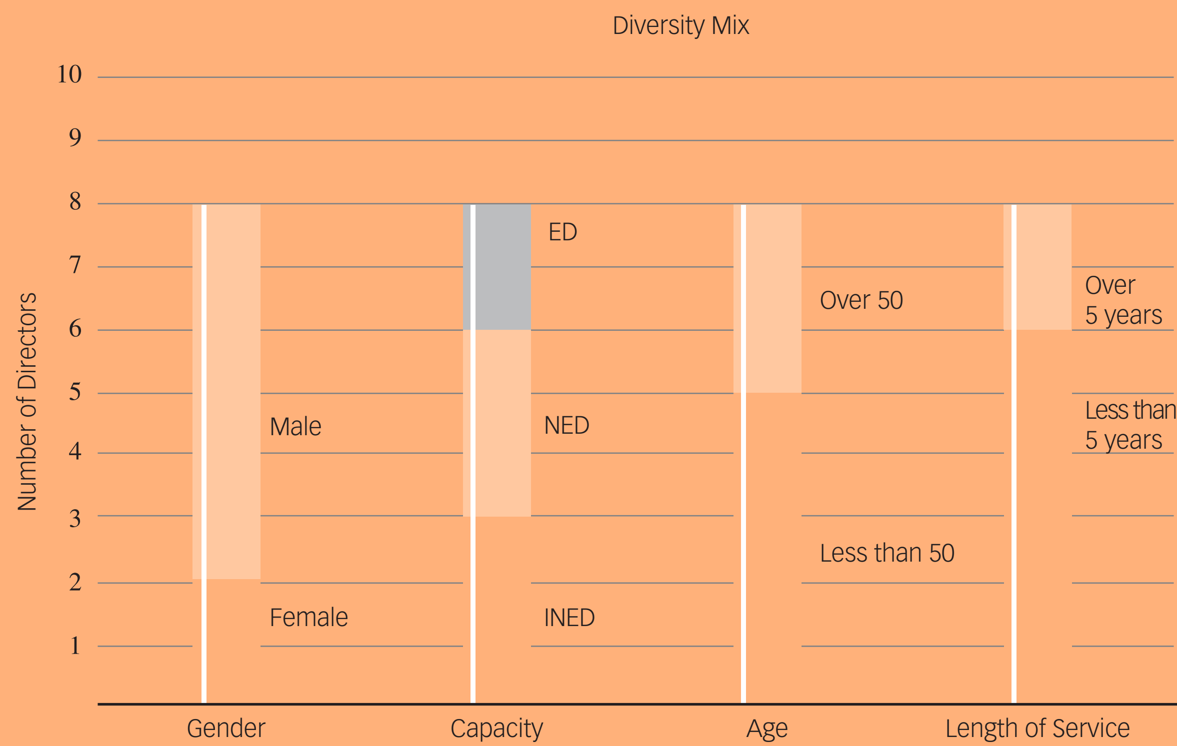
During the date of this report, the Board consisted of eight Directors, comprising two executive Directors, namely Mr. Fan Shubin (Chairman) and Mr. Xie Hongyi (Chief Executive Officer), three non-executive Directors, namely Mr. Wang Hao, Ms. Qin Yi and Mr. Zhai Senlin, and three independent non-executive Directors, namely Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo. There is no financial, business, family or other material/relevant relationship among members of the Board. The Directors' biographical details are set out under the section headed "Biographical Details of the Directors and Senior Management" on pages 24 to 29 of this report. The latest list of Directors setting out their roles and responsibilities is available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

The Company endeavours to ensure that the Board can obtain independent views and opinions. As such, the Company reviews the structure and the composition of the Board, and evaluates the performance of the independent non-executive Directors regarding independence on an annual basis. Apart from the effective independent opinions provided by the independent non-executive Directors, one of the non-executive Directors is external Director, who also provides opinions for the Board and the management with his expertise and capabilities. His presence helps to enhance the Board's balance of skills, experience and diversity of perspectives. The Company is of the view that the current mechanism can effectively ensure independent views and input are available to the Board.

BOARD DIVERSITY

The Board has adopted a board diversity policy (the "Diversity Policy"), which sets out the approach of the Company in achieving diversity on the Board. According to the Diversity Policy, the Company recognizes and embraces the benefits of having a diverse Board, and also sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity, and take into account the Company's own business model and specific needs from time to time. The selection of candidates is based on a range of measurable objectives, including but not limited to gender, age, skills and industry experience and expertise, cultural and educational background, as well as professional experience. The ultimate decision will be based on the merit and contribution that the candidates will bring to the Board. The Board targets to maintain at least the current level of female representation, and would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices. Based on its business model and specific needs, the Company is of the view that the gender diversity in respect of the current composition of the Board is satisfactory.

The current composition and structure of members of the Board are implemented based on the Diversity Policy formulated by the Company. The diversity mix of the Board as at the date of this report is summarized in the following chart:



Remarks:
INED – Independent non-executive Director
NED – Non-executive Director
ED – Executive Director

The Group also adhered to the diversity concept, including but not limited to the gender perspective, in recruitment of employees. For the year ended 31 December 2023, the Group had 673 employees (including senior management), of which approximately 49% were female. The Company is of the view that, the gender diversity in respect of the current composition of the workforce is satisfactory.

OPERATION OF THE BOARD

During the year, the Board held 11 meetings. At these Board meetings, the Directors discussed and exchanged their views on key issues and general operation of the Group, reviewed the financial and business performance of the Group and reviewed the performance of corporate governance functions. The Board also reviewed the risk management and internal control system, remuneration policy and environmental, social and governance report of the Group. Other than the aforesaid meetings, the senior management of the Group will also provide monthly updates in relation to the business activities, operation and development of the Group and monthly funding plan to the Directors. During the year, the Directors have deliberated carefully and approved certain matters of the Company by reviewing the written resolutions with supporting documents, supplemented by additional verbal and/or written information provided by the Company Secretary or other executives of the Company as needed. Whenever necessary, additional meetings are also held by the Board.

During the year, the Chairmen held one meeting with the independent non-executive Directors without the presence of other Directors.

DIRECTORS'/COMMITTEE MEMBERS' ATTENDANCE AT MEETINGS

	The Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategic Investment Committee	General Meeting
Executive Directors						
Mr. Fan Shubin	10/11	–	–	1/1	–	2/2
Mr. Xu Jian	11/11	–	–	–	2/2	2/2
Non-executive Directors						
Mr. Wang Hao	11/11	–	–	–	2/2	2/2
Ms. Qin Yi	10/11	–	1/1	–	–	0/2
Mr. Zhou Yue	7/11	–	–	1/1	2/2	0/2
Mr. Zhao Randolph	5/11	–	1/1	–	2/2	0/2
Independent Non-executive Directors						
Mr. Yeung Chi Tat (Appointed on 9 May 2023	8/8	1/1	–	–	–	1/1
Dr. Huang Wei (Appointed on 9 May 2023)	8/8	1/1	–	–	–	0/1
Mr. Xu Weiguo (Appointed on 9 May 2023)	8/8	1/1	–	–	1/1	1/1
Dr. Ngai Wai Fung (Resigned on 9 May 2023)	3/3	1/1	1/1	1/1	–	1/1
Ms. Zhao Yuhong (Resigned on 9 May 2023)	3/3	1/1	1/1	1/1	–	0/1
Mr. He Xiaofeng (Resigned on 9 May 2023)	3/3	1/1	1/1	1/1	1/1	0/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

To avoid concentrating power on one person, the chairman of the Board and the chief executive officer of the Company are each held by two individuals. The chairman of the Board is mainly responsible for taking the lead in the Board to ensure its effective operation, providing adequate, complete and reliable information for all Directors in a timely manner, establishing good corporate governance practices and procedures, and ensuring that proper approaches are adopted to maintain effective communication with shareholders. The chief executive officer, on the other hand, is mainly responsible for the day-to-day operations and overall management of the Group, implementing the business policies and objectives determined and adopted by the Board, and reporting to the Board on the Group's overall operations.

NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors and independent non-executive Directors has signed a three-year service contract with the Company which shall start on the date of appointment, subject to the provision on retirement by rotation of Directors under the Articles.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent non-executive Directors, accounting for more than one-third of the Board members, of which at least one possesses the appropriate professional qualifications or accounting or relevant financial management expertise. The Company has received annual confirmations of their independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and considers all of them as independent.

During the year, the independent non-executive Directors contributed to the Company on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance of Board meetings and Board committees' meetings, and proposed their independent opinions on several matters in relation to strategy, policy, the Company's performance and risk monitoring.

DIRECTORS' TRAINING

The Company will provide each newly appointed Director with a comprehensive profile about the Group to ensure that he/she has a proper understanding of the Group's business and operation, and is fully aware of his/her responsibilities under the Listing Rules, laws and other regulatory requirements as well as the Group's business and governance policies. The Company issues monthly reports on the Group's business operations and information disclosure to the Directors. Meanwhile, it collates and sends information to the Directors on the updates of the Listing Rules and regulations to help ensure that the Directors are kept informed of the latest changes in the legal and regulatory environment and their duties. The Board will also review and monitor the trainings and continuous professional development of the Directors and senior management from time to time.

During the year, the Directors participated in sufficient continuing professional development by attending seminars and training courses, accessing online learning resources, etc. Below sets out a summary based on the information provided by the Directors to the Company:

	Scope		
	Laws and regulations	**Corporate governance**	**The Group's business/ Directors' responsibilities**
Executive Directors			
Mr. Fan Shubin	✓	✓	✓
Mr. Xu Jian	✓	✓	✓
Non-executive Directors			
Mr. Wang Hao	✓	✓	✓
Ms. Qin Yi	✓	✓	✓
Mr. Zhou Yue	✓	✓	✓
Mr. Zhao Randolph	✓	✓	✓
Independent Non-executive Directors			
Mr. Yeung Chi Tat	✓	✓	✓
Dr. Huang Wei	✓	✓	✓
Mr. Xu Weiguo	✓	✓	✓

COMPANY SECRETARY

The company secretary assists the chairman of the Board in preparing the agenda of the Board meetings and ensures compliance with all applicable rules and regulations of the procedures of such meetings. The company secretary shall file for and maintain the detailed minutes of each Board meeting, and make such minutes available to all Directors for inspection.

According to Rule 3.29 of the Listing Rules, Ms. Wang Xia and Mr. Ng Lok Ming, the joint company secretaries of the Company, received no less than 15 hours of relevant professional training for the year ended 31 December 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they fully complied with the requirements under the Model Code for the year ended 31 December 2023.

BOARD COMMITTEES

The Board has four committees, including the Company's audit committee ("AC"), remuneration committee ("RC"), nomination committee ("NC") and strategic investment committee ("SIC"). Each of the Board committees has its respective written terms of reference approved by the Board, which cover its duties, authority and functions. Such terms of reference comply with the requirements of the Listing Rules and have taken into account the specific business needs of the Company. The Board committees have sufficient resources to perform their duties, report to the Board on the results of their meetings, raise key issues and findings, and provide recommendations to assist the Board in decision-making.

AC

The AC was established on 14 March 2012 with written terms of reference determined in compliance with the CG Code. As at the date of this report, the AC has been comprised of three members, including Mr. Yeung Chi Tat (as chairman), Dr. Huang Wei and Mr. Xu Weiguo, all of whom are independent non-executive Directors. Mr. Yeung Chi Tat is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom with appropriate professional qualifications required under Rule 3.10(2) of the Listing Rules.

The primary duties of the AC are to make recommendations to the Board on the appointment and removal of external auditors, review financial statements and express material advice in respect of financial reporting matters, as well as review the financial control, internal control, risk management systems and environmental, social and governance matters of the Company. The terms of reference of the AC are available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2023, the AC held two meetings with an attendance rate of 100%. Details of each committee member's attendance at the AC meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above. In addition, the AC members had two meetings with the external auditor during the year without the presence of the management.

The work of the AC for the twelve months ended 31 December 2023 is summarized below:

– reviewed the interim and annual results of the Group, and recommended the Board to adopt the relevant results

– met with the auditors to discuss the accounting and audit issues of the Group, and reviewed their findings, recommendations and representations

– reviewed the Group's financial control, internal control and risk management systems

– reviewed the independence of the external auditor, recommended the Board to re-appoint PricewaterhouseCoopers as an external auditor of the Company and reviewed its terms of appointment

– reviewed environmental, social and governance-related risks, and confirmed that environmental, social and governance risk management and internal control systems were in place and effective during the year

– reviewed the connected transactions and continuing connected transactions during the year

RC

The RC was established on 14 March 2012 with written terms of reference determined in compliance with the CG Code. As at the date of this report, the committee consists of four members, including three independent non-executive Directors, namely Dr. Huang Wei (as chairman), Mr. Yeung Chi Tat and Mr. Xu Weiguo, and one non-executive Director, namely Ms. Qin Yi.

The primary duties of the RC are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review remuneration proposals of the management with reference to the corporate objectives and missions of the Board; and ensure that none of the Directors or any of their associates determine their own remuneration. The terms of reference of the RC are available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

DIRECTORS' REMUNERATION POLICY

To conduct a regular review with reference to companies with comparable business or scale and recommend Directors' remuneration adjustments to the Board, if appropriate.

Further details of Directors' remuneration are set out in Note 10 to the Consolidated Financial Statements of this report.

SENIOR MANAGEMENT'S REMUNERATION POLICY

In order to ensure the employees are remunerated equitably and competitively, the Board has authorized the chairman of the Board to determine the remuneration and bonus of the employees in accordance with the achievement of their individual performance goals, the key business objectives at corporate level and the latest market terms.

Further details of senior management's remuneration are set out in Note 11 to the Consolidated Financial Statements of this report.

For the year ended 31 December 2023, the Remuneration Committee held one meeting with an attendance rate of 100%. Details of each committee member's attendance at the Remuneration Committee meetings are set out in "Directors'/ Committee Members' Attendance at Meetings" above.

The work of the Remuneration Committee for the year ended 31 December 2023 is summarized below:

– proposed to the Board on the 2022 bonus of the Directors and senior management

– proposed to the Board on the 2023 remuneration schemes for the Directors and senior management

– amended the terms of reference of the RC

NC

The NC was established on 14 March 2012 with written terms of reference determined in compliance with the CG Code. As at the date of this report, the committee consists of five members, including one executive Director, namely Mr. Fan Shubin (as chairman), one non-executive Director, namely Mr. Zhai Senlin, and three independent non-executive Directors, namely Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo.

The primary duties of the NC are to review the structure of the Board, make recommendations to the Board regarding candidates to fill vacancies on the Board, monitor the succession planning of Directors and assess the independence of independent non-executive Directors. The terms of reference of the NC are available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

NOMINATION POLICY

The Company has adopted the nomination policy (the "Nomination Policy"). The Board will also review and monitor the implementation of the Nomination Policy from time to time so as to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices. The selection of Director candidates will be based on merit and contribution such candidate can bring to complement other Directors and improve the overall capability, experience and perspective of the Board, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, educational background, professional experience and other factors that the NC may consider relevant from time to time towards achieving a diversified Board. The NC is authorised by the Board to assist the Board to identify suitable candidates and make recommendations regarding the candidates for consideration by the Board and shareholders of the Company. Shareholders of the Company may also nominate a person to stand for election as Director at a general meeting in accordance with the Articles and the applicable laws and regulations. Such nomination procedures are published on the Company's website.

For the year ended 31 December 2023, the NC held one meeting with an attendance rate of 100%. Details of each committee member's attendance at the NC meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above.

The work of the NC for the year ended 31 December 2023 is summarized below:

– reviewed the structure, size and composition of the Board

– adopted the director nomination policy

– adopted the amendments to the board diversity policy

– made recommendations to the Board on the retirement and re-election of Directors at the annual general meeting in 2022

SIC

The SIC, established on 21 December 2013 with obligations under the written terms of reference, has the primary duty of advising on the long-term development strategies and major investment decisions of the Company. As at the date of this report, the committee consists of four members, including one executive Director, namely Mr. Xie Hongyi (as chairman), two non-executive Directors, namely Mr. Wang Hao, Mr. Zhai Senlin, and one independent non-executive Director, namely Mr. Xu Weiguo.

For the year ended 31 December 2023, the SIC held two meetings with an attendance rate of 100%. Details of each committee member's attendance at the SIC meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above.

The work of the SIC for the year ended 31 December 2023 is summarized below:

– reviewed the project development and operation work in 2022

– considered project development and operation work plans in 2023

– considered the budget for 2023

– considered very substantial disposals and connected transactions

ACCOUNTABILITY

The Board is accountable to shareholders, while the management is accountable to the Board. The Board endeavors to ensure that the announcements of annual and interim results and the annual and interim reports of the Group present a balanced and understandable assessment of the Group's position and prospects. The Board remains open and transparent in handling the Company's affairs, whilst protecting the commercial interests of the Company. Financial and other information is delivered to shareholders through announcements at the websites of the Stock Exchange (www. hkexnews. hk) and the Company (www.bcgrand.com).

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control are important parts in the operation and management of the Group. The Board and the management of the Company attach great importance to the organization and implementation of each process of risk management and internal control, and have established a comprehensive risk management system in the Company based on risk identification, measures, internal assessment and continuous improvement, thereby forming a three-tier internal control mechanism that consists of the Board (the AC), the Legal Compliance Department and the business management (each business center):

The Board is fully responsible for assessing and determining the nature and extent of the risks, to which the Group is willing to assume in achieving its strategic objectives, setting up the risk management and internal control mechanism for the Group and establishing the core values, strategic planning and working guidelines of the Company. Meanwhile, the above is conveyed to each center of the Group through various channels, including platforms such as the enterprise information system, meetings, training and intranet. Risk control points are incorporated into business processes, and the AC would identify the risks arising from the operation of the internal control system on a semi-annual basis and review the effectiveness of risk management and control. It can provide reasonable, though not absolute, assurance against material misstatement or loss and manage rather than eliminate the risk of failures to achieve business objectives.

As authorised by the AC, the Legal Compliance Department is responsible for regularly reviewing and assisting the Board in preparing effective policies and guidelines on corporate risk management and internal control based on changes in internal and external conditions and regulations, to enable the risk management and internal control to be implemented under a standardized system with proper processes and institutions. Meanwhile, the Legal Compliance Department would independently carry out the internal audit function on an ongoing basis and assess all material aspects including legal risks, compliance control, internal supervision and risks evaluated on each center of the Group. The Legal Compliance Department is also directly responsible to the AC and reports on the effectiveness of risk management and internal control.

The management and each of the business centers would effectively oversee, review and approve their respective management and control process at the business level based on different centers and work division through various business systems, to enhance the efficiency of risk management and realize a closed-loop management model of a combination of self-supervision at the business level and internally independent supervision of compliance department.

In 2023, the Group complied with the development and upgrading plan for comprehensive risk management systems, and continued with its priority work in risk control and all-round risk screening and inspection. Based on the standardization of risk control system, workflow and accountability, the Compilation of Systems for Capital Grand (首創鉅大制度彙編) and the Whole Procedures Manual of Capital Grand (Trial) (首創鉅大全流程手冊(試行)) have been updated to comprehensively improve the operational effectiveness and efficiency of the risk management and control system, and to further align the Company's risk control with its business management. Meanwhile, the Group developed a mature risk control model to realize the sound, proper and effective operation of the internal control systems, thus safeguarding the strategic development of the Company.

As of the date of this report, the Legal Compliance Department has assessed the risk management and internal control of the Company and the assessment concluded unanimously that no significant or major weakness was found in the internal control of the Company. It also issued an internal control report with unqualified opinion to the AC to confirmed that the risk management and internal control system of the Company was effective and adequate.

WHISTLE-BLOWING POLICY

In line with the commitment to achieve and maintain high standards of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers and tenants) to report to the Company any suspected impropriety, misconduct or malpractice concerning the Group in a confidential manner. In this regard, the Company has adopted the whistle-blowing policy. The procedures aim to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection from unfair dismissal or victimisation. The Board delegated the authority to the AC, which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

ANTI-CORRUPTING POLICY

In its business dealings, the Group does not tolerate any form of bribery, whether direct or indirect, by, or of, its employees. The anti-corrupting policy in the "Provisions on Explicit Prohibitions", which outlines the Group's zero-tolerance stance against bribery and corruption, assists employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance where necessary. In respect of the violations of laws and regulations within the Group, the employees have rights to report any actual or suspected incident of bribery, corruption, theft, fraud or similar offences to the Group or the senior discipline inspection department without restriction for independent analyses and necessary follow-up.

INSIDE INFORMATION POLICY

With a view to ensuring that inside information is identified, handled and disseminated in compliance with the SFO, and proper internal control procedures are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations, the Group has implemented the Administrative Measures for Inside Information and Information Disclosure, which detailed the responsibility of Directors and senior management for inside information disclosure as well as the reporting procedures and control measures thereof.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

With the assistance of the financial management department, the Board acknowledged their responsibility for preparing the financial statements of the Group for the year ended 31 December 2023, and confirmed that the financial statements contained herein gave a true and fair view of the results and state of affairs of the Group for the period under review. The Board considers that the financial statements have been prepared in conformity with the statutory requirements and applicable accounting standards.

AUDITORS' REMUNERATION

The financial statements for the year ended 31 December 2023 were audited by PricewaterhouseCoopers, whose term of office will expire upon the forthcoming annual general meeting.

The independent auditor's remuneration in respect of its audit service and non-audit service for the year ended 31 December 2023 amounted to RMB2,290,000 and RMB nil, respectively.

The non-audit service mainly includes the followings:

Nature of service	Fee payment
Assurance and consultation	RMB nil

SHAREHOLDERS' RIGHTS

The Company recognizes the importance of and takes high priority on communication with its shareholders. Certain key information on shareholders' rights is provided below:

1. PROCEDURES TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 58 of the Articles, the Board may whenever it thinks fit call extraordinary general meetings. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings (the "Requisitionists"). The Requisitionists shall make written requisition to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionists may do so in the same manner, and all reasonable expenses incurred by the Requisitionists as a result of the failure of the Board shall be reimbursed to the Requisitionists by the Company.

2. PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETING

There are no provision allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

As for matters relating to nomination of Director candidates, please refer to the procedures published on the website of the Company.

Shareholders may at any time send their enquiries and concerns to the Board and the company secretary of the Company in writing to the Company's principal place of business in Hong Kong.

3. POLICY OF DIVIDEND PAYMENT

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the shareholders to allow shareholders to share the Company's profits.

The recommendation for 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 shareholders. In proposing any dividend payout, the Board shall also take into account, among other, the financial results, the general financial condition, the current and future operations, the level of debts to equity ratio, the liquidity position and capital requirement of the Group and any other factors that the Board deems appropriate. The Company's ability to pay dividends is also subject to the requirements of the Listing Rules and all relevant applicable laws, rules and regulations in the Cayman Islands and Hong Kong, as well as the Articles of Association.

The Board will continually review the Dividend Policy.

INVESTOR RELATIONS

1. COMMUNICATION WITH SHAREHOLDERS

The Board is well aware of the importance of maintaining proper contact with shareholders and strives to enhance its communication with them. Shareholders can visit the website of the Company (www.bcgrand.com) for the latest information of the Group, including interim and annual reports, announcements and circulars. Press releases are also posted on the website of the Company in a timely manner.

General meetings serve as a communication channel between the Board and shareholders. The Group regards such a meeting as an important activity of the Company during the year. All Directors and senior management would attend the meeting as much as they can. The chairman of the annual general meeting proposes separate resolutions for each of the independent matters. Members of the AC, the RC, the NC and the SIC, external auditors, independent financial advisers and external lawyers would also attend the general meeting to answer questions from shareholders as appropriate. During the year, the Company held two general meetings. Details of each Director's attendance at the general meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above.

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

10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong
Email: comsec@bcgrand.com

The Company's shareholders' communication policy is regularly reviewed to ensure its effectiveness. During the year, the Company has reviewed the shareholders' communication policy and confirmed that it has been effectively implemented.

2. THE CONSTITUTIONAL DOCUMENTS

The Company has passed a special resolution at the annual general meeting held on 9 May 2023 to adopt the revised Articles, which are available to shareholders for inspection at the websites of the Company and the Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Beijing Capital Grand Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements of Beijing Capital Grand Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 63 to 153 comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policies and other explanatory information.

OUR OPINION

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

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.

KEY AUDIT MATTERS

Key audit matters are those 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 identified in our audit is related to the valuation of investment properties.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to Note 18 to the consolidated financial statements. The Group adopts the fair value model for subsequent measurement of investment properties. As at 31 December 2023, investment properties measured at fair value amounted to RMB13,143,600,000 and fair value gains on investment properties under continuing operation for the year then ended was RMB216,218,000. The fair value was determined based on the valuation performed by an independent professional valuer (the "Valuer") as a third party engaged by the Group. The valuations of investment properties involved critical accounting estimates and judgments, which mainly included the determination of valuation techniques and the selection of inputs accordingly. The valuation techniques usually include income capitalisation approach and residual approach based on the construction status of each property. As at 31 December 2023, investment properties measured at fair value were the investment properties in operation and adopted income capitalisation approach, the key inputs included market rental prices and discount rates.	We performed the following procedures to address the key audit matter: • Obtained an understanding of the management's internal control and assessment process of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and susceptibility to management bias or fraud. • Assessed the competence, professional ability and objectivity of the Valuer. • Communicated with the management about the valuation techniques adopted for each investment property, obtained and read the valuation reports for all the investment properties measured at fair value delivered by the Valuer, and assessed the relevance and reasonableness of valuation techniques used by the Valuer in consideration of the actual construction or operation status.

Key Audit Matter	How our audit addressed the Key Audit Matter
Considering the above mentioned critical accounting estimates and judgments, and the significant impact on the consolidated financial statements, we paid specific attention to this matter in our audit.	• Selected some of the investment properties measured at fair value by sampling and performed the following procedures: – assessed the reasonableness of key inputs used under income capitalisation approach, including market rental prices and discount rates, by comparing the market rental prices with comparative cases in active markets and the information of the rental prices in management's records, and by comparing the discount rates with the average discount rates in the industry. • Involved our internal valuation specialists to assist us in assessing the reasonableness of valuation techniques, market rental prices and discount rate used by the Valuers. Based on the above, we obtained supportive evidence for critical accounting estimates and judgments made by management on the valuation techniques and key inputs used in the valuations of investment properties.

OTHER INFORMATION

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

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

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

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

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

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

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

The Audit Committee is 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is NG Tsun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**Year ended 31 December 2023 RMB'000**	2022 (Restated) *Note 22* RMB'000
Continuing operations			
Revenue	*6, 7*	**2,123,739**	935,898
Cost of sales	*8*	**(1,802,781)**	(613,746)
Gross profit		**320,958**	322,152
Other gains – net	*7*	**417,141**	17,338
Other income	*7*	**39,717**	27,069
Selling and marketing expenses	*8*	**(160,209)**	(84,393)
Administrative expenses	*8*	**(250,537)**	(247,677)
Operating profit		**367,070**	34,489
Finance costs	*9*	**(607,841)**	(504,015)
Share of losses of investments accounted for using the equity method	*21*	**(5,478)**	(10,480)
Loss before income tax		**(246,249)**	(480,006)
Income tax expenses	*12*	**(70,211)**	(67,921)
Loss from continuing operations		**(316,460)**	(547,927)
Profit from discontinued operation	*22*	**330,221**	154,658
Profit/(Loss) for the year		**13,761**	(393,269)
Attributable to:			
– Ordinary equity holders of the Company		**8,734**	(393,288)
– Non-controlling interests		**5,027**	19
Losses per share for loss from continuing operations attributable to ordinary equity holders of the Company during the year			
– Basic losses per share (RMB cents)		**(12.55)**	(21.54)
– Diluted losses per share (RMB cents)		**(12.55)**	(21.54)
Earnings/(losses) per share for profit/(loss) attributable to ordinary equity holders of the Company during the year			
– Basic earnings/(losses) per share (RMB cents)		**0.33**	(15.45)
– Diluted earnings/(losses) per share (RMB cents)		**0.33**	(15.45)

The notes on pages 70 to 153 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022 (Restated) *Note 22*
	Notes	***RMB'000***	*RMB'000*
Profit/(Loss) for the year		**13,761**	(393,269)
Other comprehensive income/(loss) for the year			
Items that may be reclassified to profit or loss			
Cash flow hedges	*28*	**(85,617)**	67,026
Cost of hedging	*28*	**80,289**	(70,335)
		(5,328)	(3,309)
Total comprehensive income/(loss) for the year		**8,433**	(396,578)
Attributable to:			
– Ordinary equity holders of the Company		**3,406**	(396,597)
– Non-controlling interests		**5,027**	19
Total comprehensive income/(loss) for the year Attributable to ordinary equity holders of the Company arises from:			
– Continuing operations		**(324,648)**	(551,665)
– Discontinued operations		**328,054**	155,068

The notes on pages 70 to 153 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

	Notes	**As at 31 December 2023 RMB'000**	As at 31 December 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**169,475**	182,827
Right-of-use assets	16	**7,893**	10,694
Long-term prepaid expenses	17	**45,441**	65,704
Investment properties	18	**13,143,600**	14,725,509
Intangible assets and lease prepayment	19	**33,058**	34,555
Investments accounted for using the equity method	21	**307,618**	299,185
Derivative financial assets	28	**–**	105,386
Trade and other receivables and prepayments	25	**11,663**	28,923
Total non-current assets		**13,718,748**	15,452,783
Current assets			
Inventories	23	**2,143,262**	2,690,328
Incremental costs of obtaining a contract	6	**3,989**	7,787
Trade and other receivables and prepayments	25	**573,557**	449,030
Restricted cash	26	**21,177**	72,705
Cash and cash equivalents	26	**1,470,508**	1,137,660
Total current assets		**4,212,493**	4,357,510
Total assets		**17,931,241**	19,810,293
LIABILITIES			
Non-current liabilities			
Borrowings	27	**2,643,815**	4,630,476
Lease liabilities	16	**6,439**	8,735
Other payables and accruals	30	**3,148,467**	5,959,018
Deferred income tax liabilities	31	**807,155**	903,898
Total non-current liabilities		**6,605,876**	11,502,127

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

	Notes	**As at 31 December 2023 RMB'000**	As at 31 December 2022 RMB'000
LIABILITIES			
Current liabilities			
Trade payables	29	**1,933,782**	1,835,198
Other payables and accruals	30	**3,187,984**	363,653
Contract liabilities	6	**195,564**	319,165
Borrowings	27	**1,553,354**	1,314,301
Lease liabilities	16	**1,797**	2,861
Current income tax liabilities		**53,707**	79,513
Total current liabilities		**6,926,188**	3,914,691
Total liabilities		**13,532,064**	15,416,818
Net current (liabilities)/assets		**(2,713,694)**	442,819
Total assets less current liabilities		**11,005,054**	15,895,602
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Share capital	32	**16,732**	16,732
Perpetual convertible bond securities	34	**945,854**	945,755
Reserves		**3,234,069**	3,237,543
Retained earnings		**147,729**	139,094
		4,344,384	4,339,124
Non-controlling interests		**54,793**	54,351
Total equity		**4,399,177**	4,393,475
Total equity and liabilities		**17,931,241**	19,810,293

The consolidated financial statements on pages 63 to 153 were approved by the Board of Directors on 27 February 2024 and were signed on its behalf.

Mr. Fan Shubin
Director

Mr. Xie Hongyi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		Attributable to owners of the Company									
		Issued capital									
	Notes	Ordinary shares RMB'000	Class A convertible preference shares RMB'000	Class B convertible preference shares RMB'000	Perpetual convertible bond securities RMB'000	Share premium account RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2022		**7,828**	**1,329**	**7,575**	**945,755**	**3,169,418**	**68,125**	**139,094**	**4,339,124**	**54,351**	**4,393,475**
Profit for the year		–	–	–	–	–	–	8,734	8,734	5,027	13,761
Other comprehensive loss for the year	28	–	–	–	–	–	(5,328)	–	(5,328)	–	(5,328)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(5,328)	8,734	3,406	5,027	8,433
Transactions with ordinary equity holders											
Dividends payable to perpetual convertible bond securities holders	34	–	–	–	99	–	–	(99)	–	–	–
Transactions with non-controlling interests		–	–	–	–	–	1,854	–	1,854	(4,585)	(2,731)
Total transactions with ordinary equity holders		–	–	–	99	–	1,854	(99)	1,854	(4,585)	(2,731)
At 31 December 2023		**7,828**	**1,329**	**7,575**	**945,854**	**3,169,418**	**64,651**	**147,729**	**4,344,384**	**54,793**	**4,399,177**
At 31 December 2021		7,828	1,329	7,575	945,661	3,169,418	71,434	532,476	4,735,721	54,332	4,790,053
Loss for the year		–	–	–	–	–	–	(393,288)	(393,288)	19	(393,269)
Other comprehensive loss for the year	28	–	–	–	–	–	(3,309)	–	(3,309)	–	(3,309)
Total comprehensive loss for the year		–	–	–	–	–	(3,309)	(393,288)	(396,597)	19	(396,578)
Transactions with ordinary equity holders											
Dividends payable to perpetual convertible bond securities holders	34	–	–	–	94	–	–	(94)	–	–	–
Total transactions with ordinary equity holders		–	–	–	94	–	–	(94)	–	–	–
At 31 December 2022		7,828	1,329	7,575	945,755	3,169,418	68,125	139,094	4,339,124	54,351	4,393,475

The notes on pages 70 to 153 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Profit/(Loss) before income tax		**190,070**	(287,951)
Adjustments for:			
Finance costs	*9*	**609,710**	509,225
Interest income		**(28,259)**	(8,227)
Depreciation and amortisation		**53,203**	59,626
Depreciation charge of right-of-use assets		**2,194**	8,351
Share of losses of investments accounted for using the equity method	*21*	**5,478**	10,480
Fair value gains on investment properties	*18*	**(550,817)**	(81,075)
Foreign exchange loss – net		**42,090**	11,800
(Gain)/loss on disposal of property, plant and equipment		**(1,808)**	649
Gain on disposal of right-of-use assets		**(836)**	(707)
Gain on disposal of subsidiaries		**(231,468)**	–
Decrease/(increase) in inventories		**637,559**	(165,078)
Decrease/(increase) in incremental costs of obtaining a contract		**3,798**	(3,592)
(Increase)/decrease in trade and other receivables and prepayments		**(679,230)**	180,137
Decrease in restricted cash		**51,528**	12,254
Increase/(decrease) in trade payables, other payables and accruals		**1,094,057**	(255)
(Decrease)/increase in contact liabilities		**(123,601)**	117,117
Cash generated from operations		**1,073,668**	362,754
Income tax paid		**(36,575)**	(9,731)
Net cash flows generated from operating activities		**1,037,093**	353,023
Cash flows from investing activities			
Interest income		**28,259**	8,227
Payment for acquisition of non-controlling interests		**(2,731)**	–
Purchases of property, plant and equipment		**(19,495)**	(17,110)
Payments for construction of investment properties		**(125,024)**	(280,430)
Amounts received from government repurchase of land use rights		**3,211**	–
Additions of long-term prepaid expenses		**(21,784)**	(18,292)
Proceeds from sale of property, plant and equipment		**168**	10
Payments for Investment in a joint venture	*21*	**(13,911)**	(22,000)
Repayments from an associate and a joint venture	*38(d)(e)*	**100**	1,336
Amounts provided to an associate	*38(d)*	**(793)**	(635)
Purchases of intangible assets		**(2,819)**	(3,156)
Proceeds from disposal of amounts due from subsidiaries		**482,455**	–
Proceeds from disposal of subsidiaries		**1,495,853**	–
Net cash flows generated from/(used in) investing activities		**1,823,489**	(332,050)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Repayments of bank borrowings		**(3,249,530)**	(491,210)
Interests paid on bank and other financial institution borrowings		**(274,305)**	(274,993)
Guarantee fee to related parties		**(41,126)**	(29,811)
New bank and other financial institution borrowings		**1,469,400**	952,164
Repayments of loan provided by BCL	*38(f)*	**–**	(95,140)
Interests paid to BCL	*38(f)*	**–**	(8,391)
Cash receipt/(paid) on derivative financial assets		**111,725**	(2,511)
Interest expense on Asset-backed Securities Scheme, senior class		**(229,845)**	(291,444)
Repayments of Asset-backed Securities Scheme, senior class		**(2,600,000)**	–
Principal elements of lease payments		**(2,401)**	(6,306)
Issue of China Life Investment-BCG Outlets First Stage Asset Support Scheme ("Outlets Scheme")		**680,000**	666,750
Issue of China Life Investment-BCG Outlets Second Stage Asset Support Scheme ("Outlets Scheme")		**1,800,000**	–
Interest expense on the Outlets Scheme		**(131,292)**	(21,859)
Net cash flows (used in)/generated from financing activities		**(2,467,374)**	397,248
Net increase in cash and cash equivalents		**393,208**	418,221
Cash and cash equivalents at beginning of the year		**1,137,660**	719,349
Exchange gains on cash and cash equivalents		**35**	90
Cash and cash equivalents from disposal of subsidiaries at the date of sale		**(60,395)**	–
Cash and cash equivalents at end of the year		**1,470,508**	1,137,660

An analysis of net debt and the movements in net debt for each of the years presented is set out in Note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

Beijing Capital Grand Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in commercial property development with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the Mainland ("Mainland China") of People's Republic of China (the "PRC").

As announced on 25 June 2015, Get Thrive Limited ("GTL"), an indirectly wholly-owned subsidiary of Beijing Capital Land Co. Ltd. (formerly Beijing Capital Land Ltd. ("BCL"), a limited liability company incorporated in the PRC with limited liability) has transferred (the "Transfer") its entire shareholding of ordinary shares of the Company of 130,200,000 shares (representing approximately 65.1% of the Company's total issued share capital as at the date of the related announcement) and its entire shareholding of convertible preference shares of the Company (the "CPS") of 738,130,482 CPS (representing 100% of the total CPS in issue as at the date of the related announcement, classified as class A CPS) to BECL Investment Holding Limited ("BECL"), a directly wholly-owned subsidiary of BCL incorporated in Hong Kong, on 19 June 2015. Upon the completion of the Transfer, the parent of the Company changed from GTL to BECL.

On 14 December 2016, the Company issued 905,951,470 CPS, which is classified as class B CPS, to BECL at the issue price of Hong Kong dollar ("HK$")2.78 per share.

On 28 December 2016, the Company issued 95,192,308 ordinary shares to Smart Win Group Limited ("Smart Win") and to KKR CG Judo Outlets ("KKR") respectively (the "Issuance"), at the issue price of HK$2.10 per share. Meanwhile, the Company issued perpetual convertible bonds securities (the "PCBS") in the principal amounts of HK$657,594,260 to Smart Win and in the principal amounts of HK$420,096,153 to KKR respectively, which are convertible at the initial conversion price of HK$2.10 per conversion share.

On 28 December 2016, BECL exercised its conversion rights and converted an aggregate of 571,153,846 class A CPS in accordance with the terms and conditions of the relevant subscription agreement entered into by the Company (the "Conversion").

Upon the completion of the Issuance and the Conversion, BECL held 72.94% of the Company's issued share capital.

The immediate holding company of the Company is Beijing Capital Land Co., Ltd. ("BCL, formerly "Beijing Capital Land Ltd."), whereas BECL Investment Holding Limited ("BECL") holds approximately 2.1% share capital in the Company. Beijing Capital City Development Group Co., Ltd. ("Capital City Development") is an intermediate holding company of the Company. In the opinion of the board of Directors (the "Directors"), the ultimate holding company of the Company is Beijing Capital Group Ltd. ("Capital Group"), a state-owned enterprise established in the PRC.

Unless otherwise stated, the consolidated financial statements are presented in Renminbi ("RMB"). The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved and authorised for issue by the Directors on 27 February 2024.

2 BASIS OF PREPARATION

(a) The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) During the year, the Group reported a net profit of RMB13,761,000, which comprised of a loss from continuing operations of RMB316,460,000 and a profit from discontinued operations of RMB330,221,000. As at 31 December 2023, the Group's current liabilities exceeded its current assets by RMB2,713,694,000. Included in the current liabilities repayable within one year from 31 December 2023 were other financial institution borrowings totalling RMB1,502,521,000 repayable in June and July 2024, and other payables related to Asset-backed Securities Scheme, senior class of RMB2,699,148,000 wholly redeemable in December 2024. As of 31 December 2023, the Group had cash and cash equivalents of RMB1,470,508,000.

Management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. A number of measures have been put in place by management to improve the financial position and alleviate the liquidity pressure including:

(i) Management is in discussion with the financial institution for an extension of the borrowing facility in the principal of RMB1,500,000,000 where the financial institution has indicated its intention to grant an approval for the renewal (Note 27);

(ii) Management currently plans to re-finance the redemption of the Asset-backed Securities Scheme, senior class by a new loan facility of approximately RMB2,700,000,000 through pledge of certain of the Group's investment properties. Management is in discussion with several financial institutions for the potential new loan facility. Management is in the opinion that the Group will be able to secure the required facility for the redemption; and

(iii) In addition, BCCD, an intermediate holding company of the Company, has confirmed their intention to provide financial support to the Group as and when the debts fall due.

Management has prepared a cash flow projection, which covers a period of not less than twelve months from 31 December 2023. The Directors of the Company have reviewed the Group's cash flow projection prepared by management and are of the opinion that the Group will have sufficient financial resources, including financing facilities available to the Group, to finance its operations and to meet its financial obligations as at and when they fall due within twelve months from 31 December 2023. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(i) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for its annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.2 SUBSIDIARIES

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 3.4).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 ASSOCIATES

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (ii) below), after initially being recognised at cost.

(i) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company only has joint ventures.

Interests in joint ventures are accounted for using the equity method (see (ii) below), after initially being recognised at cost in the consolidated statement of financial position.

(ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 3.9.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 ASSOCIATES (CONTINUED)

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.4 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 BUSINESS COMBINATIONS (CONTINUED)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.5 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in the statement of profit or loss.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 FOREIGN CURRENCY TRANSLATION (CONTINUED)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

3.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the assets 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 using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20–40 years
Furniture, fixtures & equipment	3–8 yeas
Motor vehicles and others	3–5 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.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3.7 LONG-TERM PREPAID EXPENSE

Long-term prepaid expenses include expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure subtract accumulated amortisation.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 INVESTMENT PROPERTIES

Investment properties, including land use rights, buildings and investment properties under construction that are held for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their cost can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the year in which they are incurred.

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment properties will be valued as at the date of the consolidated statement of financial position and its carrying amount will be adjusted accordingly. The difference between the fair value and the carrying amount will be charged to the current profit or loss account of the Group.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of profit or loss.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

3.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 FINANCIAL ASSETS (CONTINUED)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains/(losses) – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through Other Comprehensive Income ("OCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in 'Other gains – net'. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in 'Other gains – net' and impairment expenses are presented as separate line item in the statement of profit or loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and presented net in the consolidated statement of profit or loss within 'Other gains/(losses) – net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in the consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other gains-net' in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 5.1(c) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.12 FINANCIAL LIABILITIES

(a) Initial recognition and measurement

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other financial institution borrowings and loans from related parties.

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

(b) Subsequent measurement

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

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

Loans and borrowings

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

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

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 FINANCIAL LIABILITIES (CONTINUED)

(c) Derecognition of financial liabilities

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

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

(d) Offsetting of financial instruments

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

3.13 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 28. Movements in the hedging reserve in shareholders' equity are shown in Note 28.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Cash flow hedge that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses) – net.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses) – net.

3.14 INVENTORIES

(a) Properties under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost and net realisable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realisable value is determined by reference to management estimates based on the estimated selling price in the ordinary course of business, less the estimated costs to completion, and estimated costs to be incurred in selling the property.

Properties under development 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 completed properties held for sale.

(b) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost is determined by an apportionment of total land and building costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

(c) Merchandise inventories

Merchandise inventories are finished goods purchased from external for retail, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods is purchase costs agreed in purchasing contracts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 SHARE CAPITAL

Ordinary shares, class A and class B CPS are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.17 BORROWING COSTS

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

3.18 CURRENT AND DEFERRED INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.18 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.19 EMPLOYEE BENEFITS

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 EMPLOYEE BENEFITS (CONTINUED)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution scheme (including both the MPF Scheme and the Central Pension Scheme).

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.21 FINANCIAL GUARANTEE

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Revenue from contracts with customers:

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

(i) For property development and sales contract for which the control of the property is transferred at a point in time. A contract liability for the award points is recognised at the time of sale. The revenue is recognised at a point in time when the customer obtains the control of the property, that is, when the property is completed and reached check and accept status and is delivered or regarded as delivered to the customer.

(ii) For retail income, the Group sells products to individual customers through its retail outlets. Sales of goods are recognised in the accounting period in which the retail outlet sells a product to the customer. Retail sales are usually settled in cash or by credit card. The revenue is recognised at a point in time when the customer obtains the control of goods.

(iii) For operation and management services, the Group provides property operation and management services including the formulation and implementation of operation and budget plans, the daily operation and management, assisting with budget management, assisting with maintenance and renovation, and assisting with the collection and management of archives and data. Operation and management services is recognised over the period when the service is rendered.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 REVENUE RECOGNITION (CONTINUED)

(b) Rental income

The Group has two types of rental income in investment property operation business.

For lease agreements with no fixed rental amount, the Group recognises income monthly based on certain percentage of the total income of the cooperative lessee.

For lease agreement with fixed rental amount, the Group recognises income monthly on a straight-line basis over the lease period. On the condition that the Group provides rent free period for certain lessee, the Group recognises income by allocating the total rent roll throughout the whole rent period according to straight-line method.

(c) Interest income

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

3.23 DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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

3.24 LEASES

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.24 LEASE (CONTINUED)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, securities and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.24 LEASE (CONTINUED)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

3.25 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors in the Board of Directors that makes strategic decisions.

3.26 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

(a) FAIR VALUE OF INVESTMENT PROPERTIES

The Group adopts fair value model for subsequent measurement of investment properties and obtains independent valuations for its investment properties at least semi-annually from an independent professional valuer as a third party. The fair value is determined in accordance with the methods below:

- Current prices (open market quotations) in an active market for the same or similar investment properties;

- When the current price is not available, then recent trading prices in an active market of the similar investment properties, and take the factors of situations, dates and locations of transactions, etc. into consideration is used;

- The Group adopts income capitalisation approach to determine the fair value, which is based on estimated rental and present value of the related cash flows, with an estimated profit rate. The key estimations are disclosed in Note 18.

The valuation of investment properties involves significant judgments and estimates, mainly including determination of valuation techniques and election of different inputs in the models.

The management assessed the reasonableness of key inputs which were used to determine the gross development value and under income capitalisation approach, including market rental prices, discount rates, etc., by comparing the market rental prices with comparative cases in active markets and management's records, and by comparing the discount rates with the average discount rates in the industry. The management assessed the reasonableness of other key inputs including interest rates, profit margin rates, etc.

(b) DEFERRED INCOME TAX ASSETS

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers its probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) IMPAIRMENT OF FINANCIAL ASSETS

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 5.1(c).

5 FINANCIAL RISK MANAGEMENT

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other financial institution borrowings, Asset-backed Securities Scheme, senior class, China Life Investment-BCG Outlets First Stage Asset Support Scheme ("Outlets Scheme") and cash and cash equivalents. The main purpose of these financial instruments is to fund the Group's operations. The Group has other financial assets and liabilities such as financial assets included in trade and other receivables, financial liabilities included in other payables and accruals (excluding Asset-backed Securities Scheme, senior class and Outlets Scheme), which arise directly from its operations.

The major risks arising from the Group's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, on the Group's financial performance. The Directors review and approve policies for managing each of these risks and they are summarised below.

(a) Foreign exchange risk

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in HK$, United States dollars ("US$") and RMB. The Group is exposed to foreign exchange risk arising from future transactions and recognised assets and liabilities which are not denominated in the Group's functional currency.

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Assets		
HK$	**117**	690
US$	**455**	32
	572	722
Liabilities		
US$	**–**	1,368,479

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Foreign exchange risk (Continued)*

The Group considers that it is not exposed to any significant foreign exchange rate risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Group's entities. No sensitivity analysis is thus presented.

The aggregate net foreign exchange differences recognised in profit or loss were:

	2023 *RMB'000*	2022 *RMB'000*
Net foreign exchange (losses) included in other gains – net	**(42,090)**	(11,800)
Total net foreign exchange (losses) recognised in loss before income tax for the year	**(42,090)**	(11,800)

(b) *Interest rate risk*

The Group's interest rate risk arises from interest-bearing bank and other financial institution borrowings, Asset-backed Securities Scheme, senior class and Outlets Scheme. Bank borrowings obtained at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Other financial institution borrowings, Asset-backed Securities Scheme, senior class, Outlets Scheme obtained at fixed rates expose the Group to fair value interest rate risk. The management continuously monitors the interest rate position and makes decisions with reference to the latest market condition.

At 31 December 2023, if interest rates on bank borrowings had been 50 basis points higher/lower with all other variables held constant, loss before income tax for the year would have been RMB8,486,000 (31 December 2022: RMB13,744,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2023 *RMB'000*	**% of total loans**	2022 *RMB'000*	% of total loans
Variable rate borrowings	**1,697,169**	**40%**	2,744,777	46%
Fixed rate borrowings – repricing or maturity date				
Less than 1 year	**1,500,000**	**36%**	1,000,000	17%
1 – 5 years	**1,000,000**	**24%**	2,200,000	37%
	4,197,169	**100%**	5,944,777	100%

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

Credit risk is managed on group basis. It mainly arises from cash and cash equivalents and trade and other receivables, etc. The Group has policies in place to ensure that credit sales are made to customers with a sufficient financial strength and appropriate percentage of down payment. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers and follow up action is taken to recover overdue debts, if any.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash and cash equivalent since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Trade and other receivables (excluding prepayments)

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade, lease receivables and contract assets (excluding prepayments). To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the aging. The expected credit loss also incorporates forward looking information.

As at 31 December 2023, the loss allowance was determined as follows for trade receivables:

	Within 3 months
Expected loss rate	0.6%
Gross carrying amount – trade receivables	238,012
Loss allowance	1,539

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables during the year ended 31 December 2023 (31 December 2022: Nil).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Credit risk (Continued)*

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss since initial recognition.	Lifetime expected losses.

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

	Individual provision for impairment *RMB'000*	Group provision for impairment *RMB'000*	Total *RMB'000*
Carrying amount of other receivables	72,683	67,435	140,118
Expected credit loss rate	11.43%	0.66%	6.24%
Loss allowance	(8,306)	(442)	(8,748)
Other receivables, net	64,377	66,993	131,370

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (Continued)

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the year ended 31 December 2023.

(d) Liquidity risk

The Group's policies are to maintain sufficient cash and cash equivalents and to have available funding through Asset-backed Securities Scheme, senior class, Outlets Scheme, bank and other financial institution borrowings and loans from a related party to meet its working capital requirements.

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:

	Within 1 year *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
At 31 December 2023				
Trade payables	**1,933,782**	**–**	**–**	**1,933,782**
Other payables and accruals (including interest)	**3,321,158**	**3,483,451**	**–**	**6,804,609**
Borrowings (including interest)	**1,717,801**	**1,747,492**	**1,304,049**	**4,769,342**
Lease liabilities	**2,668**	**6,826**	**–**	**9,494**
	6,975,409	**5,237,769**	**1,304,049**	**13,517,227**
At 31 December 2022				
Trade payables	1,835,198	–	–	1,835,198
Other payables and accruals (including interest)	622,613	6,198,922	–	6,821,535
Borrowings (including interest)	1,595,884	4,440,987	543,688	6,580,559
Lease liabilities	3,344	9,494	–	12,838
	4,057,039	10,649,403	543,688	15,250,130

The amounts have not included financial guarantee contracts:

– which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable by providing above guarantees.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes interest-bearing bank and other financial institution borrowings (including accrued interests payables), Asset-backed Securities Scheme, senior class (including accrued interests payables), Outlets Scheme (including accrued interests payables) and lease liabilities less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods were as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Total borrowings (including accrued interests payables) *(Note 27)*	**4,197,169**	5,944,777
Outlets Scheme (including accrued interests payables) *(Note 30)*	**3,148,467**	668,112
Asset-backed securities scheme senior class (including accrued interests payables) *(Note 30)*	**2,699,148**	5,292,270
Lease liabilities *(Note 16)*	**8,236**	11,596
	10,053,020	11,916,755
Less: Cash and cash equivalents *(Note 26)*	**(1,470,508)**	(1,137,660)
Restricted cash *(Note 26)*	**(21,177)**	(72,705)
Net debt	**8,561,335**	10,706,390
Total equity	**4,399,177**	4,393,475
Gearing ratio	**195%**	244%

The change of net gearing ratio was primarily due to the decrease in net debt of the Group during the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 FAIR VALUE ESTIMATION

The table below analyses the Group's assets and liabilities carried at fair value as at 31 December 2023 and 2022, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 2 *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
As at 31 December 2023			
Non-financial assets			
Investment properties	**–**	**13,143,600**	**13,143,600**
As at 31 December 2022			
Non-financial assets			
Investment properties	–	14,725,509	14,725,509
Financial assets			
Cross currency interest rate swap	105,386	–	105,386

There were no transfer among level 2 and 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices in active markets. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. Specific valuation techniques mainly include discounted cash flow analysis and so on.

The Group obtains independent valuations for its investment properties from an independent professional valuer as a third party. The valuations were based on income capitalisation approach which mainly used unobservable inputs such as market rent.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial liabilities				
Other financial institution borrowings	**2,502,521**	2,200,000	**2,519,937**	2,231,118
Asset-backed Securities Scheme, senior class	**2,699,148**	5,291,529	**2,524,701**	5,558,751
Outlets Scheme	**3,148,467**	667,489	**2,686,823**	699,862

Management has assessed that the fair values of cash and cash equivalents, financial assets included in trade and other receivables, financial liabilities included in trade payables, other payables and accruals (excluding Asset-backed Securities Scheme, senior class and Outlets Scheme) and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The policies and procedures for the fair value measurements of financial instruments are determined by the Group's finance department and are regularly reviewed by senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the interest-bearing bank and other financial institution borrowings and Asset-backed Securities Scheme, senior class and Outlets Scheme have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

6 OPERATING SEGMENT INFORMATION

The Directors are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors for the purposes of allocating resources and assessing performance.

The Directors considers the business from a product perspective. Management separately considers the performance of property development, investment property development and operation and sale of merchandise inventories. The segment of property development derives its revenue primarily from sale of completed properties. The segment of investment property development and operation derive its revenue primarily from rental income. The segment of sale of merchandise inventories derives its revenue primarily from sale of merchandise inventories.

These operations of other segments are excluded from the reportable operating segments, as these operations are not the key concern of the Directors. The results of these operations are included in the "Other segments".

The Directors assess the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Share of losses of investments accounted for using the equity method, interest income, foreign exchange, gain on disposal of subsidiaries, and finance costs are not allocated to segments, as this type of activities is driven by the central treasury function, which manages the cash position of the Group. Other information provided to the Directors, except as noted below, is measured in a manner consistent with that in the consolidated financial statements.

Total segment assets exclude cash and cash equivalents, restricted cash, amounts due from related parties, investments accounted for using the equity method and derivative financial assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, amounts due to non-controlling interests, deferred income tax liabilities, Outlets Scheme, and Asset-backed Securities Scheme, senior class, all of which are managed on a central basis as well. These are part of the reconciliation to total assets and liabilities of the consolidated statement of financial position.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

6 OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development	Investment property development and operation	Sale of merchandise inventories	Other segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Total revenue	**998,163**	**963,330**	**194,815**	**–**	**2,156,308**
Inter-segment revenue	**–**	**(32,333)**	**(236)**	**–**	**(32,569)**
Revenue (from external customers)	**998,163**	**930,997**	**194,579**	**–**	**2,123,739**
Segment operating profit/(loss)	**(247,668)**	**507,108**	**(91,657)**	**(18,088)**	**149,695**
Depreciation and amortisation *(Note 8)*	**(753)**	**(42,808)**	**(6,680)**	**–**	**(50,241)**
Income tax expenses *(Note 12)*	**52,244**	**(92,348)**	**–**	**(30,107)**	**(70,211)**
Year ended 31 December 2022					
Total revenue	46,737	680,495	210,203	–	937,435
Inter-segment revenue	–	(1,537)	–	–	(1,537)
Revenue (from external customers) *(i)*	46,737	678,958	210,203	–	935,898
Segment operating profit/(loss)	(29,156)	138,517	6,880	(77,726)	38,515
Depreciation and amortisation *(Note 8)*	(114)	(51,703)	(4,853)	–	(56,670)
Income tax expenses *(Note 12)*	4,006	(71,915)	–	(12)	(67,921)

	Property development	Investment property development and operation	Sale of merchandise inventories	Other segments	Total	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023							
Total segment assets	**3,898,218**	**17,835,575**	**617,105**	**5,520,494**	**27,871,392**	**(11,813,991)**	**16,057,401**
Total segment liabilities	**(997,498)**	**(7,643,554)**	**(919,980)**	**(4,814,859)**	**(14,375,891)**	**11,813,991**	**(2,561,900)**
As at 31 December 2022							
Total segment assets	4,406,321	19,657,627	551,888	6,770,219	31,386,055	(13,264,439)	18,121,616
Total segment liabilities	(992,968)	(8,310,869)	(1,248,093)	(5,202,045)	(15,753,975)	13,264,439	(2,489,536)

6 OPERATING SEGMENT INFORMATION (CONTINUED)

(a) A reconciliation of segment operating profit to loss before income tax is provided as follows:

	Year ended 31 December	
	2023	2022 (Restated) *Note 22*
	RMB'000	*RMB'000*
Segment operating profit	**149,695**	38,515
Share of losses of investments accounted for using the equity method *(Note 21)*	**(5,478)**	(10,480)
Interest income *(Note 7)*	**27,997**	7,774
Foreign exchange *(Note 7)*	**(42,090)**	(11,800)
Gain on disposal of subsidiaries *(Note 7)*	**231,468**	–
Finance costs *(Note 9)*	**(607,841)**	(504,015)
Loss before income tax	**(246,249)**	(480,006)

(b) Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Total segment assets	**16,057,401**	18,121,616
Cash and cash equivalents *(Note 26)*	**1,470,508**	1,137,660
Restricted cash *(Note 26)*	**21,177**	72,705
Investments accounted for using the equity method *(Note 21)*	**307,618**	299,185
Amounts due from related parties *(Note 38(h))*	**74,537**	73,741
Derivative financial assets *(Note 28)*	**–**	105,386
Total assets per consolidated statement of financial position	**17,931,241**	19,810,293
Total segment liabilities	**2,561,900**	2,489,536
Borrowings *(Note 27)*	**4,197,169**	5,944,777
Amounts due to non-controlling interests *(Note 30)*	**118,225**	118,225
Deferred income tax liabilities *(Note 31)*	**807,155**	903,898
Asset-backed Securities Scheme, senior class	**2,699,148**	5,292,270
Outlets Scheme	**3,148,467**	668,112
Total liabilities per consolidated statement of financial position	**13,532,064**	15,416,818

6 OPERATING SEGMENT INFORMATION (CONTINUED)

(c) Assets and liabilities related to contracts with customers:

	As at 31 December	
	2023	2022 (Restated) *Note 22*
	RMB'000	*RMB'000*
Sales commission for properties	**3,989**	7,787
Total incremental costs of obtaining a contract	**3,989**	7,787
Advances from sales of properties	**195,564**	319,165
Total contract liabilities	**195,564**	319,165

The Company was incorporated in the Cayman Islands, with most of its subsidiaries domiciled in Mainland China. Revenues from external customers of the Group are mainly derived in Mainland China for the years ended 31 December 2023 and 2022.

As at 31 December 2023, total non-current assets other than derivative financial assets located in Mainland China is RMB13,718,748,000 (31 December 2022: RMB15,347,397,000). As at 31 December 2023 and 2022, none of these non-current assets are located in Hong Kong.

For the years ended 31 December 2023 and 2022, the Group does not have any single customer with revenue over 10% of the revenue from external customers.

For the year ended 31 December 2023, revenue of RMB319,165,000 (31 December 2022: RMB6,021,000) was included in the contract liabilities balance at the beginning of the year.

7 REVENUE, OTHER GAINS-NET AND OTHER INCOME

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

	Year ended 31 December	
	2023	2022 (Restated) Note 22
	RMB'000	*RMB'000*
Revenue		
Rental revenue of investment properties	**919,405**	678,958
Sale of properties	**998,163**	46,737
Sale of goods	**194,579**	210,203
Operation and management services	**11,592**	–
	2,123,739	935,898
Timing of revenue recognition for revenue from contracts with customers:		
Over time	**11,592**	–
A point in time	**1,192,742**	256,940
	1,204,334	256,940
Other gains – net		
Fair value gains on investment properties	**216,218**	15,517
Government grants	**11,824**	11,653
Foreign exchange losses – net	**(42,090)**	(11,800)
Net impairment losses on financial and contract assets	**(226)**	(1,432)
Gain on disposal of subsidiaries	**231,468**	–
Others	**(53)**	3,400
	417,141	17,338
Other income		
Short-term lease income	**9,417**	17,366
Interest income	**27,997**	7,774
Others	**2,303**	1,929
	39,717	27,069

8 EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2023	2022
		(Restated)
		Note 22
	RMB'000	*RMB'000*
Cost of properties sold	**1,071,316**	46,199
Direct operating expenses arising from property management and other property related services	**272,232**	237,015
Cost of goods sold	**169,938**	194,229
Employee benefit expenses	**170,749**	182,627
– Wages, salaries and staff welfare	**127,394**	128,780
– Pension scheme contributions	**17,381**	19,498
– Other allowance and benefits	**25,974**	34,349
Business taxes and other surcharges	**102,133**	77,771
Depreciation and amortisation	**50,241**	56,670
Advertising and marketing	**111,022**	55,629
Office and travelling expenses	**58,551**	37,235
Consultancy fees	**25,716**	15,309
Depreciation charge of right-of-use assets	**2,194**	8,351
Auditor's remuneration	**3,024**	2,693
– PricewaterhouseCoopers	**2,190**	2,150
– PricewaterhouseCoopers Zhong Tian LLP	**100**	200
– Other auditors	**734**	343
Impairment of inventories	**174,516**	26,196
Others	**1,895**	5,893
	2,213,527	945,816

9 FINANCE COSTS

	Year ended 31 December	
	2023	2022
		(Restated)
		Note 22
	RMB'000	*RMB'000*
Interest expenses on bank and other financial institution borrowings	**345,689**	302,540
Interest expenses on Outlets Scheme	**131,647**	23,221
Interest expenses on Asset-backed Securities Scheme, senior class	**236,723**	297,140
Interest expenses on lease liabilities	**483**	737
Net fair value (gain)/loss on derivative financial instruments		
Reclassified from cash flow hedge reserve	**(37,097)**	(19,388)
Reclassified from costs of hedging reserves	**17,775**	17,922
Ineffectiveness of cash flow hedges	**1,453**	2,903
	696,673	625,075
Less: interests capitalised	**(88,832)**	(121,060)
	607,841	504,015

For the year ended 31 December 2023, the capitalisation rate is 5.92% (2022: 5.54%). The finance costs are capitalised into properties under development.

10 DIRECTORS' EMOLUMENTS

Directors' remuneration for the year is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Fees	**789**	771
Other emoluments:		
Salaries, allowances and benefits in kind	**1,406**	937
Performance related bonuses	**300**	–
Pension scheme contributions	**63**	66
	1,769	1,003
	2,558	1,774

10 DIRECTORS' EMOLUMENTS (CONTINUED)

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Equity settled share option expense *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2023						
Executive director						
Mr. Fan Shubin	–	–	–	–	–	–
Mr. Xu Jian	–	**1,406**	**300**	–	**63**	**1,769**
	–	**1,406**	**300**	–	**63**	**1,769**
2023						
Non-executive director						
Mr. Zhou Yue	–	–	–	–	–	–
Ms. Qin Yi	–	–	–	–	–	–
Mr. Wang Hao	–	–	–	–	–	–
Mr. Zhao Randolph	–	–	–	–	–	–
	–	–	–	–	–	–
2023						
Independent non-executive director						
Dr. Ngai Wai Fung *(i)*	**96**	–	–	–	–	**96**
Ms. Zhao Yuhong *(i)*	**96**	–	–	–	–	**96**
Mr. He Xiaofeng *(i)*	**96**	–	–	–	–	**96**
Mr. Yeung Chi Tat *(ii)*	**167**	–	–	–	–	**167**
Ms. Huang wei *(ii)*	**167**	–	–	–	–	**167**
Mr. Xue weiguo *(ii)*	**167**	–	–	–	–	**167**
	789	–	–	–	–	**789**
Total	**789**	**1,406**	**300**	–	**63**	**2,558**

(i) Resigned on 9 May 2023.

(ii) Appointed on 9 May 2023.

10 DIRECTORS' EMOLUMENTS (CONTINUED)

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Equity settled share option expense *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2022						
Executive director						
Mr. Feng Yujian *(i)*	–	803	–	–	56	859
Mr. Fan Shubin	–	–	–	–	–	–
Mr. Xu Jian *(ii)*	–	134	–	–	10	144
	–	937	–	–	66	1,003
2022						
Non-executive director						
Mr. Zhou Yue	–	–	–	–	–	–
Ms. Qin Yi	–	–	–	–	–	–
Mr. Wang Hao	–	–	–	–	–	–
Mr. Yang, Paul Chunyao *(iii)*	–	–	–	–	–	–
Mr. Zhao Randolph *(iv)*	–	–	–	–	–	–
	–	–	–	–	–	–
2022						
Independent non-executive director						
Dr. Ngai Wai Fung	257	–	–	–	–	257
Ms. Zhao Yuhong	257	–	–	–	–	257
Mr. He Xiaofeng	257	–	–	–	–	257
	771	–	–	–	–	771
Total	771	937	–	–	66	1,774

(i) Resigned on 15 October 2022.

(ii) Appointed on 15 October 2022.

(iii) Resigned on 8 July 2022.

(iv) Appointed on 8 July 2022.

No other emoluments have been paid to the independent non-executive directors during the year (2022: Nil).

No retirement or termination benefits have been paid to the Company's directors for the year (2022: Nil).

No consideration was provided to third parties for making available directors' services during the year (2022: Nil).

10 DIRECTORS' EMOLUMENTS (CONTINUED)

No loans, quasi-loans or other dealings were entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2022: Nil).

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the year (2022: Nil).

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Aggregate emoluments paid to or receivable by directors in respect of their		
– Services as directors, whether of the Company or its subsidiaries undertaking	**789**	771
– Other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	**1,769**	1,003
	2,558	1,774

11 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2022: one), details of whose remuneration are set out in Note 10 above. Details of the remuneration of the remaining four (2022: four) highest paid employees are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**3,919**	3,376
Pension scheme contributions	**355**	245
	4,274	3,621

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

	Year ended 31 December	
	2023	2022
Lower than HK$1,500,000 (equivalent to RMB1,350,000)	**4**	4

12 INCOME TAX EXPENSES

The amount of income tax expenses charged to the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2023	2022 (Restated) *Note 22*
	RMB'000	*RMB'000*
Current income tax:		
– Mainland China enterprise income tax	**741**	2,244
– Mainland China land appreciation tax	**2,143**	2,554
– Withholding tax provided for disposal of subsidiaries	**30,107**	–
Deferred income tax *(Note 31)*	**37,220**	63,123
Total tax charges for the year	**70,211**	67,921

No provision for Hong Kong profits tax has been made as the Group did not derive any assessable profit in Hong Kong during the year (2022: Nil).

Mainland China enterprise income tax has been provided at a rate of 25% (2022: 25%) on the taxable profits of the Group's Mainland China subsidiaries during the year.

The implementation and settlement of Mainland China land appreciation tax ("LAT") varies among various cities in Mainland China. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, which is based on the estimated proceeds from sales of properties less deductible expenditures including land use rights, development and construction expenditure and other related expenditures.

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

	Year ended 31 December	
	2023	2022 (Restated) *Note 22*
	RMB'000	*RMB'000*
Loss before income tax	**(246,249)**	(480,006)
Tax calculated at applicable statutory tax rates on the taxable profit in the respective countries	**(74,238)**	(110,384)
Income not subject to tax	**(49,856)**	(2,012)
Expenses not deductible for tax	**213,791**	19,870
Tax losses for which no deferred income tax asset was recognised	**83,734**	118,000
Land appreciation tax	**2,143**	2,554
Income tax effect of land appreciation tax	**(536)**	(639)
Utilisation of previously unrecognised tax losses	**(135,005)**	(1,132)
Adjustment to deferred income taxation	**71**	41,664
Withholding tax provided for disposal of subsidiaries	**30,107**	–
Income tax expenses for the year	**70,211**	67,921

13 DIVIDENDS

No dividend has been paid or declared by the Company during the year (2022: Nil).

14 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

	Year ended 31 December	
	2023	2022
		(Restated)
		Note 22
	RMB'000	*RMB'000*
Loss from continuing operations attributable to ordinary equity holders of the Company	**(319,419)**	(548,450)
Excluding: loss from continuing operations attributable to the holders of convertible preference shares (the "CPS") and perpetual convertible bonds securities (the "PCBS")	**198,764**	341,359
Loss from continuing operations attributable to ordinary equity holders of the Company	**(120,655)**	(207,091)
Profit from discontinued operations	**328,054**	155,068
Excluding: profit from discontinued operations attributable to the holders of CPS and PCBS	**(204,239)**	(96,542)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings/(losses) per share	**3,160**	(148,565)
From continuing operations attributable to the ordinary equity holders of the Company (RMB Cents)	**(12.55)**	(21.54)
From discontinued operation (RMB Cents)	**12.88**	6.09

	Shares	Shares
Weighted average number of ordinary shares	**961,538,462**	961,538,462

14 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (CONTINUED)

	Year ended 31 December	
	2023	2022 (Restated) *Note 22*
Loss per share for loss from continuing operations attributable to ordinary equity holders of the Company during the year		
– Basic losses per share (RMB cents)	**(12.55)**	(21.54)
– Diluted losses per share (RMB cents)	**(12.55)**	(21.54)
Earnings/(losses) per share for loss attributable to ordinary equity holders of the Company during the year		
– Basic earnings/(losses) per share (RMB cents)	**0.33**	(15.45)
– Diluted earnings/(losses) per share (RMB cents)	**0.33**	(15.45)

The potential ordinary shares were not included in the calculation of dilutive earnings, since the effect would be immaterial.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture fixtures and equipment RMB'000	Motor vehicles and others RMB'000	Total RMB'000
For the year ended 31 December 2023				
At 1 January 2023				
Cost	**153,634**	**77,588**	**38,664**	**269,886**
Accumulated depreciation	**(12,566)**	**(59,541)**	**(14,952)**	**(87,059)**
Net carrying amount	**141,068**	**18,047**	**23,712**	**182,827**
At 1 January 2023, net of accumulated depreciation	**141,068**	**18,047**	**23,712**	**182,827**
Additions	**–**	**130**	**19,365**	**19,495**
Transfer from investment properties *(i)*	**6,397**	**–**	**–**	**6,397**
Transfer to investment properties *(i)*	**(7,080)**	**–**	**–**	**(7,080)**
Disposals	**–**	**–**	**(30)**	**(30)**
Disposal of subsidiaries	**(17,408)**	**(25)**	**(644)**	**(18,077)**
Depreciation provided during the year	**(4,267)**	**(63)**	**(9,727)**	**(14,057)**
At 31 December 2023, net of accumulated depreciation	**118,710**	**18,089**	**32,676**	**169,475**
At 31 December 2023				
Cost	**135,543**	**77,693**	**57,355**	**270,591**
Accumulated depreciation	**(16,833)**	**(59,604)**	**(24,679)**	**(101,116)**
Net carrying amount	**118,710**	**18,089**	**32,676**	**169,475**
For the year ended 31 December 2022				
At 1 January 2022				
Cost	156,316	77,464	22,337	256,117
Accumulated depreciation	(8,007)	(59,459)	(5,570)	(73,036)
Net carrying amount	148,309	18,005	16,767	183,081
At 1 January 2022, net of accumulated depreciation	148,309	18,005	16,767	183,081
Additions	–	144	16,966	17,110
Transfer to investment properties *(i)*	(2,682)	–	–	(2,682)
Disposals	–	(20)	(639)	(659)
Depreciation provided during the year	(4,559)	(82)	(9,382)	(14,023)
At 31 December 2022, net of accumulated depreciation	141,068	18,047	23,712	182,827
At 31 December 2022				
Cost	153,634	77,588	38,664	269,886
Accumulated depreciation	(12,566)	(59,541)	(14,952)	(87,059)
Net carrying amount	141,068	18,047	23,712	182,827

(i) The transfers were due to the change of the intentional use of certain buildings between property, plant and equipment and investment properties. These transfers have no impact on profit or loss and equity.

16 LEASES

This note provides information for leases where the Group is a lessee.

(I) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Right-of-use assets		
Buildings	**7,893**	10,694
Lease liabilities		
Current	**1,797**	2,861
Non-current	**6,439**	8,735
	8,236	11,596

There are no additions to the right-of-use assets during the year. (2022: RMB4,395,000).

(II) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The consolidated statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Properties	**2,194**	8,351
Interest expense (included in finance cost)	**483**	737

The total cash outflow for leases in 2023 was RMB2,401,000 (year ended 31 December 2022: RMB6,306,000).

(III) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases certain offices. Rental contract is typically made for fixed periods of 3 to 5 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17 LONG-TERM PREPAID EXPENSES

	Prepaid decoration expenses *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023			
At 1 January 2023	**29,847**	**35,857**	**65,704**
Additions	**4,069**	**17,715**	**21,784**
Disposal of subsidiaries	**(132)**	**(6,451)**	**(6,583)**
Amortisation	**(11,030)**	**(24,434)**	**(35,464)**
31 December 2023	**22,754**	**22,687**	**45,441**
For the year ended 31 December 2022			
At 1 January 2022	50,437	39,509	89,946
Additions	6,289	12,003	18,292
Amortisation	(26,879)	(15,655)	(42,534)
31 December 2022	29,847	35,857	65,704

18 INVESTMENT PROPERTIES

(A) INVESTMENT PROPERTIES IN OPERATION

	2023 ***RMB'000***	2022 *RMB'000*
At 1 January	**14,725,509**	13,670,827
Additions	**–**	54,217
Disposals	**(2,725)**	–
Transfer from investment properties under construction	**–**	955,266
Transfer to property, plant and equipment	**(6,397)**	–
Transfer from property, plant and equipment	**7,080**	2,682
Disposal of subsidiaries	**(2,016,592)**	–
Other adjustments *(i)*	**(114,092)**	(38,558)
Net gains from fair value adjustment	**550,817**	81,075
At 31 December	**13,143,600**	14,725,509

(i) During the year, an adjustment of RMB114,092,000 was made to the investment properties upon final agreement of the actual overall construction costs with the relevant contractors (2022: RMB38,558,000).

18 INVESTMENT PROPERTIES (CONTINUED)

(B) PROFIT OR LOSS OF INVESTMENT PROPERTIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net gains from fair value adjustment		
– from continuing operations	**216,218**	15,517
– from discontinued operations	**334,599**	65,558
Rental income from leases		
– from continuing operations	**919,405**	678,958
– from discontinued operations	**179,307**	179,564
Direct operating expenses from investment properties that generated rental income		
– from continuing operations	**(4,586)**	(5,072)
– from discontinued operations	**(773)**	(913)
Direct operating expenses from investment properties that did not generate rental income		
– from continuing operations	**(884)**	(24)
– from discontinued operations	**(49)**	(52)

Profit or loss recognised in the consolidated statement of profit of loss arose from fair value changes, rental income and operating expenses, etc.

The Group's finance department is in charge of assets' valuation and employs the independent professional valuer to evaluate the fair value of investment properties. The finance department verifies all valuation results, responsible for the relative accounting treatment and prepares disclosure information of fair values according to the verified valuation results.

The investment properties are leased to tenants under operating leases with rentals payable on a monthly basis. There are no variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

18 INVESTMENT PROPERTIES (CONTINUED)

(B) PROFIT OR LOSS OF INVESTMENT PROPERTIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

Information about fair value measurements using significant unobservable inputs:

Investment Properties	Fair value as at 31 December 2023 *RMB'000*	Valuation techniques	Unobservable inputs: Title	Unobservable inputs: Range	Unobservable inputs: Relationship of unobservable inputs to fair value
Central region	6,447,383	Income capitalisation approach	Discount rate	4% to 7%	The higher discount rate, the lower fair value
			Market rental price	RMB30 to RMB220 per square meter per month	The higher market rental price, the higher fair value
North region	3,870,440	Income capitalisation approach	Discount rate	5.5% to 6.5%	The higher discount rate, the lower fair value
			Market rental price	RMB62 to RMB293 per square meter per month	The higher market rental price, the higher fair value
South region	2,825,777	Income capitalisation approach	Discount rate	5.5% to 6.5%	The higher discount rate, the lower fair value
			Market rental price	RMB44 to RMB128 per square meter per month	The higher market rental price, the higher fair value
Total	13,143,600				

18 INVESTMENT PROPERTIES (CONTINUED)

(B) PROFIT OR LOSS OF INVESTMENT PROPERTIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

Investment Properties	Fair value as at 31 December 2022 *RMB'000*	Valuation techniques	Unobservable inputs: Title	Unobservable inputs: Range	Unobservable inputs: Relationship of unobservable inputs to fair value
Central region	7,344,645	Income capitalisation approach	Discount rate	4% to 7%	The higher discount rate, the lower fair value
			Market rental price	RMB37 to RMB160 per square meter per month	The higher market rental price, the higher fair value
North region	4,555,087	Income capitalisation approach	Discount rate	4% to 7%	The higher discount rate, the lower fair value
			Market rental price	RMB51 to RMB286 per square meter per month	The higher market rental price, the higher fair value
South region	2,825,777	Income capitalisation approach	Discount rate	5.5% to 6.5%	The higher discount rate, the lower fair value
			Market rental price	RMB45 to RMB128 per square meter per month	The higher market rental price, the higher fair value
Total	14,725,509				

19 INTANGIBLE ASSETS AND LEASE PREPAYMENTS

	Lease prepayments *RMB'000*	Software *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023			
At 1 January 2023			
Cost	**7,950**	**44,029**	**51,979**
Accumulated amortisation	**(1,563)**	**(15,861)**	**(17,424)**
Net carrying amount	**6,387**	**28,168**	**34,555**
At 1 January 2023, net of accumulated amortisation	**6,387**	**28,168**	**34,555**
Additions	**–**	**2,682**	**2,682**
Disposal of subsidiaries	**–**	**(497)**	**(497)**
Amortisation provided during the year	**(172)**	**(3,510)**	**(3,682)**
At 31 December 2023, net of accumulated amortisation	**6,215**	**26,843**	**33,058**
At 31 December 2023			
Cost	**7,950**	**46,214**	**54,164**
Accumulated amortisation	**(1,735)**	**(19,371)**	**(21,106)**
Net carrying amount	**6,215**	**26,843**	**33,058**
For the year ended 31 December 2022			
At 1 January 2022			
Cost	7,950	40,873	48,823
Accumulated amortisation	(1,404)	(12,951)	(14,355)
Net carrying amount	6,546	27,922	34,468
At 1 January 2022, net of accumulated amortisation	6,546	27,922	34,468
Additions	–	3,156	3,156
Amortisation provided during the year	(159)	(2,910)	(3,069)
At 31 December 2022, net of accumulated amortisation	6,387	28,168	34,555
At 31 December 2022			
Cost	7,950	44,029	51,979
Accumulated amortisation	(1,563)	(15,861)	(17,424)
Net carrying amount	6,387	28,168	34,555

20 SUBSIDIARIES

Name	Place of incorporation/ registration and business	Issued ordinary share/registered share capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Percentage of equity attributable to non-controlling interests %	Principal activities
Trade Horizon Global Limited ("Trade Horizon") (貿景環球有限公司)	British Virgin Islands, limited liability company	US$1	100	–	–	Guaranteed notes offering
Beijing Chuangxin Jianye Real Estate investment Ltd. ("Chuangxin Jianye") (北京創新建業地產投資有限公司)*	People's Republic of China, limited liability company	RMB50,000,000	–	100	–	Investment holding
Shanghai Juque Investment Management Co., Ltd. (上海鉅礐投資管理有限公司)*	People's Republic of China, limited liability company	RMB835,000,000	–	100	–	Investment holding
Beijing Hengsheng Huaxing Investment Management Co., Ltd ("Hengsheng Huaxing") (北京恒盛華星投資管理有限公司)*	People's Republic of China, limited liability company	RMB20,000,000	–	100	–	Investment holding and retail
Jiangxi Capital Outlets Development Company Limited ("Jiangxi Capital Outlets") (江西首創奧特萊斯置業有限公司)*	People's Republic of China, limited liability company	RMB459,000,000	–	100	–	Property investment
Hangzhou Capital Outlets Property Limited ("Hangzhou Capital Outlets") (杭州首創奧特萊斯置業有限公司)*	People's Republic of China, limited liability company	RMB335,000,000	–	100	–	Property investment
Zhengzhou Juxin Outlets Industrial Co., Ltd. (鄭州鉅信奧萊實業有限公司)*	People's Republic of China, limited liability company	RMB200,000,000	–	100	–	Property investment
Xian Shouju Commercial Development and Management Co., Ltd. (西安首鉅商業開發管理有限公司)*	People's Republic of China, limited liability company	RMB335,000,000	–	100	–	Property investment
Hefei Chuangju Outlets Business Management Limited ("Hefei Capital Outlets") (合肥創鉅奧萊商業管理有限公司)*	People's Republic of China, limited liability company	RMB280,000,000	–	100	–	Property investment
Capital Outlets (Kunshan) Business Development Co., Ltd. ("Kunshan Capital Outlets") (首創奧特萊斯(昆山)商業開發有限公司)*	People's Republic of China, limited liability company	RMB100,000,000	–	100	–	Property investment
Capital Dongxing (Kunshan) Business Development Co., Ltd. (首創東興(昆山)商業開發有限公司)*	People's Republic of China, limited liability company	RMB100,000,000	–	100	–	Property investment
Beijing Capital Outlets Property Investment Fang Shan Ltd. ("Fangshan Capital Outlets") (北京首創奧特萊斯房山置業有限公司)*	People's Republic of China, limited liability company	RMB867,134,905	–	100	–	Property investment
Zhejiang Outlets Property Real Estate Co., Ltd. ("Zhejiang Outlets") (浙江奧特萊斯置業有限公司)*	People's Republic of China, limited liability company	RMB261,598,013	–	100	–	Property investment
Xi'an Capital Xin Kai Real Estate Ltd. ("Xin Kai") (西安首創新開置業有限公司)*	People's Republic of China, limited liability company	US$165,000,000	–	100	–	Property development
Kunming Capital Outlet Commercial Management Co., Ltd. ("Kunming Outlet")* (昆明首創奧萊商業運營管理有限公司)*	People's Republic of China, limited liability company	RMB317,700,000	–	85	15	Property investment

20 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and business	Issued ordinary share/registered share capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Percentage of equity attributable to non-controlling interests %	Principal activities
Chongqing Shouju Outlet Real Estate Co., Ltd. ("Chongqing Shouju Outlet") (重慶首鉅奧特萊斯置業有限公司)*	People's Republic of China, limited liability company	RMB200,000,000	–	100	–	Property investment
Qingdao Grand Commercial Management Co., Ltd. (青島鉅大奧萊商業管理有限公司)*	People's Republic of China, limited liability company	RMB210,000,000	–	100	–	Property investment and development
Nanning Grand Outlets Property Investment Co., Ltd. (南寧鉅大奧特萊斯置業有限公司)*	People's Republic of China, limited liability company	RMB350,000,000	–	100	–	Property investment and development
Xiamen Juda Outlets Business Operation Management Limited (廈門鉅大奧萊商業管理有限公司)*	People's Republic of China, limited liability company	RMB330,000,000	–	100	–	Property investment
Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd ("Hengsheng Huachuang") (珠海橫琴恒盛華創商業管理有限公司)*	People's Republic of China, limited liability company	RMB10,000,000	–	100	–	Investment holding and asset management
Beijing Shouju Commercial Management Co., Ltd. ("Beijing Shouju Commercial") (北京首鉅商業管理有限公司)*	People's Republic of China, limited liability company	RMB50,000,000	–	100	–	Property operation
GSUM-Beijing Capital Grand Outlets No.1 phase I Private Equity Fund (中聯前源–首創鉅大奧特萊斯一號第一期私募股權投資基金) ("Phase I Private Equity Fund")*	People's Republic of China	RMB3,578,445,000	–	100	–	Asset management and investment
Zhonglian Yichuang – Beijing Capital Grand Outlets No.1 Phase I Assetbacked Securities Scheme (中聯一創–首創鉅大奧特萊斯一號第一期資產支持專項計劃) (" Phase I Assetbacked Securities Scheme")*	People's Republic of China	RMB879,000,000	–	100	–	Asset management and investment

The above table set out the subsidiaries of the Group 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.

Except for Phase I Private Equity Fund, Phase I Asset-backed Securities Scheme, statutory financial statements of the remaining subsidiaries were not audited by PricewaterhouseCoopers.

* The English names represent the best effort by management of the Group in translating the Chinese names of these companies as they do not have legal names in English.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

21.1 INVESTMENTS IN JOINT VENTURES

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**273,806**	263,579
Capital injection	**13,911**	22,000
Share of losses	**(6,571)**	(11,773)
At 31 December	**281,146**	273,806

(a) Following are the details of the joint ventures held by the Group as at 31 December 2023, which are unlisted:

Name	**Place of incorporation/ registration and business**	**Registered share capital**	**Percentage of equity attributable to the Company Direct**	**Indirect**	**Principal activities**
Shanghai Zanchuang Sports Venues Management Co., Ltd (上海贊創體育場館管理有限公司)*	Shanghai/Mainland China	RMB10,000,000	–	40%	Sports venues management in Mainland China
Ningbo Shouju Yiming Investment Limited Liability Partnership (寧波首鉅翌明投資合夥企業(有限合夥)) ("Shouju Yiming") *(i)**	Ningbo/Mainland China	RMB3,000,000,000	–	50%	Investment management in Mainland China

(i) Pursuant to the partnership agreement entered into between the Group and other three investors, the Group is required to contribute RMB10 million as a general partner and RMB740 million as a limited partner, representing 25% of the total investment commitment of RMB3 billion. The Group and other investors jointly control Shouju Yiming and it is recognised as a joint venture.

* The English names represent the best effort by management of the Group in translating the Chinese names of these companies as they do not have legal names in English.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.1 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information for the joint venture that is material to the Group, which is accounted for using the equity method:

	Shouju Yiming	
	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Current assets		
Cash	**32,709**	8,821
Other current assets (excluding cash)	**46,086**	3,821
Total current assets	**78,795**	12,642
Non-current assets	**894,545**	902,892
Current liabilities		
Financial liabilities (excluding trade payables)	**10,444**	8,224
Other current liabilities (including trade payables)	**50,602**	56,394
Total current liabilities	**61,046**	64,618
Non-current liabilities		
Financial liabilities	**350,000**	303,300
Total non-current liabilities	**350,000**	303,300
Net assets	**562,294**	547,616

The information above reflects the amounts presented in the financial statements of the joint venture, adjusted for differences in accounting policies between the Group and the joint venture.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.1 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(c) Reconciliation of summarised financial information of the joint venture that is material to the Group.

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the joint venture that is material to the Group.

	Shouju Yiming	
	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Opening net assets	**547,616**	527,161
Capital injection	**27,820**	44,000
Loss for the year	**(13,142)**	(23,545)
Closing net assets	**562,294**	547,616
Carrying value	**281,146**	273,806

21.2 INVESTMENTS IN AN ASSOCIATE

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**25,379**	24,086
Share of profit	**1,093**	1,293
At 31 December	**26,472**	25,379

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.2 INVESTMENTS IN AN ASSOCIATE (CONTINUED)

(a) Following are the details of the associate held by the Group, which is unlisted:

Name	Place of incorporation/ registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Nanchang Huachuang Xinghong Real Estate Co., Ltd. (南昌華創興洪置業有限公司) ("Nanchang Huachuang")*	Nanchang/Mainland China	RMB50,000,000	–	40%	Real estate investment and investment properties operation in Mainland China

* The English name represents the best effort by management of the Group in translating the Chinese name of Nanchang Huachuang as it do not have legal name in English.

(b) Summarised financial information for the associate which is accounted for using the equity method:

	Nanchang Huachuang 31 December 2023 RMB'000	Nanchang Huachuang 31 December 2022 RMB'000
Current assets		
Cash	**2,029**	1,729
Other current assets (excluding cash)	**250,183**	249,823
Total current assets	**252,212**	251,552
Non-current assets	**102,973**	102,020
Current liabilities		
Financial liabilities (excluding trade payables)	**244,897**	233,669
Other current liabilities (including trade payables)	**29,069**	42,930
Total current liabilities	**273,966**	276,599
Non-current liabilities		
Other liabilities	**15,037**	13,524
Total non-current liabilities	**15,037**	13,524
Net assets	**66,182**	63,449

The information above reflects the amounts presented in the financial statements of the associate, adjusted for differences in accounting policies between the Group and the associate.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.2 INVESTMENTS IN AN ASSOCIATE (CONTINUED)

(c) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the associate.

	Nanchang Huachuang As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Opening net assets	**63,449**	60,215
Profit for the year	**2,733**	3,234
Closing net assets	**66,182**	63,449
Carrying value	**26,472**	25,379

22 DISCONTINUED OPERATION

The Company disposed of its the entire 100% equity interests in Jinan Real Estate Ltd. and Wuhan Capital Juda Outlets Business Management Limited (together, the "Target Companies") to certain fellow subsidiaries of the Capital City Development (the "Disposal"). Disposal of these subsidiaries was completed on 22 August 2023 and was reported in the current year as a discontinued operation. The comparative information of continuing operations has been restated. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

22 DISCONTINUED OPERATION (CONTINUED)

(I) FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

The financial performance and cash flow information presented are for the period ended 22 August 2023 (2023 column) and the year ended 31 December 2022.

	1 January 2023 to 22 August 2023 ***RMB'000***	Year ended 31 December 2022 *RMB'000*
Revenue	**165,460**	188,240
Cost of sales	**(44,799)**	(36,558)
Other gains	**336,423**	68,400
Other income	**262**	453
Selling and marketing expenses	**(12,065)**	(8,771)
Administrative expenses	**(7,093)**	(14,499)
Finance costs	**(1,869)**	(5,210)
Profit before income tax	**436,319**	192,055
Income tax expense	**(106,098)**	(37,397)
Profit after income tax of discontinued operation	**330,221**	154,658
Net cash inflows generated from operating activities	**137,484**	62,064
Net cash flows generated from/(used in) investing activities	**20,829**	(25,299)
Net cash flows used in financing activities	**(152,335)**	(92,783)
Net increase/(decrease) in cash and cash equivalents	**5,978**	(56,018)

(II) DETAILS OF SALE OF THE SUBSIDIARIES

	2023 ***RMB'000***
Net consideration received:	
Cash	**1,495,853**
Total disposal consideration	**1,495,853**
Carrying amount of net assets sold	**(1,264,385)**
Gain on sale before income tax	**231,468**
Withholding tax expense	**(30,107)**
Gain on sale after income tax	**201,361**

22 DISCONTINUED OPERATION (CONTINUED)

(III) The carrying amounts of assets and liabilities as at the date of sale (22 August 2023) were:

	As at 22 August 2023 ***RMB'000***
Property, plant and equipment	**18,077**
Long-term prepaid expenses	**6,583**
Investment properties	**2,016,592**
Intangible assets and lease prepayments	**497**
Trade and other receivables and prepayments	**35,847**
Cash and cash equivalents	**60,395**
Total assets of disposal of subsidiaries	**2,137,992**
Deferred income tax liabilities	**222,660**
Trade payables	**149,193**
Other payables and accruals	**501,753**
Total liabilities of disposal of subsidiaries	**873,605**

23 INVENTORIES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Properties under development	**–**	1,632,779
Completed properties held for sale *(i)*	**1,957,649**	780,463
Merchandise inventories	**333,588**	322,905
Less: impairment for inventories *(ii)*	**(147,975)**	(45,819)
	2,143,262	2,690,328

(i) Inventories recognised as an expense during the year amounted to RMB1,071,316,000 (2022: RMB46,199,000), which was included in the cost of properties sold.

(ii) Impairment for inventories of RMB174,516,000 was recognised during the year (2022: RMB26,196,000), which were recognised as an expense and was included in 'cost of sales' in the consolidated statement of profit or loss.

24 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Assets as per consolidated statement of financial position		
Financial assets at amortised cost		
Trade and other receivables and prepayments (excluding prepayments and prepaid taxes)	**368,553**	227,537
Restricted cash *(Note 26)*	**21,177**	72,705
Cash and cash equivalents *(Note 26)*	**1,470,508**	1,137,660
Derivative financial assets *(Note 28)*	**–**	105,386
	1,860,238	1,543,288

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
Borrowings *(Note 27)*	**4,197,169**	5,944,777
Trade payables *(Note 29)*	**1,933,782**	1,835,198
Amounts and interest due to related parties	**147,131**	124,240
Financial liabilities included in other payables and accruals (excluding other tax payable, employee benefit payable, etc.)	**6,116,664**	6,153,196
Lease liabilities *(Note 16)*	**8,236**	11,596
	12,402,982	14,069,007

25 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**238,012**	72,444
Less: provision for impairment of trade receivables	**(1,539)**	(1,626)
	236,473	70,818
Prepayments to related parties	**347**	16,161
Prepayments of merchandise inventories	**36,675**	79,458
Other prepayments	**74,457**	23,003
Input value added tax to be deducted and prepaid other taxes	**105,188**	131,794
Deposits	**6,957**	7,472
Amounts due from related parties	**74,537**	73,741
Others	**59,334**	86,213
Less: provision for impairment of other receivables	**(8,748)**	(10,707)
	585,220	477,953
less: non-current portion		
– Input value added tax to be deducted	**(11,663)**	(28,923)
Current portion	**573,557**	449,030

Note 5.1(c) sets out the information about impairment of trade and other receivables and the Group's expose to credit risk.

Trade receivables mainly arise from rental revenue of investment properties. Lessees are generally granted credit terms of 1 to 3 months. An aging analysis of the Group's trade receivables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**238,012**	72,444

As at 31 December 2023, there are trade receivables amounted to RMB846,000 (31 December 2022: RMB846,000) due from related parties.

26 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**1,491,685**	1,210,365
Less:		
Restricted cash	**(21,177)**	(72,705)
Cash and cash equivalents	**1,470,508**	1,137,660

As at 31 December 2023, the cash and bank balances of the Group denominated in HK$ were equivalent to RMB117,000 (31 December 2022: equivalent to RMB690,000) and those denominated in US$ were equivalent to RMB455,000 (31 December 2022: RMB32,000).

Cash at banks earns interest at floating rates based on daily bank deposit rates.

27 BORROWINGS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Non-current		
Bank borrowings	**1,643,815**	2,430,476
Other financial institution borrowings	**1,000,000**	2,200,000
	2,643,815	4,630,476
Current		
Current portion of long-term bank borrowings	**50,833**	1,314,301
Current portion of long-term other financial institution borrowings	**1,502,521**	–
	1,553,354	1,314,301
	4,197,169	5,944,777

27 BORROWINGS (CONTINUED)

As at 31 December 2023, bank borrowings amounting to RMB525,248,000 (31 December 2022: RMB539,496,000) were secured by the land use right with carrying amount of RMB956,000,000 (31 December 2022: RMB328,504,000) and were guaranteed by BCL.

As at 31 December 2023, other financial institution borrowings amounting to RMB 2,502,521,000 (31 December 2022: RMB2,200,000,000) were guaranteed by Capital Group. Included in the current liabilities repayable within one year from 31 December 2023 were other financial institution borrowings totalling RMB1,502,521,000 repayable in June and July 2024. Management is in discussion with financial institution to exercise the option for adjusting the financing term of the borrowing facility with a principal amount of RMB1,500,000,000.

As at 31 December 2023, bank borrowings amounting to RMB1,169,400,000 (31 December 2022: RMB Nil) were guaranteed by BCCD.

(a) The maturities of the Group's total borrowings at respective dates of the consolidated statement of financial position are set out as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Total borrowings		
– Within 1 year	**1,553,354**	1,314,301
– Between 1 and 2 years	**778,881**	2,962,462
– Between 2 and 5 years	**565,956**	1,171,885
– Over 5 years	**1,298,978**	496,129
	4,197,169	5,944,777

(b) The weighted average effective interest rates for the year ended 31 December 2023 and 2022 are set out as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Bank and other financial institution borrowings	**4.84%**	5.18%

27 BORROWINGS (CONTINUED)

(c) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 6 months	**1,173,188**	67,997
Between 6 and 12 months	**2,023,981**	3,676,780
Between 1 and 5 years	**1,000,000**	2,200,000
	4,197,169	5,944,777

Except for the borrowing listed in Note 5.3, the carrying amounts of other borrowings approximate their respective fair values, as the borrowings bore floating interest rates, the impact of discounting is not significant. The fair values are based on cash flows discounted using market rate and are within level 2 of the fair value hierarchy.

(d) The carrying amounts of the Group's borrowings and loans are denominated in following currencies:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
US$	**–**	1,368,479
RMB	**4,197,169**	4,576,298
	4,197,169	5,944,777

28 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial instruments:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Non-current assets		
Cash flow hedges		
Cross currency interest rate swaps	–	105,386

(I) On 3 August 2021, Trade Horizon, a Company's wholly-owned subsidiary, entered into a cross currency interest rate swaps ("CCIRS") to hedge the US$/RMB exchange risk and the interest rate risk arising from the US$-denominated floating rate borrowing issued on 29 July 2021. According to the contract of the CCIRS, the Group receives US$ floating rate interest and pays RMB fixed rate interest, and receives US$ notional amount and pays RMB equivalent of the notional amount at the strike rate (strike rate varies if the spot rate on the maturity date is above higher cap strike or below the lower cap strike). The CCIRS meets the criteria to apply hedging accounting in accordance with the Group's economic purpose of the hedging activities.

Trade Horizon settled its dollar-denominated borrowings on December 15, 2023, and December 29, 2023, respectively, and redeemed the CCIRS ahead of schedule.

(II) FAIR VALUE MEASUREMENT

Information about the methods and assumptions used in determining the fair value of derivatives are set out below:

Financial Instruments	Valuation techniques	Significant inputs
Cross currency interest rate swaps	Black-Scholes formula	Observable exchange rates, interest rates and volatility levels
	Discounted cash flow	Observable exchange rates and interest rates of respective currency

28 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(III) HEDGING RESERVES

	Cash flow hedge reserve *RMB'000*	Costs of hedging reserves *RMB'000*	Total *RMB'000*
At 1 January 2022	18,591	(9,954)	8,637
Other comprehensive income/(loss)			
Cash flow hedges			
Net fair value gains	186,018	–	186,018
Reclassification to profit or loss	(118,992)	–	(118,992)
Total cash flow hedges	67,026	–	67,026
Costs of hedging			
Net fair value losses	–	(88,257)	(88,257)
Amortisation to profit or loss	–	17,922	17,922
Total costs of hedging	–	(70,335)	(70,335)
At 31 December 2022	85,617	(80,289)	5,328
At 1 January 2023	**85,617**	**(80,289)**	**5,328**
Other comprehensive income/(loss)			
Cash flow hedges			
Net fair value gains	**(41,532)**	**–**	**(41,532)**
Reclassification to profit or loss	**(44,085)**	**–**	**(44,085)**
Total cash flow hedges	**(85,617)**	**–**	**(85,617)**
Costs of hedging			
Net fair value losses	**–**	**62,514**	**62,514**
Amortisation to profit or loss	**–**	**17,775**	**17,775**
Total costs of hedging	**–**	**80,289**	**80,289**
At 31 December 2023	**–**	**–**	**–**

28 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(IV) The effects of applying hedge accounting on the Group's financial position and performance are as follows:

	As at 31 December	
	2023	2022
Cross currency interest rate swaps		
Carrying amount asset	–	RMB105,386,000
Notional amount	–	RMB1,368,479,000
Maturity date	–	17 July 2024
Hedge ratio	–	1:1
Changes in fair value of the hedging instrument used for measuring effectiveness	–	186,018
Changes in fair value of the hedged item used for measuring effectiveness	–	(186,018)
Strike rate	–	RMB6.4616:US$1
Upper cap	–	RMB7.0000:US$1
Lower cap	–	–
US$ floating interest rate receipt leg	–	3 months US$–LIBOR+1.80% per annum based on US$ notional
RMB fixed interest rate pay leg	–	3.88% per annum based on RMB notional

29 TRADE PAYABLES

An aging analysis of the Group's trade payables based on invoice date or construction completion date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**1,693,890**	1,232,800
1 to 2 years	**221,860**	425,082
2 to 3 years	**17,086**	80,869
Over 3 years	**946**	96,447
	1,933,782	1,835,198

As at 31 December 2023, there were no trade payables due to related parties (As at 31 December 2022, there were no trade payables due to related parties).

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

30 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Other taxes payables	**70,176**	41,463
Employee benefit payable	**2,480**	3,772
Other payables and accruals due to related parties *(Note 38(h))*	**28,906**	6,015
Amounts due to non-controlling interests	**118,225**	118,225
Interest payable	**–**	1,364
Asset-backed Securities Scheme, senior class *(i)*	**2,699,148**	5,291,529
Outlets Scheme *(ii)*	**3,148,467**	667,489
Deposits received	**110,193**	139,330
Collect and remit payment on behalf of customers	**5,162**	5,681
Advance receipt of rental income	**74,727**	35,199
Others	**78,967**	12,604
	6,336,451	6,322,671
Less: non-current portion		
– Asset-backed Securities Scheme, senior class and Outlets Scheme	**(3,148,467)**	(5,959,018)
Current portion	**3,187,984**	363,653

(i) On 9 December 2019, the Group issued an Asset-backed Securities Scheme, senior class known as Phase I Asset-backed Securities Scheme. The issuance of the Asset-backed Securities Scheme, senior class was for securitisation of certain properties of the Group, namely the Beijing Capital Outlets and the Kunshan Capital Outlets, for the purpose of funding the Group's operations and development.

The total issuance of the scheme was RMB3,579,000,000, including: (a) the Asset-backed Securities Scheme, senior class in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum and a term of five years maturing on 9 December 2024, all of which were subscribed by qualified investors (which were Third Parties) and has been listed on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (b) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate and a term of five years maturing on 9 December 2024. Both issuances were subscribed by Hengsheng Huachuang, a Company's wholly owned subsidiary. The Subordinated Class ABS will not be listed.

On 28 May 2021, the Group privately issued an asset-backed securities scheme known as Phase II Asset-backed Securities Scheme. The issuance of the asset-backed securities scheme was for securitisation of the properties held by the Group, namely the Hefei Capital Outlets, the Hangzhou Capital Outlets, the Jinan Capital Outlets and the Jiangxi Capital Outlets, for the purpose of funding the Group's operations and development.

The total issuance of the scheme was RMB3,268,000,000, including: (a) the Asset-backed Securities Scheme, senior class in the principal amount of RMB2,600,000,000 with a fixed coupon rate of 5.05% per annum and a term of three years maturing on 28 May 2024, all of which were subscribed by qualified investors (which were Third Parties) and has been listed on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (b) the Subordinated Class ABS in the principal amount of RMB668,000,000 with no fixed coupon rate and a term of three years maturing on 28 May 2024. Both issuances were subscribed by Hengsheng Huachuang. The Subordinated Class ABS will not be listed. The Asset-backed Securities Scheme, Senior class in principal amount of RMB2,600,000,000 was early redeemed by the Group on July 2023.

30 OTHER PAYABLES AND ACCRUALS (CONTINUED)

(ii) On 27 April 2022, the Group issued an asset-backed securitised product known as China Life Investment BCG Outlets First Stage Asset Support Scheme. For the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,350,000,000. Under the Outlets Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Chongqing Shouju Outlet and Kunming Outlet and the rights such as the creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitisation under the Outlets Scheme for the purpose of funding the Group's operations and development.

As at 31 December 2023, the issuance of the Outlets Scheme was RMB1,350,000,000, including: (a) a principal of RMB670,000,000 at a fixed coupon rate of 4.85% per annum with a maturity term of three years maturing on 26 April 2025; and (b) a principal of RMB680,000,000 at a fixed coupon rate of 4.85% per annum with a maturity term of three years maturing on 26 April 2025. All the borrowings were held by China Life Investment Management Company Limited.

On 6 July 2023, the Group issued an asset-backed securitised product known as China Life Investment BCG Outlets Second Stage Asset Support Scheme. For the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,800,000,000. Under the Outlets Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Xi'an Capital Outlets, Nanning Capital Outlets, and Huzhou Capital Outlets and the rights such as the creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitisation under the Outlets Scheme for the purpose of funding the Group's operations and development.

As at 31 December 2023, the issuance of the Outlets Scheme was RMB1,800,000,000, including: (a) a principal of RMB820,000,000 at a fixed coupon rate of 4.60% per annum with a maturity term of three years maturing on 5 July 2026; (b) a principal of RMB750,000,000 at a fixed coupon rate of 4.60% per annum with a maturity term of three years maturing on 5 July 2026; and (c) a principal of RMB230,000,000 at a fixed coupon rate of 4.60% per annum with a maturity term of three years maturing on 5 July 2026. All the borrowings were held by China Life Investment Management Company Limited.

31 DEFERRED INCOME TAX

An analysis of deferred income tax assets and liabilities are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Deferred income tax assets:		
– to be recovered within 12 months	**16,295**	7,567
– to be recovered after more than 12 months	**46,213**	85,645
	62,508	93,212
Deferred income tax liabilities:		
– to be settled within 12 months	**(24,044)**	(1,432)
– to be settled after more than 12 months	**(845,619)**	(995,678)
	(869,663)	(997,110)
Offsetting	**62,508**	93,212
Deferred income tax assets after offset	**–**	–
Deferred income tax liabilities after offset	**(807,155)**	(903,898)
Deferred income tax liabilities (net)	**(807,155)**	(903,898)

The gross movements on the deferred income tax account are as follows:

	Deferred income tax
	RMB'000
At 1 January 2022	(807,449)
Credited to the consolidated statement of profit or loss	(96,449)
At 31 December 2022	(903,898)
Credited to the consolidated statement of profit or loss – from continuing operations *(Note 12)*	(37,220)
Credited to the consolidated statement of profit or loss – from discontinued operations	(88,697)
Disposal of subsidiaries	222,660
At 31 December 2023	**(807,155)**

31 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses *RMB'000*
Deferred income tax assets	
At 1 January 2022	120,316
Credited to the consolidated statement of profit or loss	(27,104)
At 31 December 2022	93,212
Credited to the consolidated statement of profit or loss	(3,892)
Disposal of subsidiaries	(26,812)
At 31 December 2023	**62,508**

	Fair value adjustments arising from acquisition of subsidiaries *RMB'000*	**Appreciation of investment properties at fair value** *RMB'000*	**Capitalised borrowing costs** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Deferred income tax liabilities					
At 31 December 2021	87,207	766,361	61,174	13,023	927,765
(Credited)/charged to the consolidated statement of profit or loss	(1,432)	59,734	7,642	3,401	69,345
At 31 December 2022	85,775	826,095	68,816	16,424	997,110
At 31 December 2022	**85,775**	**826,095**	**68,816**	**16,424**	**997,110**
(Credited)/charged to the consolidated statement of profit or loss	**(57,588)**	**181,738**	**–**	**(2,125)**	**122,025**
Disposal of subsidiaries	**–**	**(245,832)**	**(3,640)**	**–**	**(249,472)**
At 31 December 2023	**28,187**	**762,001**	**65,176**	**14,299**	**869,663**

31 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future profits is probable. Tax losses incurred by the subsidiaries of the Group established in Mainland China are expiring within a period of five years.

As at 31 December 2023, deferred income tax assets have not been recognised in respect of unutilised tax losses of RMB2,181,000,000 (31 December 2022: RMB2,194,000,000), as it is not probable that taxable profits will be available for the foreseeable future against which such tax losses can be utilised.

Dividend distribution out of profit of the Group's subsidiaries in Mainland China subsequent to 1 January 2008 is subject to withholding tax at a tax rate of 10%. As at 31 December 2023, deferred income tax liabilities of RMB32,472,000 (31 December 2022: RMB55,944,000) have not been recognised in connection with the withholding tax and other taxes that would be payable when the earnings retained by the subsidiaries of the Group are distributed to the Company.

32 SHARE CAPITAL

	As at 31 December			
	2023	2022	**2023**	2022
	Number of shares	*Number of shares*	***RMB'000***	*RMB'000*
Authorised:				
Ordinary shares, HK$0.01 each	**18,355,918,048**	18,355,918,048	**160,009**	160,009
Class A CPS, HK$0.01 each	**738,130,482**	738,130,482	**5,875**	5,875
Class B CPS, HK$0.01 each	**905,951,470**	905,951,470	**7,575**	7,575
	20,000,000,000	20,000,000,000	**173,459**	173,459
Issued and fully paid:				
Ordinary shares, HK$0.01 each	**961,538,462**	961,538,462	**7,828**	7,828
Class A CPS, HK$0.01 each *(Note 33(a))*	**166,976,636**	166,976,636	**1,329**	1,329
Class B CPS, HK$0.01 each *(Note 33(b))*	**905,951,470**	905,951,470	**7,575**	7,575
	2,034,466,568	2,034,466,568	**16,732**	16,732

33 CPS

(a) CLASS A CPS

On 22 January 2015, the Company issued 738,130,482 Class A CPS to BECL at HK$ 2.78 per share. On 28 December 2016, 571,153,846 Class A CPS were converted into ordinary shares.

(i) The Class A CPS is non-redeemable and with no maturity.

(ii) Each Class A CPS is convertible by its holders into one ordinary share of the Company of HK$0.01 each at nil consideration, at any time after issuance, provided that they may not exercise the conversion rights as to such number the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

(iii) Each Class A CPS shall confer on the holder thereof the right to receive any dividend pari passu with holders of ordinary shares on the basis of the number of ordinary share(s) into which each Class A CPS may be converted on an as converted basis.

(iv) The Class A CPS shall not confer on its holder thereof the right to vote at a general meeting of the Company, unless a resolution is to be proposed for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holders of Class A CPS.

(v) On a distribution of assets on liquidation, winding-up or dissolution of the Company, the assets and funds of the Company shall, subject to applicable laws, firstly pay to the Class A and Class B CPS holders, pari passu as between themselves, an amount equal to the aggregate nominal amounts of the Class A and Class B CPS.

As there is no contractual obligations to redeem Class A CPS by the Company, Class A CPS is therefore classified as equity in the consolidated financial statements.

33 CPS(CONTINUED)

(b) CLASS B CPS

On 14 December 2016, the Company issued 905,951,470 Class B CPS to BECL at HK$ 2.78 per share.

(i) The Class B CPS is non-redeemable and with no maturity.

(ii) Each Class B CPS is convertible by its holders into one ordinary share of the Company of HK$0.01 each at nil consideration, at any time after issuance, provided that they may not exercise the conversion rights as to such number the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

(iii) Each Class B CPS shall confer on the holder thereof the right to receive any dividend pari passu with holders of ordinary shares on the basis of the number of ordinary share(s) into which each Class B CPS may be converted on an as converted basis.

(iv) Each Class B CPS shall confer on its holder the right to receive a preferred distribution ("Preferred Distribution") from the date of the issue at a rate of 0.01% per annum on the issue price, payable annually in arrears. The Preferred Distribution is non-cumulative, and the Company may, in its sole discretion, elect to defer or not to pay the Preferred Distribution. During the year, the Company did not pay any Preferred Distribution (2022: Nil). As at 31 December 2023, there was no Preferred Distribution deferred and payable by the Company (2022: Nil).

(v) The Class B CPS shall not confer on its holder thereof the right to vote at a general meeting of the Company, unless a resolution is to be proposed for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holders of Class B CPS.

(vi) On a distribution of assets on liquidation, winding-up or dissolution of the Company, the assets and funds of the Company shall, subject to applicable laws, firstly pay to the Class A and Class B CPS holders, pari passu as between themselves, an amount equal to the aggregate nominal amounts of the Class A and Class B CPS.

As there is no contractual obligations to redeem Class B CPS by the Company, Class B CPS is therefore classified as equity in the consolidated financial statements.

34 PCBS

On 28 December 2016, the Company issued PCBS in the principal amounts of HK$657,594,260 to Smart Win and in the principal amounts of HK$420,096,153 to KKR respectively, resulting in credits to PCBS of RMB945,197,000 after deducting the direct professional fee of RMB22,817,000.

The PCBS has no fixed maturity, and can be redeemed by the Company at any time after 30 years from the issuance date, in its sole and absolute discretion. The PCBS shall be convertible at the option of its holders, at the initial conversion price of HK$2.10 per share, into a maximum of 513,185,911 new ordinary shares, provided that the holders of PCBS may not exercise the conversion rights whenever the conversion would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

34 PCBS (CONTINUED)

The holder(s) of the PCBS are entitled to receive interest on the outstanding principal amount of the PCBS at a rate equal to 0.01% per annum on a non-cumulative basis, of which the Company shall have the right, exercisable in its sole discretion, to elect to defer the payment, with no interest accrued thereon. The Company shall not pay any dividends, distributions or make any other payment on the ordinary shares,Class A CPS and Class B CPS or other share capital of the Company unless at the same time it pays to the holders of the PCBS any deferred or unpaid interest payment. In the event that any dividend or distribution is paid on the ordinary shares, CPS (save and except for Preferred Distributions to be paid on the Class B CPS at a rate which shall not exceed the rate of interest) or other share capital of the Company, the Company shall pay additional variable interest on the PCBS representing such dividend or distribution so paid in an aggregate amount equal to (a) the amount of such dividend or distribution per share multiplied by (b) the aggregate number of ordinary shares into which the PCBS then outstanding may be converted, in the same form and on the same date.

As at 31 December 2023, the Group has accrued interest amounting to RMB657,000 (31 December 2022: RMB558,000).

As the Company has no contractual obligations to the holders of PCBS, the PCBS is classified as equity in the consolidated financial statements.

35 CASH FLOW INFORMATION

NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	As at 31 December	
	2023	2022
Net Debt	***RMB'000***	*RMB'000*
Cash and cash equivalents	**1,470,508**	1,137,660
Borrowings (excluding bank overdraft, *Note 27*)	**(4,197,169)**	(5,944,777)
Asset-backed Securities Scheme, senior class *(Note 30)*	**(2,699,148)**	(5,292,270)
Outlets Scheme *(Note 30)*	**(3,148,467)**	(668,112)
Lease liabilities *(Note 16)*	**(8,236)**	(11,596)
Net debt	**(8,582,512)**	(10,779,095)
Cash and cash equivalents	**1,470,508**	1,137,660
Gross debt – fixed interest rates	**(8,355,851)**	(9,171,978)
Gross debt – variable interest rates	**(1,697,169)**	(2,744,777)
Net debt	**(8,582,512)**	(10,779,095)

35 CASH FLOW INFORMATION (CONTINUED)

NET DEBT RECONCILIATION (CONTINUED)

	Liabilities from financing activities					Other assets	
	Borrowings	Outlets Scheme	Asset-backed Securities Scheme, senior class	Lease liabilities	Total	Cash and cash equivalents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at 1 January 2022	(5,462,136)	–	(5,286,574)	(12,770)	(10,761,480)	719,349	(10,042,131)
Financing cash flows	(50,108)	(644,891)	291,444	6,306	(397,249)	418,221	20,972
New leases	–	–	–	(4,395)	(4,395)	–	(4,395)
Foreign exchange adjustments	(114,006)	–	–	–	(114,006)	90	(113,916)
Other changes							
Interest expenses	(318,527)	(22,483)	(293,771)	(737)	(635,519)	–	(635,519)
Amortisation	–	(738)	(3,369)	–	(4,107)	–	(4,107)
Net debt as at 31 December 2022	(5,944,777)	(668,112)	(5,292,270)	(11,596)	(11,916,755)	1,137,660	(10,779,095)
Financing cash flows	**2,095,561**	**(2,348,708)**	**2,829,845**	**2,401**	**2,579,099**	**393,208**	**2,972,307**
New leases	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Foreign exchange adjustments	**(34,069)**	**–**	**–**	**–**	**(34,069)**	**35**	**(34,034)**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**(60,395)**	**(60,395)**
Other changes	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Interest expenses	**(313,884)**	**(130,669)**	**(229,104)**	**959**	**(672,698)**	**–**	**(672,698)**
Amortisation	**–**	**(978)**	**(7,619)**	**–**	**(8,597)**	**–**	**(8,597)**
Net debt as at 31 December 2023	**(4,197,169)**	**(3,148,467)**	**(2,699,148)**	**(8,236)**	**(10,053,020)**	**1,470,508**	**(8,582,512)**

36 COMMITMENTS

The Group had the following capital commitments:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**–**	388,023

37 FINANCIAL GUARANTEES

The Group had the following financial guarantees:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Mortgage facilities for certain purchasers of the Group's properties	**540,074**	702,104

As at 31 December 2023 and 2022, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon occurrence of default on mortgage repayments by these purchasers during the guarantee period, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interests and penalties due by the defaulted purchasers to the banks. At the same time, the Group is entitled to take over the legal title and possession of the related properties. The guarantee period of the Group commences on the grant date of the relevant mortgage and terminates on obtaining the "property title certificate" by the property purchasers.

38 RELATED PARTY TRANSACTIONS

Apart from the transactions and balances disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the reporting period:

(a) PROVISION OF SERVICES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Provision of services		
– Project management services for a subsidiary of BCL	**2,498**	1,200
– Project management services for a subsidiary of Shouju Yiming	**–**	846
– Management services for subsidiaries of BCCD	**7,133**	–
	9,631	2,046

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) PURCHASES OF SERVICES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Purchases of services		
– Management fees on Asset-backed Securities Scheme, senior classes deed to fellow subsidiaries	**1,952**	4,248
– Service fees to:		
– BCL	**1,825**	1,741
–a fellow subsidiary	**–**	580
– Guarantee fees relating to:		
– Asset-backed Securities Scheme	**4,867**	–
– Outlets Scheme *(i)*	**14,082**	3,199
– bank and other financial institution borrowing deed to Capital Group *(ii)*	**25,228**	20,798
– bank and other financial institution borrowing deed to BCCD	**1,503**	–
– bank and other financial institution borrowing deed to BCL	**2,417**	2,575
– Property management expenses to a fellow subsidiary of BCL	**–**	18,875
	51,874	52,016

(i) Capital Group issued a guarantee to China Life Investment Management Company Limited ("China Life") for Outlets Scheme with a total principal amount of not exceeding RMB1,350,000,000. In accordance with the Outlets Scheme, the Group is required to pay an amount of 0.7% per annum on the outstanding principal to Capital Group as guarantee fee.

(ii) Capital Group issued a guarantee to China Life for a borrowing of the Group of RMB 1,500,000,000. The Group is required to pay 0.7% per annum on the outstanding principal as guarantee fee to Capital Group.

Capital Group issued a guarantee to Ping An Bank for a borrowing of the Group of US$ 198,000,000. The Group is required to pay 0.7% per annum on the outstanding principal to Capital Group as guarantee fee.

Capital Group issued a guarantee to China Life with a principal of not exceeding RMB1,000,000,000. The Group is required to pay 0.7% per annum on the outstanding principal to Capital Group as guarantee fee.

Capital Group issued a guarantee to CITIC Bank with a principal of not exceeding RMB1,169,000,000 the Group is required to pay 0.7% per annum on the outstanding principal to BCCD as guarantee fee.

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) GUARANTEE FROM RELATED PARTIES

As at 31 December 2023, BCL provided irrevocable guarantee to the Group in respect of the bank and other financial institution borrowings of the Group amounted to RMB525,248,000 (31 December 2022: RMB2,143,296,000) (Note 27).

As at 31 December 2023, Capital Group provided irrevocable guarantee to the Group in respect of the other financial institution borrowings of the Group amounted to RMB2,502,921,000 (31 December 2022: RMB3,568,479,000) (Note 27).

As at 31 December 2023, BCCD provided irrevocable guarantee to the Group in respect of the other financial institution borrowings of the Group amounted to RMB1,169,000,000 (31 December 2022: RMB Nil) (Note 27).

(d) ADVANCES TO AN ASSOCIATE

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**68,398**	68,999
Advances	**793**	635
Repayments	**–**	(1,236)
At 31 December	**69,191**	68,398

The advances to the associate are unsecured, interest-free and have no fixed repayment terms.

(e) ADVANCES TO A JOINT VENTURE

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**2,117**	2,117
Interest income accrued	**100**	100
Interest income received	**(100)**	(100)
At 31 December	**2,117**	2,117

The advances are unsecured, bear interests at 5% per annum and have no fixed repayment terms.

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(f) LOANS FROM BCL

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**–**	100,210
Repayments	**–**	(95,140)
Interest accrued	**–**	3,321
Interest paid	**–**	(8,391)
At 31 December	**–**	–

(g) KEY MANAGEMENT COMPENSATION

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kinds	**6,465**	6,106
Pension scheme contributions	**379**	429
	6,844	6,535

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(h) YEAR-END BALANCES

	31 December 2023 ***RMB'000***	31 December 2022 *RMB'000*
Trade receivables		
– a fellow subsidiary	**846**	846
Prepayments to related parties		
– Capital Group	**–**	15,361
– Fellow subsidiaries	**347**	800
	347	16,161
Amounts due from related parties		
– An associate of the Group	**69,191**	68,398
– A joint venture of the Group	**2,117**	2,117
– A subsidiary of BCCD	**3**	–
– Fellow subsidiaries	**1,040**	1,040
– An associate of BCL	**193**	193
– A joint venture of BCL	**1,993**	1,993
	74,537	73,741
Other payables and accruals		
– Capital Group	**20,382**	–
– BCCD	**1,554**	–
– BCL	**4,005**	5,967
– A fellow subsidiary	**467**	48
– A Subsidiary of BCCD	**2,498**	–
	28,906	6,015

(i) LEASE FROM RELATED PARTIES

	31 December 2023 ***RMB'000***	31 December 2022 *RMB'000*
Right-of-use rights	**262**	1,050
Lease liabilities	**246**	1,177

Hengsheng Huaxing, rent building used as administrative office from related parties. Right-of-use rights amounted to RMB262,000 (31 December 2022: RMB1,050,000) and lease liabilities amounted to RMB246,000 (31 December 2022: RMB1,177,000) are recognised respectively.

39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		31 December 2023 RMB'000	31 December 2022 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**382,637**	382,637
		382,637	382,637
Current assets			
Amounts due from subsidiaries		**5,904,149**	5,907,995
Cash and cash equivalents		**6,261**	932
		5,910,410	5,908,927
Total assets		**6,293,047**	6,291,564
LIABILITIES			
Non-current liabilities			
Amounts due to subsidiaries		**91,376**	91,376
		91,376	91,376
Current liabilities			
Other payables and accruals		**–**	266
Amounts due to subsidiaries		**1,274,800**	1,257,889
Amounts due to BCL		**–**	1,774
		1,274,800	1,259,929
Total liabilities		**1,366,176**	1,351,305
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*Note 32*	**16,732**	16,732
PCBS	*Note 34*	**945,854**	945,755
Reserves	*(a)*	**4,032,351**	4,032,351
Accumulated losses	*(a)*	**(68,066)**	(54,579)
Total equity		**4,926,871**	4,940,259
Total equity and liabilities		**6,293,047**	6,291,564

The balance sheet of the Company was approved by the Board of Directors of the Company on 27 February 2024 and was signed on its behalf.

Mr. Fan Shubin
Director

Mr. Xie Hongyi
Director

39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(A) RESERVE MOVEMENT OF THE COMPANY

	Share premium account	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	4,032,351	(42,857)	3,989,494
Loss for the year	–	(11,628)	(11,628)
Dividends payable to PCBS holders	–	(94)	(94)
At 31 December 2022	4,032,351	(54,579)	3,977,772
At 1 January 2023	**4,032,351**	**(54,579)**	**3,977,772**
Loss for the year	**–**	**(13,388)**	**(13,388)**
Dividends payable to PCBS holders	**–**	**(99)**	**(99)**
At 31 December 2023	**4,032,351**	**(68,066)**	**3,964,285**

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

RESULTS

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2021 *RMB'000*	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2019 *RMB'000*
REVENUE	**2,123,739**	1,124,138	1,341,049	1,024,035	1,864,672
Cost of sales	**(1,802,781)**	(650,304)	(702,095)	(678,218)	(986,249)
Gross profit	**320,958**	473,834	638,954	345,817	878,423
Other gains – net	**417,141**	85,738	191,543	336,302	90,070
Other income	**39,717**	27,522	39,933	45,860	47,405
Selling and marketing expenses	**(160,209)**	(93,164)	(137,994)	(157,669)	(190,742)
Administrative expenses	**(250,537)**	(262,176)	(269,665)	(303,779)	(368,325)
Operating profit	**367,070**	231,754	462,771	266,531	456,831
Finance costs	**(607,841)**	(509,225)	(502,962)	(462,514)	(391,339)
Share of loss of investment accounted for using the equity method	**(5,478)**	(10,480)	(5,954)	(2,450)	(4,375)
(LOSS)/PROFIT BEFORE TAX	**(246,249)**	(287,951)	(46,145)	(198,433)	61,117
Income tax expense	**(70,211)**	(105,318)	(177,802)	(119,256)	(284,169)
Loss from continuing operations	**(316,460)**	(393,269)	(223,947)	(317,689)	(223,052)
Profit from discontinued operations	**330,221**	–	–	–	–
(LOSS)/PROFIT FOR THE YEAR	**13,761**	(393,269)	(223,947)	(317,689)	(223,052)
Attributable to:					
Owners of the Company	**8,734**	(393,288)	(224,346)	(320,446)	(223,539)
Non-controlling interests	**5,027**	19	399	2,757	487
	13,761	(393,269)	(223,947)	(317,689)	(223,052)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2021 *RMB'000*	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2019 *RMB'000*
TOTAL ASSETS	**17,931,241**	19,810,293	19,036,672	18,312,753	17,809,839
TOTAL LIABILITIES	**13,532,064**	(15,416,818)	(14,246,619)	(13,315,623)	(12,519,666)
NON-CONTROLLING INTERESTS	**54,793**	(54,351)	(54,332)	(53,933)	(51,176)
	4,344,384	4,339,124	4,735,721	4,943,197	5,238,997