# Road King Infrastructure Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 1098)

# 2024
## ANNUAL REPORT

# Corporate Profile

## ROAD KING INFRASTRUCTURE LIMITED

Road King Infrastructure Limited is a prominent property developer in Mainland China and Hong Kong focusing on developing quality residential apartments and also a leading toll road investor and operator with over 30 years of experience in the industry. The Company successfully entered into the Southeast Asian market in 2019 and became the first company to invest and participate in the operation of Indonesian expressways among other Mainland China and Hong Kong toll road companies. The existing real estate portfolio is mainly located in the Yangtze River Delta Region, Bohai Rim Region and Greater Bay Area, comprising a land reserve of approximately 2.59 million square meters. As of 31 December 2024, the toll road portfolio consists of four expressways in Indonesia, all located in major economic regions and spanning approximately 335 km in total.

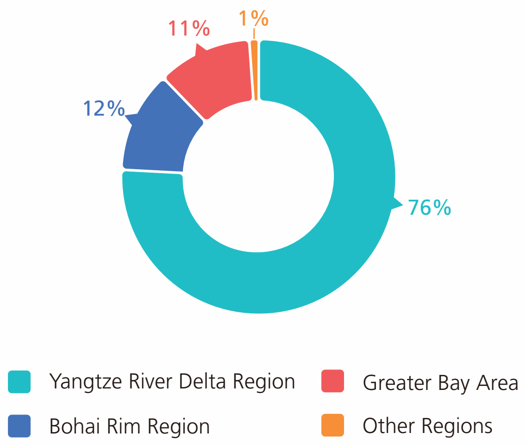
# Contents



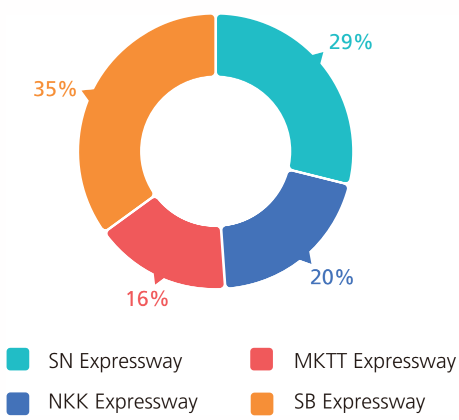
# Financial Highlights

| | For the year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| **(RMB'million)** | | | | | |
| Property sales (including joint venture and associate projects) | | | | | |
| – Mainland China projects | **9,279** | 26,555 | 41,710 | 39,562 | 42,193 |
| – Hong Kong projects | **3,183** | 1,095 | 313 | 12,922 | 1,854 |
| | **12,462** | 27,650 | 42,023 | 52,484 | 44,047 |
| **(HK$'million)** | | | | | |
| Revenue of the Group | **5,537** | 13,075 | 17,156 | 24,678 | 24,196 |
| Group's share of revenue of joint ventures and associates | **11,828** | 12,953 | 12,102 | 14,153 | 7,587 |
| Revenue of the Group and Group's share of revenue of joint ventures and associates | **17,365** | 26,028 | 29,258 | 38,831 | 31,783 |
| Toll revenue from expressway projects in Indonesia | **1,765** | 1,667 | 1,109 | 742 | 453 |
| (Loss) profit for the year | **(3,308)** | (3,761) | 459 | 1,984 | 2,784 |
| (Loss) profit for the year attributable to owners of the Company | **(4,122)** | (3,962) | (495) | 1,028 | 1,723 |
| Equity attributable to owners of the Company | **10,815** | 15,696 | 20,246 | 22,337 | 20,928 |
| Total assets | **57,513** | 73,146 | 90,002 | 108,236 | 103,281 |
| Bank balances and cash | **4,274** | 5,480 | 8,262 | 12,600 | 14,056 |
| Net assets per Share attributable to owners of the Company (HK$) | **14.43** | 20.95 | 27.02 | 29.81 | 27.93 |
| Net gearing ratio (%) | **55** | 63 | 73 | 72 | 72 |

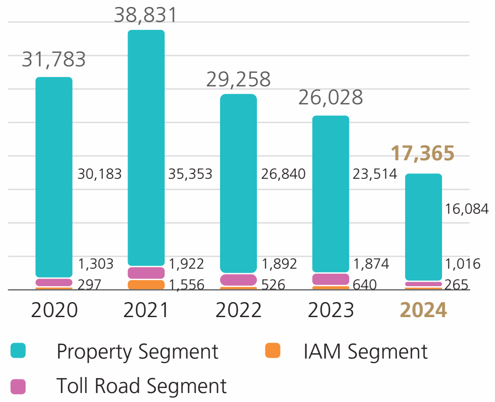
## REVENUE CONTRIBUTION OF PROPERTY PROJECTS IN 2024 BY LOCATION (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS)



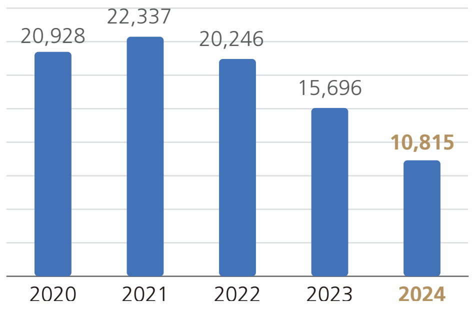

## TOLL REVENUE CONTRIBUTION OF EXPRESSWAY PROJECTS IN INDONESIA IN 2024



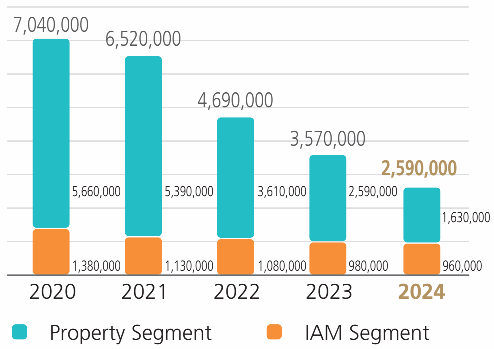
## REVENUE
### (including share of revenue of joint ventures and associates)
(HK$'million)



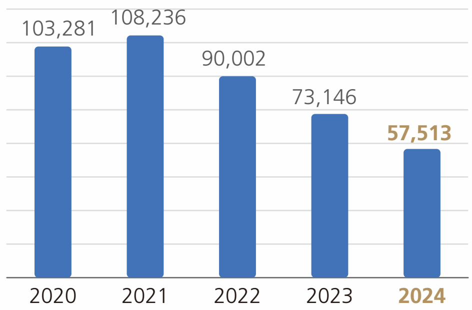

## EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(HK$'million)



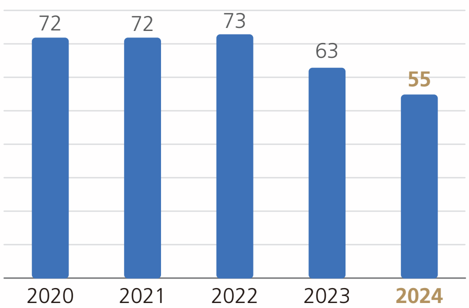

## LAND RESERVE
### (including joint venture and associate projects)
(sqm)



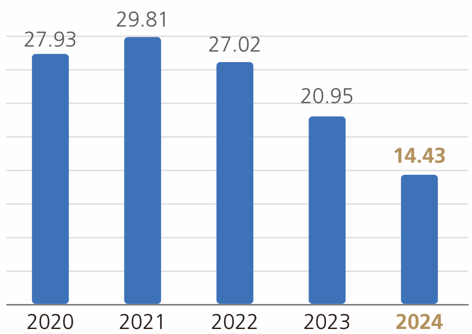

## TOTAL ASSETS
(HK$'million)




## NET GEARING RATIO
(%)




## NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY
(HK$)



# Chairman's Statement


The Group's equity attributable to the Shareholders decreased significantly by HK$4,881 million during 2024, whilst the equity per Share decreased by 31% to HK$14.43.

The Group's property sales (including joint venture and associated projects) in 2024 shrunk to RMB12,462 million. The Group's turnover and net loss attributable to Shareholders for the year was HK$5,537 million and HK$4,122 million respectively. While the Group's performance over the last few years has been disappointing, we are not alone as the whole Chinese property market and our peers are facing unprecedented market challenges.

The poor performance in 2024 mainly arises from following factors:

## 1) Property Development Business

Despite various supportive measures launched by the Central Government to revive the property sector, there has not been any noticeable change in market sentiment nor a rise in the property prices. Although, there were some indications of prices stabilizing in first tier cities toward the end of 2024, the trend of an overall market recovery is still uncertain. Due to the shrinking property market, as well as negative market sentiments and the phenomenon that almost all developers are selling at a huge discount to get some cash back, Road King has been forced to follow the market trend and cut prices to promote sales. As a result, we recorded a negative gross margin, ending up with a gross loss of HK$1,390 million in 2024.

### 2) Investment and Asset Management Business

In 2024, Road King recognised a loss of HK$2,050 million, comprising interest costs, loss from the sale of existing investment, and the huge impairment provision this year of HK$1,471 million.

### 3) Exchange Loss

Due to the drop in the exchange rate of Renminbi against the US dollar during 2024, we suffered an exchange loss of HK$608 million. Given the volatile exchange rate and the unpredictability of Trump's administration, we are unsure of which direction the US dollar is heading. Apart from that, the Central Government has announced that it will implement a monetary easing policy and expects that the interest rate and required reserve ratio in Mainland China will drop further, there will be depreciation pressure on the Renminbi.

With the prices of properties in first tier cities showing some signs of stability, we hope the property prices in second to fourth tier cities will also slowly pick up. However, it will take at least another 2 to 3 years for prices to stabilize in these cities. In the meantime, we need to continue to adopt a prudent approach in planning our subsequent steps ahead.

As such, since November 2024, we have informed all perpetual securities holders that Road King will stop making any coupon distributions, in order to preserve our cash which is necessary to maintain our business operations.

## BUSINESS ANALYSIS

### A) Toll Road Business

Road King sold our toll roads in Mainland China in 2024 and fully received the sales proceeds in the same year. The cash generated from this disposal transaction was used to repay a portion of the Group's borrowings, thus reducing the Group's total borrowings to HK$16,227 million at the end of 2024. Road King also recorded a net gain after tax of HK$1,490 million (with the Group's share being approximately HK$1,118 million) in 2024 as a result of the disposal transaction.

In 2024, our toll revenue in Indonesia increased by 6% to HK$1,765 million as comparing with last year. The Group's share of net profit of respective Indonesian expressway joint ventures increased to HK$323 million. In 2024, we received our share of the dividends from Indonesian expressway projects of HK$97.60 million.

In the second half of 2025, there will be another significant increase in toll rate adjustment for two Indonesian expressways, so we expect both toll revenue and dividends to increase after 2025.

## B) Property Development Business

### 1) Mainland China

There is no secret that overall the market dropped further in 2024. I just give our Shareholders some rough ideas. In 2021, the total sales of property development in Mainland China was RMB18 trillion, then dropped to RMB13.5 trillion in 2022; the figure deteriorated further in 2023 to RMB11.3 trillion, and finally dropped to approximately RMB9.7 trillion in 2024. Over the past 4 years, sales have dropped by 50%. It is no wonder that we are now seeing as many as 8 out of 10 private developers have either defaulted in their repayment of debt, or gone into liquidation. Even if the first tier market has bottomed out at the end of 2024 and the market would only slowly warm up in the coming 2 to 3 years, this does not equate to the recovery of many companies that are in trouble, as most of them still have to deal with a heavy debt burden. Frankly, I do expect to see more companies (mostly private property developers, some SOEs are joining the league) default, unable to pay their debts, or go into liquidation. It won't be a pretty sight.

Up until now, Road King has been an exception. However, liquidity is becoming more difficult to manage and with our diminishing cash flows, it is becoming challenging to support the full portion of our debt. Although last year we managed to reduce our borrowings from HK$22,618 million at the end of 2023 to HK$16,227 million at the end of 2024, we are still shouldering a heavy debt burden and need to pay the interest as well as the principal in the years to come. To manage our tight liquidity, we decided to stop the distributions on our perpetual securities. Unless we can, in the next few years, gradually pay down our debts, it is highly unlikely that we will be in a position to start repaying those accrued distributions of the perpetual securities. It is certainly a very difficult time for Road King's management, staff and Shareholders.

For the past 12 months:

i) We have not bought any piece of new land. Our top priority at this critical time is turning the remaining land bank into finished products and selling to collect more cash to enable us to pay down our debt and its interest.

ii) Reluctantly, we had to let go many of our loyal and dedicated staff, as the number of our projects kept dwindling. At the end of 2024, the number of employees in the property development business decreased by 19% compared to the end of the last year. This is a very painful process, particularly for me personally.

iii) With the gradual decrease in our property development projects, we focus more on the businesses that we previously might have not favored. A typical example which we often neglected is the property management service of all the projects under our care when the property market was good. We discovered that enhanced service standards result in increased sales of our projects and happier residents. Since we strengthened our management in this area, external projects are now inviting us to provide our service, leading to the breakeven of our property management this year (without the subsidy from the property development sector as commonly practiced by most developers). We are confident that we shall be well-positioned to achieve profitability, and a gradual increase in profit from the property management sector in the near future. Likewise, upon studying our commercial property business, we believe that this business has potential and expect that by next year, we should be able to generate more operating profit from this sector.

We have entered the "elderly caring services", which focuses on providing "ageing in place" services through two Road King's elderly caring facilities (located in Songshan District, Shanghai and in Changzhou) under our management. Bringing elderly caring services to where the seniors stay is much better and easier than moving them to nursing homes (in terms of affordability and initial investment requirement) and I firmly believe this will be the upcoming major trend in Mainland China. Up till now, we are still at investment stage, and we do hope that in the coming years this new business will become profitable. This move, if successful, can solve the problem of the aging population in Mainland China. It is Road King's wish to explore and find a solution that is both feasible as well as sustainable, so that we can not only serve the needs of the elderly, but also help ourselves (or senior members of our families) and even the country.

In recent years, we heard that many property developers declared that they are experimenting with a new avenue, going into an "asset-light" business. For Road King who has been in property development (of course toll road business as well) for decades, this is no easy feat.

Whilst we do not believe that now is the right time to auction for land (nor do we have the necessary money), we do believe in the long term, the following will probably become the norm.

1) On an annual basis, given the population of Mainland China and the general need for a better living place, an annual turnover of RMB8 trillion to RMB10 trillion seems highly likely, and certainly a turnover of RMB8 trillion is not a small market. With reduced players in this field, there should be ample opportunities for Road King to participate.

2) The need for elderly caring services is evident and increasingly becoming popular. The question is of course whether

    i) Can Road King be one of the few final surviving players, and/or

    ii) How well our service can match the needs of our customers.

3) Likewise, property management will be here to stay, and the residents will become more demanding in their expectations. Will Road King be able to face the challenges and emerge as a stronger player than our competitors?

It is writing on the wall that the coming two years will continue to be extremely difficult for all developers. With the Central Government continuing to reduce lending rates, the darkest period for property developers may be about to end. However, the recovery of the market will be a slow process, and don't forget, any recovery of the market does not equate to the recovery of the enterprises given the offshore debt burden that is common across Chinese developers. Recently, even some SOEs have declared restructuring, among these were some of the top names in the market only few years ago.

### 2) Hong Kong

This year, we made a sale of 138 units at Southland, with a gross value of about HK$2,287 million. By the end of 2024, we had sold a total of 752 units out of 800 units. We do hope that we can sell most of the remaining units in 2025 at market price, given the market sentiment right now in Hong Kong.

We were hard hit as our Mori sales were rather slow since we launched the sales in September 2023. As of November 2024, we only sold a total of 143 units, with a gross value of about HK$710 million. In December 2024, we introduced a further price reduction plan with some rebranding and since then we sold 117 additional units, making a total of 260 units out of a total of 693 units with a gross value of about HK$1,256 million as of 31 December 2024. We still have a long way to go on this project.

Frankly, we are not optimistic about the short-term property market in Hong Kong, and we will only auction for new pieces of land when things turn better and the economy rebounds.

### C) Investment and Asset Management Business

The investment and asset management business has been a disappointment. In 2024 Road King lost a total of HK$2,050 million, including interest costs, assets disposal loss and impairment provision of HK$1,471 million. As mentioned in my last report, this certainly is a mistake Road King should imprint in our hearts to prevent similar events from happening again.

## OUTLOOK

Let's first take a look at Road King as at 31 December 2024 to understand where we are, and then formulate the best way forward for the Group as a whole.

If we look at our audited balance sheet, we will realize that

1) Our net asset (shareholder's equity) is approximately HK$10,815 million (which does not include our perpetual securities).

2) Our total bank and other borrowings (including bank loans and outstanding US dollar dated bonds) is HK$16,227 million. The priority for Road King is to reduce our debt, otherwise we shan't be able to survive due to the inevitable shrinking of turnover in property development projects.

3) In the next few years, our profit has to come from our investment in toll roads, commercial property and property management businesses. But these potential profits are small compared with the losses we have suffered in property development business. I am hoping that in the coming few years, the profit of these businesses will grow into a meaningful size and become core profit centers.

4) No one has a crystal ball, so we can only rely on our best judgment at the moment. We aim to build up and grow our profit centers, while patiently awaiting for the property market to return to normal, and if luck is with us, capture promising new investment initiatives or opportunities.

One thing we are all very sure of is that the road ahead is extremely challenging and tough. There is no question that almost all developers will emerge from the stormy weather bruised or even marginalized (if not eliminated). Only the best will survive. Road King will do everything we can to face this challenge.

## COMMUNICATION WITH SHAREHOLDERS

I have been candid with you in my reporting and I will emphasize the pluses as well as minuses that are important in appraising the Group. My guideline is to tell you the business facts that I would want to know as if our positions were reversed; I owe you nothing less. There may be some queries or issues you want to raise and so I strongly encourage Shareholders to attend the 2025 AGM. This is the occasion where the management and owners of the Company can discuss the business face to face.

## DIVIDEND POLICY

I regret to advise all Shareholders since we stopped paying distributions for all our perpetual securities since November 2024, according to the covenants of the perpetual securities, we are not able to declare and pay dividends until Road King clears the outstanding distributions of perpetual securities (of course, Road King is currently suffering huge losses and cannot pay dividends at all). Therefore, I am sorry to tell all Shareholders that it will be impossible for Road King to declare and pay dividends for a long time. As a Shareholder myself, I share your suffering, so be rest assured I will do my best to lead Road King through this storm.

## APPRECIATION

Finally, I would like to once again express my heartfelt gratitude to our Shareholders, clients, business partners, Directors and not least, to our loyal and dedicated staff for their hard work.

**Zen Wei Peu, Derek**
*Chairman*

Hong Kong, 21 March 2025

# Chief Executive Officer's Report


**Dear Shareholders,**

## RESULTS FOR 2024

For the year ended 31 December 2024, property sales of the Group (including joint venture and associate projects) were RMB12,462 million, representing a decrease of approximately 55% as compared to last year. Toll revenue of the expressway projects of the Group was HK$2,440 million in 2024, excluding the effect of the disposed expressway business in Mainland China, toll revenue of the expressways in Indonesia increased by approximately 6% over last year. In 2024, the Group's loss after tax was HK$3,308 million and loss attributable to Shareholders was HK$4,122 million. The Group's bank balances and cash were HK$4,274 million and net assets per Share were HK$14.43.

## BUSINESS OVERVIEW

### Property Business

In 2024, the real estate market of Mainland China remained sluggish, with downward pressure on the market and a significant year-on-year decline in the sales volume and price of new homes in the first three quarters of the year before stabilizing slightly in the fourth quarter. As a pillar industry in Mainland China, the stabilization of the real estate market plays a significant role in the development of the society and economy. Therefore, the Central Government continued to introduce favorable policies for market bailout during the year. At the "26 September" Politburo Meeting, it was proposed that "the real estate market should be stabilized", and a package of incremental policies was launched to send out a strong signal of stabilization. Local governments subsequently launched various optimization and adjustment policies, including the abolition or reduction of restrictive measures, which boosted the confidence of prospective buyers and led to a temporary rebound in property sales during the National Day holiday. In December, the Central Government re-emphasized the aim to "stabilize the real estate market", releasing a more resolute tone of stabilizing the real estate market. Due to the fact that the expectations on the increase of personal income and decline in housing prices have not been improving significantly, a full recovery of the market still faces challenges, and the market as a whole remained sluggish. Similarly, scrapping of all property cooling measures by Hong Kong Government in February helped releasing short-term purchasing power. However, high interest rates and the overall market downturn exerted pressure on the real estate market. It will take more time with more favorable policies to resume buyers' confidence and expectations. Enterprises continued to face severe challenges in sales.

The Group achieved property sales (including joint venture and associate projects) of RMB9,279 million in Mainland China in 2024. The property sales comprised contracted sales of RMB8,702 million and outstanding subscribed sales of RMB577 million. The Yangtze River Delta Region and Bohai Rim Region are the major sales regions, of which the average selling price was RMB16,000 per sqm.

Given the uncertainty about the current economic and sales recovery momentum, credit refinancing has not yet resumed. Real estate enterprises remained cautious in land acquisition. In 2024, the scale of land transactions in Mainland China was at a low level and the overall market performance was sluggish, with only premium land in certain core cities attracted high interest in land auctions, with SOEs being the major participants in land acquisition. In order to reserve funds for loan repayment and to support daily operations, the Group suspended participation in land auctions and therefore did not acquire any new projects or land parcels during the year. As of 31 December 2024, the Group had a total land reserve of approximately 2,590,000 sqm, of which approximately 430,000 sqm were pre-sold but yet to be delivered.

In the first quarter of 2024, Hong Kong's real estate market experienced a "temporary boom" driven by the scrapping of property cooling measures by the Government which led to an increase in sales for Southland, with 138 residential units sold in the year, amounting to a total of HK$2,287 million. During the year, Southland completed delivery of HK$1,925 million. Sales of Mori were unsatisfactory in the early stage, but a sales plan tailored to market demand was launched in December and was well received by the market. As a result, 217 residential units sold for a total of HK$1,060 million for the year. In addition, Mori obtained the certificate of compliance at the end of July and commenced delivering to buyers in August, with the delivery amount reaching HK$632 million during the year. The three projects in Hong Kong (including Crescent Green) achieved sales of HK$3,415 million and delivery of HK$2,828 million for the year.

In 2024, the Group's total property delivery in Mainland China and Hong Kong (including joint venture and associate projects) was approximately RMB31,592 million, with 15,000 units and an area of approximately 1,210,000 sqm. Due to the continuous downturn in the real estate market and throat-cutting promotion of competitive projects, the Group's property sales dropped in both volume and price, resulting in a loss of HK$2,985 million in the Property Segment for the year.

### Toll Road Business

Toll revenue of the expressway projects in Indonesia increased by 6% to HK$1,765 million in 2024 as compared to last year, while average daily traffic decreased by 3% to 86,800 vehicles. The increase in toll revenue was mainly due to the fact that all expressway projects in Indonesia successfully obtained toll rate increases in the second half of 2023, of which the SN Expressway and SB Expressway projects obtained the approval of special toll rate adjustments of approximately 25% and 29% respectively. However, high international energy prices and the reduction in fuel subsidies announced by the Indonesian Government in October reduced vehicle travel willingness, resulting in a slight drop in traffic volume.

On 22 April 2024, the Group completed the disposal of its entire equity interest in toll road business in Mainland China, resulting in a significant drop in revenue contribution from the toll road business in Mainland China as compared to the same period of last year. As at 22 April 2024, the average daily traffic volume and toll revenue of the Group's expressway projects in Mainland China were 206,600 vehicles and HK$675 million respectively (2023 annual: average daily traffic volume and toll revenue of 272,400 vehicles and HK$2,742 million respectively). However, the Group recognised a net gain on disposal after tax of HK$1,490 million (approximately HK$1,118 million attributable to owners of the Company) during the year as a result of the disposal transaction, which had a positive impact on the Group's profit and cash flow in 2024.

In 2024, the profit of the Toll Road Segment of the Group (net of head office income, expenses and taxation) was HK$1,811 million. After excluding the gain on disposal of the expressway projects in Mainland China and related taxation, the profit of the Toll Road Segment of the Group was HK$321 million. The decrease in operating profit was mainly due to cessation of sharing the profit from the expressway projects in Mainland China after the related disposal.

The Group's expressway projects in Indonesia successfully implemented the new tax regulations, which accelerated the progress of the first dividend distribution to shareholders in 2024. During the year, the Group received cash dividends from the Indonesia expressway joint ventures totaling HK$97.60 million.

## CAPITAL AND FINANCING

In 2024, the Central Government continued to introduce favorable policies with the aim to boost the market confidence. However, the market response was not positive, buyers and major banks remained cautious. Most of the real estate enterprises still faced with operational difficulties and liquidity crisis.

In view of the uncertainty in the sales and financing markets, the Group actively manages its liquidity and debt. An offshore debt management work was completed in the third quarter of 2024, which included the extension of the final maturity dates of the guaranteed senior notes and the syndicated bank loans by 3.5 years and 2 years respectively, as well as the early partial repayment of the principal of the guaranteed senior notes and the syndicated bank loans. This not only avoids the Group's immediate default risk, but also provides breathing space for the Group to focus on its core business development, preserve and realise the optimal value of its high-quality assets, and pave the way for business recovery and return to normalcy. In addition, the Group suspended the distribution of perpetual capital securities from November 2024, taking into account the overall funding arrangements.

Together with the above debt management work, the Group repaid a total of HK$6,803 million equivalent of borrowings in 2024, reducing the net gearing ratio to 55%. Despite the reduction in debt size, the Group expects to continue to face debt repayment and liquidity pressures in the future as the market recovery has been slower than expected. Moving forward, the Group will continue to adopt prudent financial and treasury policies, closely monitor cash flow and market changes, and properly manage liquidity and debt with reference to existing market solutions.

## WORK PLAN FOR 2025

Looking forward to 2025, the real estate market in Mainland China is expected to remain sluggish. In the concluding year of the 14th Five-Year Plan, it is expected that the real estate policies will continue to be relaxed and the increase in various supportive policies will hopefully accelerate the market recovery. However, the full stabilization of the real estate market is still facing challenges. Whether or not the real estate market can be stabilized will depend on the stabilization of macro-economy, and the improvements of employment and personal incomes of residents. Given the unpredictability of the market both in Mainland China and Hong Kong and the lack of fundamental improvements in market recovery, it is expected that a full market recovery will still take some time, and we remain cautious in 2025. The Group will be more cautious in its investment decisions and funding arrangements.

As mentioned above, the economic development in Mainland China is facing challenges currently, with operational difficulties faced by enterprises. Coupled with the complex and severe international economic and political environment, especially the Trump administration, the economy of Mainland China will continue to be affected in the short term. While the outlook of the real estate market is expected to remain grim in the short term, it is generally recognised that the real estate sector in Mainland China still plays an important role in supporting economic growth. The Group stays cautious in regard to the long-term outlook of property business development in Mainland China.

Moving forward, the Group will continue its pragmatic approach and strive to ensure property delivery and strictly control its cash flow, while continuing to look for opportunities to optimise its toll road business and expand its real estate-related businesses, including commercial properties and property management businesses.

## ACKNOWLEDGEMENT

We would like to thank our colleagues for their dedication and contributions and express our sincere gratitude to the customers, business partners, Shareholders and the Board for their enduring support and trust.

**Fong Shiu Leung, Keter**
*Chief Executive Officer*

Hong Kong, 21 March 2025

# Major Awards

## ROAD KING INFRASTRUCTURE LIMITED

2024 Best 35 of China Real Estate Listed Companies with Comprehensive Strengths
2024 Best 5 of China Real Estate Listed Companies of Risk Management

## RK PROPERTIES HOLDINGS LIMITED

2024 TOP 10 of China Foreign Real Estate Developers
2024 TOP 30 of China Real Estate Developers
2024 TOP 100 Real Estate Influential Brand Enterprises in China

## RK PROPERTY SERVICE HOLDINGS LIMITED

2024 TOP 100 Property Management Companies in China

## PROPERTY BUSINESS

| | |
|---|---|
| Tianjin | 2024 Anticipated Commercial Landmark Building Award – RK Yudongcheng |
| Wuxi | 2023 TOP20 Tourism Real Estate Projects in China – Meili Ancient Town |


## PROPERTY BUSINESS *(continued)*

| | |
|---|---|
| Beijing | 2024 Beijing Construction (Great Wall) Structural Excellence Award – Park Mansion<br>2023 Beijing Model Residential Property Management Project – Forest Creek |
| Guangzhou | 2024 First Class Service Standard of Guangzhou Residential Community – Phoenix Residence<br>2023 Most Innovative Brand Award – RK Jooyu |

## TOLL ROAD BUSINESS

| | |
|---|---|
| SN Expressway | Programme to accelerate the handling of stunting in Karanganyar Regency in 2024 |
| NKK Expressway | Corporate Social Responsibility Award<br>1st Prize Sustainable Toll Road |
| SB Expressway | 2nd Place The Best Rest Area Type A in Indonesia<br>Top Taxpayer in Kendal Region |



PROPERTY PROJECTS
Yangtze River Delta Region
Bohai Rim Region
Greater Bay Area
Other Regions
BOHAI RIM REGION
13, 31
Beijing
16
Langfang
14-15, 32
Tianjin
Hebei Province
17
Jinan
Shandong Province
OTHER REGIONS
26
Luoyang
22-25
Zhengzhou
Henan Province
YANGTZE RIVER DELTA REGION
Jiangsu Province
4
Nanjing
5-7, 27
Changzhou
8, 28
Wuxi
1-3
Shanghai
9-11, 29-30
Suzhou
12
Ningbo
Zhejiang Province
GREATER BAY AREA
18-19, 33
Guangzhou
Guangdong Province
20-21
Hong Kong

## LAND RESERVE

As at 31 December 2024

| Region | Floor Area* sqm | Proportion |
|---|---|---|
| Shanghai | 191,000 | 7% |
| Jiangsu Province | 780,000 | 30% |
| Zhejiang Province | 68,000 | 3% |
| **Yangtze River Delta Region** | **1,039,000** | **40%** |
| Beijing | 88,000 | 3% |
| Tianjin | 230,000 | 9% |
| Hebei Province | 128,000 | 5% |
| Shandong Province | 40,000 | 2% |
| **Bohai Rim Region** | **486,000** | **19%** |
| Guangdong Province | 102,000 | 4% |
| Hong Kong | 43,000 | 1% |
| **Greater Bay Area** | **145,000** | **5%** |
| Henan Province | 920,000 | 36% |
| **Other Regions** | **920,000** | **36%** |
| **Total** | **2,590,000** | **100%** |
| Of which: | | |
| Properties for sale | 2,091,000 | 81% |
| Investment properties | 499,000 | 19% |

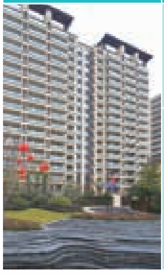
* Including joint venture and associate projects

## MAJOR PROJECTS INFORMATION

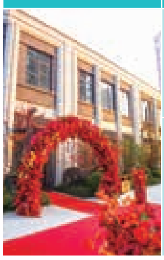
### PROPERTIES FOR SALE

As at 31 December 2024

### Yangtze River Delta Region

| 1 | RK Sheshan Villa • Dongyuan | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 95,000 | Nature | Residential and commercial | Stage of Completion (note) | P/S/C | Land area (sqm) | 122,000 |
| | Approximate attributable interest | 100% | Target completion | 2027 | Location | East to Kungang Highway, West to Hexi Street, South to Mianzhanggang River and North to Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai, the PRC | | |

| 2 | RK Yuemao Mansion | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 28,000 | Nature | Residential and commercial | Stage of Completion (note) | C | Land Area (sqm) | 61,000 |
| | Approximate attributable interest | 93.75% | Target completion | Completed | Location | East to Hongshi Road, South to Beiqing Road, West to Baiqiang Port, North to Chenjiashan Road, Jiading District, Shanghai, the PRC | | |

| 3 | Atop The Cloud | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 68,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 30,000 |
| | Approximate attributable interest | 11.25% | Target completion | Completed | Location | East to Hongshi Road, South to Huyi Road, West to Liuju Road, North to Zhudi Road, Jiading District, Shanghai, the PRC | | |

| 4 | Breeze Mansion | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 61,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 83,000 |
| | Approximate attributable interest | 40% | Target completion | 2026 | Location | East to Keji Avenue, South to Yanfa Two Road, West to Development Road, North to Dongji Avenue, Jiangning District, Nanjing, Jiangsu Province, the PRC | | |

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 31 December 2024

### Yangtze River Delta Region

| 5 | West Side Time | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 30,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 50,000 |
| | Approximate attributable interest | 51% | Target completion | 2026 | Location | South of Juxiang Road, West of Luyang Road, Wujin District, Changzhou, Jiangsu Province, the PRC | | |

| 6 | Jade Residence | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 80,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 60,000 |
| | Approximate attributable interest | 95% | Target completion | 2026 | Location | South of Yanzheng West Avenue, East of Caoxi Road, Niutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC | | |

| 7 | Boyue Cloudy Yard | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 120,000 | Nature | Residential | Stage of Completion (note) | F/S/C | Land Area (sqm) | 87,000 |
| | Approximate attributable interest | 40% | Target completion | 2029 | Location | East to Nanfeng River, South to Yunhe Road, West to Xinqing Road, North to Wutang Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC | | |

| 8 | Yunjin Oriental | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 80,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 54,000 |
| | Approximate attributable interest | 30% | Target completion | Completed | Location | Southwest of the intersection of 312 National Highway and Yonghui Road, Luoshe Town, Huishan District, Wuxi, Jiangsu Province, the PRC | | |

## MAJOR PROJECTS INFORMATION

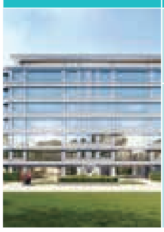
### PROPERTIES FOR SALE

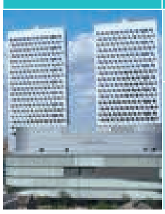
As at 31 December 2024

### Yangtze River Delta Region

| 9 | Glamorous Garden | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 19,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 50,000 |
| | Approximate attributable interest | 35% | Target completion | Completed | Location | East of Xiangshan North Road, North of Houtang Road, Taihu National Tourism Resort Zone, Wuzhong District, Suzhou, Jiangsu Province, the PRC | | |

| 10 | City Valley | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 63,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 56,000 |
| | Approximate attributable interest | 45% | Target completion | Completed | Location | West of Xingpu Road, South of Minsheng Road, Suzhou Industrial Park High Trade Zone, Suzhou, Jiangsu Province, the PRC | | |

| 11 | Royal Harmony Residence | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 37,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 31,000 |
| | Approximate attributable interest | 51% | Target completion | 2025 | Location | East of Wanshou Street, North of Ruoshui Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC | | |

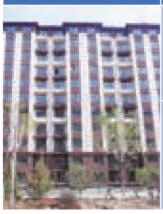
| 12 | RK XinTianDi (Ningbo) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 13,000 | Nature | Residential and commercial | Stage of Completion (note) | C | Land Area (sqm) | 20,000 |
| | Approximate attributable interest | 100% | Target completion | Completed | Location | No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC | | |

## MAJOR PROJECTS INFORMATION

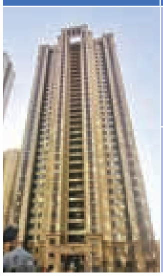
### PROPERTIES FOR SALE

As at 31 December 2024

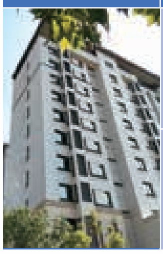
### Bohai Rim Region



| 13 | RK Yunhe Shangyuan | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 25,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 33,000 |
| Approximate attributable interest | 100% | Target completion | 2026 | Location | Ligezhuang Road, Miyun District, Beijing, the PRC | | |



| 14 | RK Sunny Town | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 92,000 | Nature | Residential | Stage of Completion (note) | P/S/C | Land Area (sqm) | 811,000 |
| Approximate attributable interest | 94.74% | Target completion | 2026 | Location | Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC | | |



| 15 | Joy Meaningful Residence | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 91,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 109,000 |
| Approximate attributable interest | 50% | Target completion | 2026 | Location | East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC | | |

| 16 | Park Up Town | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 128,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 117,000 |
| Approximate attributable interest | 40% | Target completion | 2026 | Location | South of Dafu South Road, East of Shouchuang Avenue, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC | | |

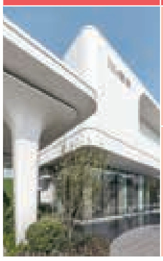
| 17 | RK Center | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 14,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 17,000 |
| Approximate attributable interest | 100% | Target completion | Completed | Location | South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC | | |

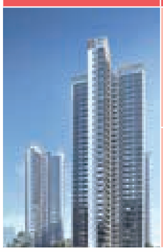
## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

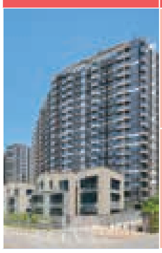
As at 31 December 2024

### Greater Bay Area

| 18 | RK Rising Star | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 32,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 18,000 |
| | Approximate attributable interest | 70% | Target completion | Completed | Location | South of Xintang Avenue, Xintang Town, Zengcheng District, Guangzhou, Guangdong Province, the PRC | | |

| 19 | The Jewel Crown | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 52,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 24,000 |
| | Approximate attributable interest | 51% | Target completion | 2026 | Location | West of Panyu Avenue, South of Dongxing Road, Panyu District, Guangdong Province, the PRC | | |

| 20 | Southland | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 8,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 11,000 |
| | Approximate attributable interest | 50% | Target completion | Completed | Location | Site A of Aberdeen Inland Lot No. 467, Hong Kong | | |

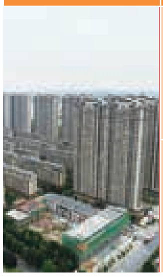
| 21 | Mori | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 35,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 12,000 |
| | Approximate attributable interest | 50% | Target completion | Completed | Location | Tuen Mun Town Lot No. 520, New Territories, Hong Kong | | |

# MAJOR PROJECTS INFORMATION

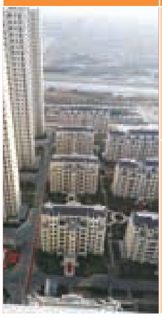
## PROPERTIES FOR SALE

As at 31 December 2024

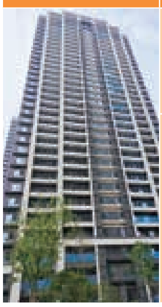
### Other Regions



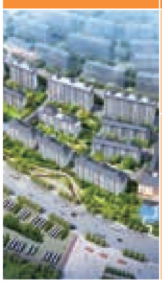
| 22 | RK International City (Zhengzhou) | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 16,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 162,000 |
| Approximate attributable interest | 60% | Target completion | Completed | Location | Northeast of the junction of Shangduda Road and Renwen Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC | | |



| 23 | RK Ninth County | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 529,000 | Nature | Residential and commercial | Stage of Completion (note) | P/S/C | Land Area (sqm) | 314,000 |
| Approximate attributable interest | 60% | Target completion | 2030 | Location | East to Zhongxing Road, West to Guihua Road, South to Dongfeng Road, North to Wenbo Road, Xiaopan Zhuang, Zhongmou County, Zhengzhou, Henan Province, the PRC | | |



| 24 | Joyful Park | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 23,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 24,000 |
| Approximate attributable interest | 100% | Target completion | Completed | Location | North of Lingyun Road, East of Yulong Street (Planned road name: Baishi East Street), South of Langxing Road, National Economic and Technological Development Zone, Zhengzhou, Henan Province, the PRC | | |



| 25 | RK Slow City (Central China) | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 246,000 | Nature | Residential | Stage of Completion (note) | P/S | Land Area (sqm) | 249,000 |
| Approximate attributable interest | 100% | Target completion | 2029 | Location | North side of Xinmi West Railway Station, North side of Dabei Ring Planning Road, Micun Town, Xinmi City, Zhengzhou, Henan Province, the PRC | | |

# MAJOR PROJECTS INFORMATION

## PROPERTIES FOR SALE

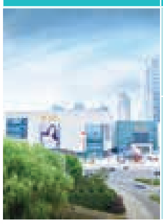
As at 31 December 2024

### Other Regions

| 26 | RK Leader of Life (Luoyang) | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 106,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 54,000 |
| Approximate attributable interest | 100% | Target completion | 2028 | Location | Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC | | |

## INVESTMENT PROPERTIES

### Yangtze River Delta Region



| 27 | RK Grand Metropolis (Changzhou) | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 120,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 67,000 |
| Approximate attributable interest | 100% | Target completion | Completed | Location | No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC | | |

| 28 | Meili Ancient Town | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 51,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 54,000 |
| Approximate attributable interest | 60% | Target completion | Completed | Location | Southeast of Xinhua Road and Taibo Avenue, Xinwu District, Wuxi, Jiangsu Province, the PRC | | |

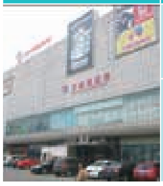
| 29 | RK Phoenix City (including Phoenix World and Lan Park) | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 82,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 86,000 |
| Approximate attributable interest | 100% | Target completion | Completed | Location | Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC | | |

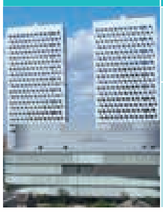
## MAJOR PROJECTS INFORMATION

### INVESTMENT PROPERTIES

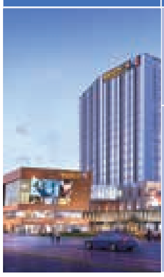
As at 31 December 2024

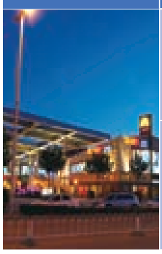
### Yangtze River Delta Region

| 30 | RK Grand Metropolis (Suzhou) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 37,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 24,000 |
| | Approximate attributable interest | 100% | Target completion | Completed | Location | No. 180, Renmin Road, Wujiang District, Suzhou, Jiangsu Province, the PRC | | |

| 12 | RK XinTianDi (Ningbo) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 55,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 7,000 |
| | Approximate attributable interest | 100% | Target completion | Completed | Location | No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC | | |

### Bohai Rim Region

| 31 | RK World Plaza | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 63,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 22,000 |
| | Approximate attributable interest | 100% | Target completion | Completed | Location | West to Heying Road, East to Heying Xi Road, North to Changhuai Road Southern Line and South to Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC | | |

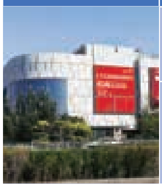
| 14 | RK Joy Park | | | | | | | |
|---|---|---|---|---|---|---|---|---|
|  | Floor Area (sqm) | 14,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 9,000 |
| | Approximate attributable interest | 94.74% | Target completion | Completed | Location | Junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC | | |

## MAJOR PROJECTS INFORMATION

### INVESTMENT PROPERTIES

As at 31 December 2024

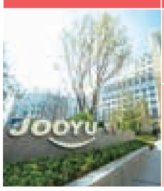
### Bohai Rim Region



| 32 | RK Yudongcheng | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 33,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 13,300 |
| Approximate attributable interest | 94.74% | Target completion | Completed | Location | Junction of Weiguo Road and Helan Road, Hedong District, Tianjin, the PRC | | |

| 17 | RK Yolo Plaza | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 26,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 17,000 |
| Approximate attributable interest | 100% | Target completion | Completed | Location | South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC | | |

### Greater Bay Area

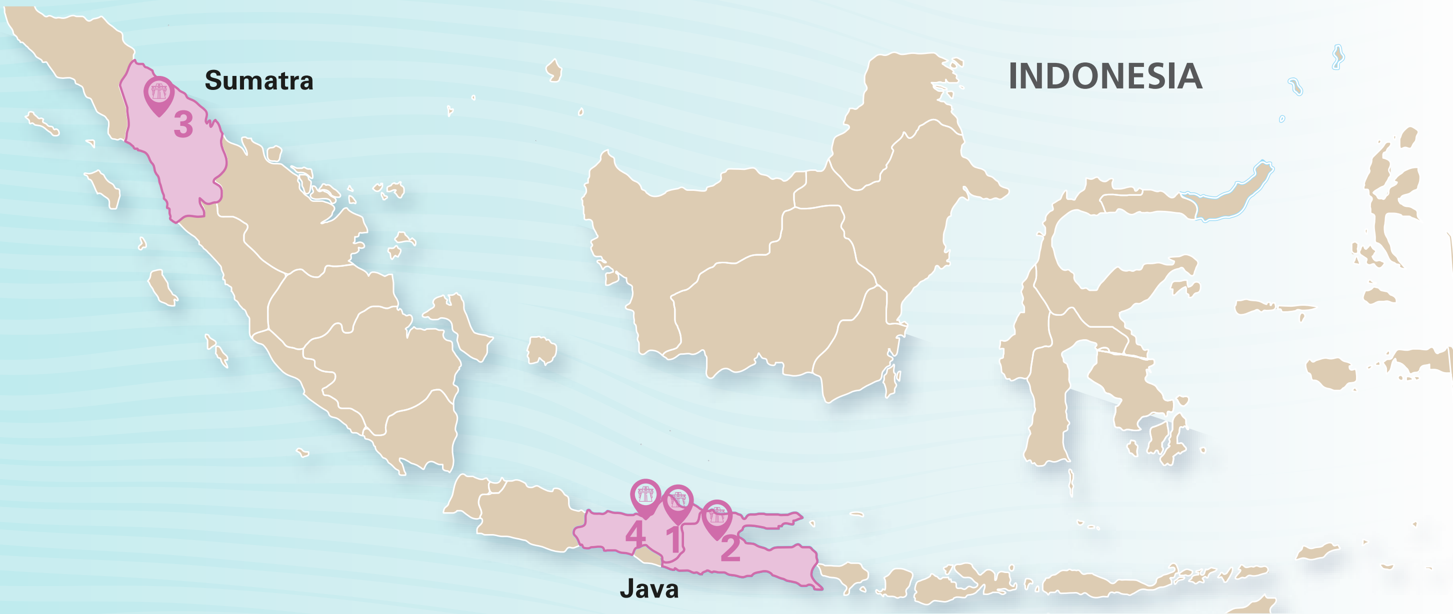



| 33 | RK Jooyu | | | | | | |
|---|---|---|---|---|---|---|---|
| Floor Area (sqm) | 18,000 | Nature | Commercial | Stage of Completion (note) | C | Land Area (sqm) | 7,500 |
| Approximate attributable interest | 100% | Target completion | Completed | Location | No.8, Yunhe North Street, Yuexiu District, Guangzhou City, Guangdong Province, the PRC | | |

Notes:

"P" denotes "Planning and design"
"S" denotes "Superstructure"
"F" denotes "Foundation"
"C" denotes "Completed"

TOLL ROAD PROJECTS

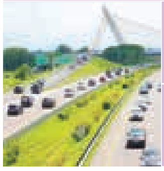


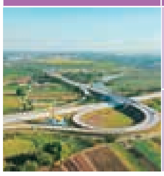
## MAJOR PROJECTS INFORMATION

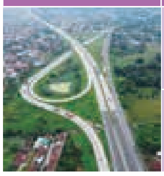
### TOLL ROAD PROJECTS

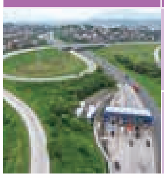
As at 31 December 2024

#### Indonesia

| 1 | SN Expressway | | | | | |
|---|---|---|---|---|---|---|
|  | Location | Central and East Java province | Length | 91km | Equity interest (Note) | 40% |
| | Route | Trans Java Expressway Solo Ngawi ~ 4-lane | | Kings Key Limited | | |

| 2 | NKK Expressway | | | | | |
|---|---|---|---|---|---|---|
|  | Location | East Java province | Length | 107km | Equity interest (Note) | 40% |
| | Route | Trans Java Expressway Ngawi Kertosono Kediri ~ 4-lane | | Kings Key Limited | | |

| 3 | MKTT Expressway | | | | | |
|---|---|---|---|---|---|---|
|  | Location | North Sumatra province | Length | 62km | Equity interest (Note) | 45% |
| | Route | Trans Sumatra Expressway Medan Kualanamu Tebing Tinggi ~ 4-lane | | Kings Ring Limited | | |

| 4 | SB Expressway | | | | | |
|---|---|---|---|---|---|---|
|  | Location | Central Java province | Length | 75km | Equity interest (Note) | 39.77% |
| | Route | Trans Java Expressway Semarang Batang ~ 4-lane | | Kings Bless Limited | | |

Note:

As at 31 December 2024, the toll road projects are indirectly held by Road King Expressway International Holdings Limited, which is 75% held by the Group.

## BUSINESS REVIEW

For the year ended 31 December 2024, property sales of the Group (including joint venture and associate projects) were RMB12,462 million, representing a decrease of approximately 55% as compared to last year. Toll revenue of the expressway projects of the Group was HK$2,440 million in 2024, excluding the effect of the disposed expressway business in Mainland China, toll revenue of the expressways in Indonesia increased by approximately 6% over last year. In 2024, the Group's loss after tax was HK$3,308 million and loss attributable to Shareholders was HK$4,122 million. The Group's bank balances and cash were HK$4,274 million and net assets per Share were HK$14.43.

As of 31 December 2024, the Group had a total land reserve of approximately 2,590,000 sqm, of which the total area pre-sold but yet to be delivered was 430,000 sqm.

## BUSINESS SEGMENTS ANALYSIS

### (i) PROPERTY SEGMENT

In 2024, the real estate market of Mainland China remained sluggish, with downward pressure on the market and a significant year-on-year decline in the sales volume and price of new homes in the first three quarters of the year before stabilizing slightly in the fourth quarter. As a pillar industry in Mainland China, the stabilization of the real estate market plays a significant role in the development of the society and economy. Therefore, the Central Government continued to introduce favorable policies for market bailout during the year. At the "26 September" Politburo Meeting, it was proposed that "the real estate market should be stabilized", and a package of incremental policies was launched to send out a strong signal of stabilization. Local governments subsequently launched various optimization and adjustment policies, including the abolition or reduction of restrictive measures, which boosted the confidence of prospective buyers. Starting from the National Day holiday, transactions of new and second-hand properties in core cities rebounded. In December, the Central Government re-emphasized the aim to "continue to accelerate the stabilization of the real estate market", setting the tone for the real estate market in 2025 and releasing a more resolute tone of stabilizing the real estate market. Due to the fact that the expectations on the increase of personal income and decline in housing prices have not been improving significantly, a full recovery of the market still faces challenges, and the market as a whole remained sluggish. Similarly, scrapping of all property cooling measures by Hong Kong Government in February helped releasing short-term purchasing power. However, high interest rates and the overall market downturn exerted pressure on the real estate market. It will take more time with more favorable policies to resume buyers' confidence and expectations. Enterprises continued to face severe challenges in sales.

Due to the impact of the continuous downturn in the real estate market and sluggish sales, the Property Segment achieved total property sales of RMB12,231 million in Mainland China and Hong Kong (including joint venture and associate projects), comprising the contracted sales of RMB11,679 million and outstanding subscribed sales of RMB552 million, representing a decrease of approximately 55% as compared to 2023.

## Property Sales and Delivery

Set out below is an analysis of the Property Segment's property sales and delivery by region (including joint venture and associate projects) for 2024:

| Regions | Sales | | Delivery | |
|---|---|---|---|---|
| | Amount | Area | Amount | Area |
| (Notes) | RMB'million | sqm | RMB'million | sqm |
| Yangtze River Delta Region | 4,851 | 279,000 | 23,910 | 832,000 |
| Bohai Rim Region | 2,322 | 156,000 | 3,698 | 154,000 |
| Greater Bay Area | 4,748 | 116,000 | 3,555 | 153,000 |
| Other Regions | 310 | 42,000 | 190 | 31,000 |
| Total (2024) | 12,231 | 593,000 | 31,353 | 1,170,000 |
| Total (2023) | 26,948 | 1,282,000 | 30,880 | 1,282,000 |

Notes:
Yangtze River Delta Region comprises Shanghai, Jiangsu Province and Zhejiang Province.
Bohai Rim Region comprises Beijing, Tianjin, Hebei Province and Shandong Province.
Greater Bay Area comprises Guangdong Province and Hong Kong.
Other Regions comprise Henan Province.

In 2024, the average selling price of properties in the Property Segment was RMB21,000 per sqm, of which the average price of properties in Mainland China was RMB16,000 per sqm and the average price of properties in Hong Kong was HK$201,000 per sqm. Yangtze River Delta Region and the Greater Bay Area were the major sales regions, accounting for 40% and 39% of the total sales respectively. As at 31 December 2024, the total area of properties pre-sold but yet to be delivered was approximately 410,000 sqm.

## Financial Review

Set out below is an analysis of the financial performance of the Group's Property Segment for 2024 and 2023:

| | **2024** | 2023 |
|---|---|---|
| | HK$'million | HK$'million |
| Revenue | **5,499** | 13,001 |
| Gross loss | **(1,226)** | (608) |
| Loss for the year | **(2,985)** | (2,138) |

The revenue of the Group's Property Segment for 2024 was mainly derived from the delivery of properties, of which projects in the Yangtze River Delta Region accounted for approximately 76% of the total delivery revenue. Due to the continuous downturn in the real estate market and throat-cutting promotion of competitive projects, the Group's property sales volume and price both fell, resulting in a loss of HK$2,985 million in the Property Segment for the year.

## Land Reserves

In 2024, due to factors such as the downturn in the real estate market and tight liquidity of enterprises, real estate enterprises remained cautious in land acquisition, and the scale of land transactions in the land market shrank significantly, with SOEs being the major participants in land acquisition. In order to reserve funds for loan repayment and to support daily operations, the Group suspended participation in land auctions and therefore did not acquire any new projects or land parcels during the year.

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2024, the land reserve of the Property Segment amounted to approximately 1,630,000 sqm, which was mainly located in the Yangtze River Delta Region, accounting for over 54% of the total land reserve.

Looking forward to 2025, the real estate market in Mainland China is expected to remain sluggish. In the concluding year of the 14th Five-Year Plan, it is expected that the real estate policies will continue to be relaxed and the increase in various supportive policies will hopefully accelerate the market recovery. However, the full stabilization of the real estate market is still facing challenges. Whether or not the real estate market can be stabilized will depend on the stabilization of macro-economy, and the improvements of employment and personal incomes of residents. Given the unpredictability of the market both in Mainland China and Hong Kong and the lack of fundamental improvements in market recovery, it is expected that a full market recovery will still take some time, and we remain cautious in 2025. The Group will be more cautious in its investment decisions and funding arrangements.

As mentioned above, the economic development in Mainland China is facing challenges currently, with operational difficulties faced by enterprises. Coupled with the complex and severe international economic and political environment, especially the Trump administration, the economy of Mainland China will continue to be affected in the short term. While the outlook of the real estate market is expected to remain grim in the short term, it is generally recognised that the real estate sector in Mainland China still plays an important role in supporting economic growth. The Group stays cautious in regard to the long-term outlook of property business development in Mainland China.

In 2024, the area under construction of the Group was 2,110,000 sqm while the area of completed projects was 1,480,000 sqm. The area under construction and the area of completed projects in 2025 are expected to be 1,040,000 sqm and 330,000 sqm, respectively.

## Overview of Major Projects

### Yangtze River Delta Region

*Bright Mansion, Shanghai*

Bright Mansion is located on the north side of Huqingping Road and the west side of Jingnanhe Road in Qingpu District, Shanghai. It belongs to the core area of Hongqiao Business District and is 1.6 km away from the National Convention and Exhibition Center. Surrounded by developed road network and equipped with comprehensive educational and healthcare facilities, it is fit for developing into a high-quality residential project. The project has a site area of 77,000 sqm and a floor area of 174,000 sqm.

In 2024, the value and area of properties delivered were RMB9,613 million and 174,000 sqm, respectively. It is expected that the remaining residential area to be delivered in 2025 will be approximately 1,000 sqm.

*Atop The Cloud, Shanghai*

Atop The Cloud is located at the southern side of Zhudi Road and the western side of Hongshi Road, Juyuan Community, Jiading New Town, Jiading District. It is in close proximity to the Yuemao Mansion project and Jiading West Station of Shanghai Metro Line 11. Surrounded by developed road network and equipped with comprehensive educational and healthcare facilities, it is fit for developing into a high-quality residential project. The project has a site area of 30,000 sqm. and a floor area of 65,000 sqm.

In 2024, sales of Atop The Cloud was RMB615 million, with an average selling price of approximately RMB43,000 per sqm. In 2024, the value and area of properties delivered were RMB160 million and 4,000 sqm, respectively. It is expected that a total area of 64,000 sqm will be delivered in 2025, of which 55,000 sqm had already been pre-sold as at 31 December 2024

*Dazzling Jiangnan, Nanjing*

Dazzling Jiangnan is located to the north of Xikou South Road and south of Jixiang Road, Yuhuatai Economic Development Zone, Nanjing. It belongs to the residential forest demonstration area, a new area which is the focus of the government's construction. The plot is close to the subway with comprehensive surrounding planning commercial and educational facilities, and is fit for developing into high-quality residential apartments. The project has a site area of 29,000 sqm and a floor area of 76,000 sqm.

In 2024, sales of Dazzling Jiangnan was RMB429 million, with an average selling price of approximately RMB24,000 per sqm for residential building. In 2024, the value and area of properties delivered were RMB361 million and 16,000 sqm, respectively. It is expected that a total area of 10,000 sqm will be delivered in 2025, of which 5,000 sqm had already been pre-sold as at 31 December 2024.

*Cloud-Clad Mount, Nanjing*

Cloud-Clad Mount is located to the east of Yuanhua Road and south of Weidi Road, Xianlin Street, Qixia District, Nanjing. It belongs to the Xianlin Lake area of Xianlin University Town. Equipped with established public transit facilities, high-quality educational resources, comprehensive commercial and healthcare facilities, and rich landscape resources, it is fit for developing into high-quality residential apartments. The project has a site area of 67,000 sqm and a floor area of 146,000 sqm.

In 2024, sales of Cloud-Clad Mount was RMB376 million, with an average selling price of approximately RMB26,000 per sqm for residential building. In 2024, the value and area of properties delivered were RMB4,362 million and 136,000 sqm, respectively. It is expected that a total area of 6,000 sqm will be delivered in 2025, of which 2,000 sqm had already been pre-sold as at 31 December 2024.

*Bamboo Grove One, Changzhou*

Bamboo Grove One is located in Tianning District, Changzhou, west of Longcheng Avenue and north of Zhulin North Road, Bamboo Grove One is in the prime location of Changzhou main city area. Close to the government building of Tianning District, the project is equipped with healthcare, transportation, educational facilities and natural landscape and offers a favourable living atmosphere, fit for the development of high-quality and comfortable integrated community. The project has a site area of 52,000 sqm and a floor area of 116,000 sqm.

In 2024, sales of Bamboo Grove One was RMB439 million, with an average selling price of approximately RMB17,000 per sqm. In 2024, the value and area of properties delivered were RMB405 million and 25,000 sqm, respectively. It is expected that a total area of 15,000 sqm will be delivered in 2025, of which 3,000 sqm had already been pre-sold as at 31 December 2024.

*Jade Residence, Changzhou*

Jade Residence is located on the south side of Yanzheng West Avenue and the east side of Caoxi Road in Wujin District, Changzhou. With convenient surrounding transportation and favourable living atmosphere and its close proximity to the Golden East Retirement and Medical Care Community and the Second People's Hospital (branch), the project is fit for developing into a high-quality residential project. The project has a site area of 60,000 sqm and a floor area of 112,000 sqm.

In 2024, the value and area of properties delivered were RMB654 million and 37,000 sqm, respectively. It is expected that a total area of 13,000 sqm will be delivered in 2025, of which 4,000 sqm had already been pre-sold as at 31 December 2024.

*Boyue Cloudy Yard, Changzhou*

Boyue Cloudy Yard is located on the east side of Xinqing Road and the south side of Wutang Road in Zhonglou District, with the Beijing-Hangzhou Grand Canal on the south side and Nanfeng River on the east side. It is close to the Government of Zhonglou District. With comprehensive commercial facilities, educational resources and landscape resources, and convenient transportation, it can be developed into a high-quality residential project. The project has a site area of 87,000 sqm and a floor area of 172,000 sqm.

In 2024, sales of Boyue Cloudy Yard was RMB288 million, with an average selling price of approximately RMB17,000 per sqm for residential building. In 2024, the value and area of properties delivered were RMB905 million and 52,000 sqm, respectively. It is expected that a total area of 2,000 sqm will be delivered in 2025, which had already been pre-sold as at 31 December 2024.

*Glamorous Garden, Suzhou*

Glamorous Garden is located in the Wuzhong Taihu Resort Zone, Suzhou, next to New Lake New City and Beautiful Bay Times and is adjacent to Lake Taihu. The site has beautiful scenery and convenient access, and is fit for developing into a high-quality residence. The project has a site area of 50,000 sqm and a floor area of 97,000 sqm.

In 2024, sales of Glamorous Garden was RMB528 million, with an average selling price of approximately RMB14,000 per sqm. In 2024, the value and area of properties delivered were RMB496 million and 39,000 sqm, respectively. It is expected that a total area of 19,000 sqm will be delivered in 2025.

*City Valley, Suzhou*

City Valley is located on the south side of Minsheng Road and the west side of Xingpu Road, Shengpu Street, Suzhou Industrial Park. Adjacent to the core Hudong sector of the park and close to Sipac Zone, and with favourable living atmosphere and comprehensive commercial, educational and healthcare facilities, it is fit for developing into high-quality residential apartments. The project has a site area of 56,000 sqm and a floor area of 115,000 sqm.

In 2024, sales of City Valley was RMB130 million, with an average selling price of approximately RMB22,000 per sqm. In 2024, the value and area of properties delivered were RMB1,439 million and 52,000 sqm, respectively. It is expected that a total area of 14,000 sqm will be delivered in 2025, of which 5,000 sqm had already been pre-sold as at 31 December 2024.

*Royal Harmony Residence, Suzhou*

Royal Harmony Residence is located on the east side of Wanshou Street of the Industrial Park and north side of Ruoshui Road, and situated in the Dushu Lake block, one of the regions that the Group will cultivate in a long run. The project is in proximity to the entrance and exit of Metro Line 2, and the west side is adjacent to the Dushu Lake Park, making it a residential development with panoramic lake views and beautiful scenery. With well-equipped ancillary facilities in the surrounding area and a low plot ratio, the project is fit for developing into a high-quality residence targeting at improvement needs. The project has a site area of 31,000 sqm and a floor area of 37,000 sqm.

In 2024, sales of Royal Harmony Residence was RMB394 million, with an average selling price of approximately RMB56,000 per sqm. It is expected that a total area of 37,000 sqm will be delivered in 2025, of which 32,000 sqm had already been pre-sold as at 31 December 2024.

*Poetic Villa, Wuxi*

Poetic Villa is located on the northwest side of the intersection of Juqu Road and Gonghu Avenue in the Economic Development Zone, Wuxi, within the scope of Wuxi China-Sweden Eco City. It is a high-end upgrading area, surrounded by urban wetland parks and adjacent to Lake Taihu. With beautiful scenery and high-quality educational facilities, it is fit for developing into a low-density residential area. The project has a site area of 76,000 sqm and a floor area of 105,000 sqm.

In 2024, the value and area of Poetic Villa delivered were RMB3,379 million and 104,000 sqm, respectively. It is expected that a total area of 1,000 sqm will be delivered in 2025, which had already been pre-sold as at 31 December 2024.

*Yunjin Oriental, Wuxi*

Yunjin Oriental is located at the southwest side of the intersection of National Expressway G312 and Yonghui Road in Luoshe Town, Huishan District, Wuxi City, belonging to the Luoshe New Town, which is the most optimally developed area in the sector, with comprehensive transportation, education, commercial and healthcare facilities in the vicinity, which is suitable for building a high-quality residential project. The project has a site area of 54,000 sqm and a floor area of 117,000 sqm.

In 2024, the value and area of properties delivered were RMB554 million and 38,000 sqm, respectively. It is expected that a total area of 15,000 sqm will be delivered in 2025, of which 2,000 sqm had already been pre-sold as at 31 December 2024.

## Bohai Rim Region

*RK Noble Mansion, Beijing*

RK Noble Mansion is located in the Linhe area of Renhe Town, Shunyi District, Beijing, which is part of the old city of Shunyi, next to the Outer Ring Road to the south, and is connected to the eastern part of Beijing through Line 21, providing convenient access. The land to the north of the project is planned for high school, and the site is surrounded by plenty of educational institutions, providing excellent educational facilities for the area. The land to the south of the project is planned for Xinhe Project in the south of the city, which makes it suitable for the project to create quality products based the advantage of the environmental resources. The project has a site area of 99,000 sqm and a floor area of 157,000 sqm.

In 2024, sales of RK Noble Mansion was RMB286 million, with an average selling price of approximately RMB23,000 per sqm for residential building. In 2024, the value and area of properties delivered were RMB434 million and 24,000 sqm, respectively. It is expected that a total area of 10,000 sqm will be delivered in 2025, of which 3,000 sqm had already been pre-sold as at 31 December 2024.

*Park Mansion, Beijing*

Park Mansion is located on the west side of Shuntai Road and the north side of Shuangping Street, Renhe Town, Shunyi District, Beijing and close to RK Noble Mansion. The project is 1.4 km away from Linhe Village Station of the planned R4 line. The land to the west of the site is planned for primary school and large-scale commercial facilities. With comprehensive surrounding living, healthcare, education, leisure and entertainment facilities, it is fit for developing into a high-quality residential project. The project has a site area of 41,000 sqm and a floor area of 71,000 sqm.

In 2024, sales of Park Mansion were RMB168 million, with an average selling price of approximately RMB26,000 per sqm for residential building. In 2024, the value and area of properties delivered were RMB2,148 million and 74,000 sqm, respectively. It is expected that a total area of 12,000 sqm will be delivered in 2025, of which 2,000 sqm had already been pre-sold as at 31 December 2024.

*RK Sunny Town, Tianjin*

Located in Hedong District, Tianjin, RK Sunny Town is adjacent to the Tianjin Metro line. The project has a site area of 820,000 sqm and a floor area of 1,150,000 sqm, and is planned to comprise nine phases of low-rise and high-rise residential buildings, coupled with 30,000 sqm of commercial complex, 8,000 sqm of a clubhouse as well as one primary school and one kindergarten.

In 2024, sales of RK Sunny Town was RMB620 million, with an average selling price of approximately RMB21,000 per sqm for residential building. In 2024, the value and area of properties delivered were RMB388 million and 19,000 sqm, respectively. It is expected that a total area of 1,000 sqm will be delivered in 2025

*Park Up Town, Langfang*

Park Up Town is located on the south side of Dafu South Road and east side of Shouchuang Street in Dachang Hui Autonomous County. It belongs to the Xiadian area and is close to RK Grandtown. The project's surrounding area is enriched with living atmosphere and convenient transportation. It is close to Pinggu Line, Jingping Expressway, Jingha Expressway, and 5 km from Jingtang Intercity Dachang Station. It is fit for developing into a liveable quality community. The project has a site area of 117,000 sqm and a floor area of 222,000 sqm.

In 2024, sales of Park Up Town was RMB311 million, with an average selling price of approximately RMB10,000 per sqm for residential building. It is expected that a total area of 55,000 sqm will be delivered in 2025, of which 40,000 sqm had already been pre-sold as at 31 December 2024.

*Joy Mansion of Glory, Jinan*

Joy Mansion of Glory is located in Lixia District of Jinan City, which is in the subcentral area of Jinan City. It is in close proximity to the High-tech Zone and CBD. The site is surrounded by well-established commercial, school and healthcare facilities, with a strong living atmosphere and is suitable for developing high-quality residential products. The project has a site area of 50,000 sqm and a development area of 132,000 sqm.

In 2024, sales of Joy Mansion of Glory was RMB496 million, with an average selling price of approximately RMB20,000 per sqm for residential building. In 2024, the value and area of properties delivered were RMB487 million and 27,000 sqm, respectively. It is expected that a total area of 15,000 sqm will be delivered in 2025, of which 3,000 sqm had already been pre-sold as at 31 December 2024.

## Greater Bay Area

*RK Rising Star, Guangzhou*

Situated on the south side of Xintang Avenue in Xintang Town, Zengcheng District, Guangzhou City, RK Rising Star is adjacent to the Shacun Station of Line 13, with convenient transportation, a strong atmosphere of human habitation in the vicinity and abundant educational resources, which is suitable for building a high-quality residential project. The project has a site area of 18,000 sqm and a floor area of 62,000 sqm.

In 2024, sales of RK Rising Star was RMB305 million, with an average selling price of approximately RMB16,000 per sqm. In 2024, the value and area of properties delivered were RMB488 million and 30,000 sqm, respectively. It is expected that a total area of 21,000 sqm will be delivered in 2025, of which 15,000 sqm had already been pre-sold as at 31 December 2024.

*The Jewel Crown, Guangzhou*

The Jewel Crown is located on the west side of Panyu Avenue and the south side of Dongxing Road, Panyu District. It belongs to the core area of the district government and Panyu Square, and is equipped with comprehensive commercial facilities, schools, healthcare facilities and parks. The project is close to Panyu Square Station (the interchange station of four metro lines). With favourable living atmosphere, it is fit for developing into a high-quality residence. The project has a site area of 24,000 sqm and a floor area of 52,000 sqm.

In 2024, sales of The Jewel Crown was RMB925 million, with an average selling price of approximately RMB38,000 per sqm. The project is expected to be delivered in 2026.

*Southland, Hong Kong*

Southland is located at Wong Chuk Hang Station of the MTR South Island line in proximity to Ocean Park and Aberdeen Marina Club, just two stations from Admiralty Station in the financial hub of Hong Kong. It was also the first high-end railway property development project on Hong Kong Island in almost 30 years. The project has a site area of 11,000 sqm and a floor area of 50,000 sqm.

In 2024, sales of Southland was HK$2,287 million, with an average selling price of approximately HK$311,000 per sqm for residential building. In 2024, the value and area of properties delivered of Southland were HK$1,925 million and 6,000 sqm, respectively. It is expected that a total area of 6,000 sqm will be delivered in 2025, of which 2,000 sqm had already been pre-sold as at 31 December 2024.

*Mori, Hong Kong*

Mori is located in So Kwun Wat, Tuen Mun, New Territories and adjacent to Hong Kong Gold Coast, and is fit for developing into a relatively high-end low-density residence. The project has a site area of 12,000 sqm and a floor area of 40,000 sqm.

In 2024, sales of Mori was HK$1,060 million, with an average selling price of approximately HK$114,000 per sqm for residential building. In 2024, the value and area of properties delivered were HK$632 million and 5,000 sqm, respectively. It is expected that a total area of 17,000 sqm will be delivered in 2025, of which 5,000 sqm had already been pre-sold as at 31 December 2024.

## (ii) TOLL ROAD SEGMENT

In 2024, Indonesia recorded year-on-year GDP growth of approximately 5%, respectively. Despite the uncertainties in the global economic environment, including geopolitical tensions, volatile energy prices and slower growth in major economies, Indonesia's economic performance has shown resilience. Fluctuation on energy prices and inflationary pressures have put some pressure on domestic construction, logistics costs and travel demand. However, Indonesia's expressway industry in 2024 still shows potential for long-term growth, driven by both government policy support and the long-term improvement of the Indonesian economy.

### Expressway Projects in Indonesia

In 2024, the overall toll revenue from expressway projects in Indonesia increased by 6% to HK$1,765 million as compared with last year, while average daily traffic decreased by 3% to 86,800 vehicles. The increase in toll revenue was mainly due to the fact that all expressway projects in Indonesia successfully obtained toll rate increases in the second half of 2023, of which the SN Expressway and SB Expressway projects obtained the approval of special toll rate adjustments of approximately 25% and 29% respectively. Another two projects also obtained approval for the increase in regular toll rate by approximately 8%. However, high international energy prices and the reduction in fuel subsidies announced by the Indonesian Government in October further reduced vehicle travel willingness. In addition, increase in toll rate on certain road sections, coupled with discounts offered by railways and airlines to make their fares more competitive, have resulted in a slight decline in traffic volumes. In the long term, the Indonesian Government will strengthen the development of domestic industry and logistics, and in line with Indonesia's continued economic growth, it is expected that the industrial and tourism sectors will steadily increase, leading to an increase in the number of trucks and passenger vehicles.

The expressway projects in Indonesia reached the dividend distribution level in 2024 and of approximately HK$97.60 million was distributed to the Group.

### Expressway Projects in Mainland China (Disposed business)

On 22 April 2024, the Group completed the disposal of its entire equity interest in toll road business in Mainland China to Cornerstone Holdings Limited, resulting in a significant drop in revenue contribution from the toll road business in Mainland China as compared to the same period of last year. As at 22 April 2024, the average daily traffic volume and toll revenue of the Group's expressway projects in Mainland China were 206,600 vehicles and HK$675 million respectively (2023 annual: average daily traffic volume and toll revenue of 272,400 vehicles and HK$2,742 million respectively). However, the Group recognised a net gain on disposal after tax of HK$1,490 million (approximately HK$1,118 million attributable to owners of the Company) during the year as a result of the disposal transaction, which had a positive impact on the Group's profit and cash flow in 2024.

In 2025, the Group will continue to look for opportunities to optimise its toll road business portfolio.

## Financial Review

The traffic volume and toll revenue of the expressway projects in Indonesia are as follows

| Projects | Average Daily Traffic Volume<br>Vehicles | Increase/ (Decrease)<br>% | Toll Revenue<br>HK$'million | Increase/ (Decrease)<br>% |
|---|---|---|---|---|
| **Expressway projects in Indonesia** | | | | |
| SN Expressway | 19,800 | (5) | 517 | 7 |
| NKK Expressway | 18,000 | (3) | 349 | (1) |
| MKTT Expressway | 21,800 | 1 | 287 | 5 |
| SB Expressway | 27,200 | (7) | 612 | 10 |
| Total (2024) | 86,800 | (3) | 1,765 | 6 |
| Total (2023) | 89,900 | | 1,667 | |

In 2024, the total traffic volume of the Group's expressway projects in Indonesia was 31.77 million vehicles. The average daily traffic volume was approximately 86,800 vehicles, representing a decrease of 3% as compared to last year. The toll revenue for the expressway projects in Indonesia increased by 6% to HK$1,765 million as compared to last year. If including the toll revenue from the expressway projects in Mainland China prior to the completion of the disposal, the toll revenue for the year would have been HK$2,440 million.

In 2024, the profit of the Group's Toll Road Segment (net of head office income, expenses and taxation) was HK$1,811 million. After excluding the gain on disposal of the expressway projects in Mainland China and related taxation of HK$1,490 million, the profit of the Toll Road Segment of the Group was HK$321 million. The decrease in operating profit was mainly due to cessation of sharing the profits from the expressway projects in Mainland China after the related disposal.

The Group's expressway projects in Indonesia successfully implemented the new tax regulations which extended the amortization period for taxation purposes and recognised accumulated unused tax losses as deferred tax assets. The projects recorded retained profits as a result, which accelerated the progress of the first dividend distribution to shareholders in 2024. During the year, the Group received cash dividends from the Indonesia expressway joint ventures totaling HK$97.60 million.

## Overview of Projects

### Expressway business in Indonesia

*SN Expressway*

The average daily traffic volume and toll revenue in 2024 recorded a year-on-year decrease and increase of 5% and 7%, respectively. High international energy prices and the government fuel subsidy restrictions announced in October further reduced vehicle demand. In the second half of the year, due to the completion of construction on the surrounding parallel national highways, traffic conditions improved, resulting in some traffic being diverted to the national highways. In addition, the project successfully obtained approval for a special rate increase of approximately 25%, which came into effect on 17 September 2023, resulting in a significant increase in toll revenue for the year. However, the market was not able to fully absorb the negative impact of the toll increase at the initial stage after the significant toll adjustment and some users were diverted to other transportation facilities.

*NKK Expressway*

The average daily traffic volume and toll revenue in 2024 recorded a year-on-year decrease of 3% and 1%, respectively. Actual toll revenue in Rupiah increased by 3% year-on-year due to the 4% increase in the exchange rate of Hong Kong Dollar to Rupiah. High international energy prices, coupled with the fuel subsidy restrictions announced by the government in October, further reduced vehicle demand. In addition, cross-border traffic was reduced due to the diversion of users to other transportation facilities on the road sections surrounding the project as a result of the large increase in special tolls. The progress of land acquisition of the remaining unconstructed main section of the project from Kertosono to Kediri had exceeded 60% at the end of 2024 and the timing of the construction will depend on the final progress of land acquisition.

*MKTT Expressway*

The average daily traffic volume and toll revenue in 2024 recorded a year-on-year increase of 1% and 5%, respectively. The high international energy prices, coupled with the fuel subsidy restrictions announced by the government in October, further reduced vehicle demand. However, the project is connected to the Kualanamu International Airport in Medan City, the project's traffic volume increased during holidays and other major festivals. In addition, the opening of the project's upstream and downstream connecting roadways increased the traffic volume this year.

*SB Expressway*

The average daily traffic volume and toll revenue in 2024 recorded a year-on-year decrease and increase of 7% and 10%, respectively. High international energy prices, coupled with fuel subsidy restrictions announced by the government in October, further reduced vehicle demand. In the second half of the year, due to the completion of construction on the surrounding parallel national highways, traffic conditions improved, resulting in some traffic being diverted to the national highways. In addition, the project successfully obtained approval for a special rate increase of approximately 29%, which came into effect on 9 October 2023, resulting in a significant increase in toll revenue for the year. However, the market was not able to fully absorb the negative impact of the toll increase at the initial stage after the significant toll adjustment and some users were diverted to other transportation facilities.

## (iii) IAM SEGMENT

In 2024, the property development projects of IAM Segment (including joint venture and associate projects) achieved property sales of approximately RMB231 million, comprising the contracted sales of RMB206 million and outstanding subscribed sales of approximately RMB25 million. During the year, property delivery amount was approximately RMB239 million, with an area of approximately 38,000 sqm. As of 31 December 2024, the land reserve of IAM Segment was approximately 960,000 sqm, which was mainly located in Henan Province, and the total area of properties pre-sold but yet to be delivered was 20,000 sqm. After restructuring and rectification, the business scale of the remaining original segment businesses, which mainly comprised property fund investment as well as cultural and tourist businesses, has been significantly reduced, with non-core businesses closed and non-core assets sold. Going forward, the Group will continue to review the operation of its remaining businesses and take appropriate action in due course.

## FINANCIAL REVIEW OF THE GROUP

### Consolidated Statement of Profit or Loss

The table below extracted major items from the consolidated statement of profit or loss of the Group for each of the two years ended 31 December 2024 and 2023.

| | 2024<br>HK$'million | 2023<br>HK$'million |
|---|---|---|
| Revenue | **5,537** | 13,075 |
| Gross loss | **(1,390)** | (648) |
| Interest income | **78** | 222 |
| Other losses, net | **(2,183)** | (1,181) |
| Selling and operating expenses | **(935)** | (1,226) |
| Gains on disposal of subsidiaries | **1,869** | – |
| Share of results of joint ventures and associates | **(43)** | 298 |
| Finance costs | **(736)** | (1,054) |
| Loss before taxation | **(3,340)** | (3,589) |
| Income tax credit (expenses) | **32** | (172) |
| Loss for the year | **(3,308)** | (3,761) |
| (Loss) profit attributable to: | | |
| – Owners of the Company | **(4,122)** | (3,962) |
| – Owners of perpetual capital securities | **541** | 533 |
| – Other non-controlling interests of subsidiaries* | **273** | (332) |
| | **(3,308)** | (3,761) |

* Including the share of net gain after tax from the disposal of equity interests in the expressway business in Mainland China of approximately HK$373 million.

### Revenue and Gross Loss

Revenue and gross loss of the Group for the year were mainly contributed by the Property Segment business. The details are contained in the subsection headed "Financial Review" under "Property Segment".

### Interest Income

During the year, interest income decreased as the Group's interest-bearing loans to joint ventures decreased as compared with last year.

### Other Losses, Net

Other net loss for the year was mainly attributable to the increase in provision for impairment of properties and related assets due to the continuous downturn of the real estate market and the net exchange loss of approximately HK$608 million due to the continuous depreciation of Renminbi during the year. These losses were offset by the gains on buyback of the Group's senior notes of approximately HK$591 million.

### Selling and Operating Expenses

The decrease in expenses was mainly attributable to the decrease in property sales and the corresponding decrease in sales commission and marketing expenses of the Group. In addition, the Group continued to proactively optimise its operating costs and implement cost saving measures, resulting in a decrease in overall operating expenses.

### Gains on Disposal of Subsidiaries

This mainly represented the gain on disposal before taxation of approximately HK$1,862 million for the disposal of the Group's entire equity interest in the toll road business in Mainland China.

### Share of Results of Joint Ventures and Associates

During the year, the Group's share of loss mainly arose from loss of approximately HK$500 million from property and other joint ventures and associates, which were offset by profit of approximately HK$457 million from infrastructure joint ventures, as detailed in the analysis of the respective business segments.

The loss recorded in property joint ventures and associates for the year was mainly attributable to the impact of the continuous downturn in the real estate market and the drop in property sales volume and prices, which resulted in loss in delivery of property joint ventures and associates for the year. In respect of infrastructure joint ventures, the Group's share of profit from joint ventures of expressway projects in Indonesia increased as a result of the increase in toll rates for expressway projects in Indonesia and the one-off recognition of accumulated unused tax losses in prior periods as deferred tax assets as a result of the implementation of the new tax regulations for each expressway project in Indonesia. The increase in the share of profit from joint ventures of expressway projects in Indonesia was offset by a decrease in the overall share of profit from joint ventures of expressway projects in Mainland China due to the completion of the disposal of entire equity interest in toll road business in Mainland China by Toll Road Segment.

### Finance Costs

The decrease in finance costs was mainly due to the completion of the Group's offshore debt management work and early repayment of certain offshore borrowings during the year, which resulted in reduction in the overall debt size and hence a decrease in interest expenses.

### Income Tax Credit (Expenses)

Income tax credit (expenses) mainly includes profits tax, land appreciation tax and deferred tax. The income tax credit for the year was mainly attributable to the refund of land appreciation tax on certain property projects and the recognition of deferred tax credit from the fair value losses on investment properties, which offset the income tax expense recognized on the gain on disposal of toll road business in Mainland China.

## Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 31 December 2024 and 2023.

| | 2024<br>HK$'million | 2023<br>HK$'million |
|---|---|---|
| Non-current assets | | |
| – Investments in joint ventures and associates (including shareholders' loans) | **16,215** | 19,703 |
| – Investment properties | **5,324** | 5,245 |
| – Other non-current assets | **1,398** | 2,630 |
| | **22,937** | 27,578 |
| Current assets | | |
| – Inventory of properties | **23,732** | 29,426 |
| – Bank balances and cash (including pledged bank deposits) | **4,695** | 5,560 |
| – Shareholders' loans to joint ventures and associates | **1,092** | 1,789 |
| – Other current assets | **5,057** | 5,863 |
| | **34,576** | 42,638 |
| Assets classified as held for sale | **–** | 2,930 |
| | **34,576** | 45,568 |
| Non-current liabilities | | |
| – Bank and other borrowings | **(13,315)** | (12,753) |
| – Other non-current liabilities | **(1,036)** | (1,794) |
| | **(14,351)** | (14,547) |
| Current liabilities | | |
| – Creditors and accrued charges | **(4,602)** | (5,926) |
| – Loans from joint ventures and associates | **(5,386)** | (6,250) |
| – Deposits from pre-sale of properties | **(4,391)** | (3,317) |
| – Bank and other borrowings | **(2,912)** | (9,865) |
| – Other current liabilities | **(4,971)** | (6,025) |
| | **(22,262)** | (31,383) |
| Liabilities classified as held for sale | **–** | (18) |
| | **(22,262)** | (31,401) |
| Total equity (including perpetual capital securities) | **20,900** | 27,198 |

### Investments in Joint Ventures and Associates (including Shareholders' Loans)

It mainly represented the Group's interests in infrastructure joint ventures of HK$4,339 million (2023: HK$4,369 million) and interests in property joint ventures and associates of HK$12,968 million (2023: HK$17,123 million), including shareholders' short term loans to projects (included in current assets).

### Investment Properties

This represents the carrying value of investment properties held by the Group, details of which are set out in note 17 to the consolidated financial statements. The addition of commercial properties in Tianjin and Guangzhou offset the impact on the disposal of investment property in Zhengzhou and the decrease in fair value due to the decline in the market rental of the existing investment properties. As at 31 December 2024, the gross floor area of the Group's investment properties (including joint venture projects) was approximately 499,000 sqm.

### Inventory of Properties

The decrease in inventory of properties was mainly due to the completion and delivery of existing projects of the subsidiaries of the Group. In addition, the Group suspended participation in land auctions in order to reserve funds for loan repayment and to support its daily operations, and therefore did not acquire any new projects or land parcels during the year. The Group will continue to adjust its strategies for land auction based on its review of the market situation and cash flows position.

### Bank Balances and Cash (including Pledged Bank Deposits)

The decrease in bank balances and cash was mainly due to the repayment of guaranteed senior notes and syndicated bank loans and dividend paid to other non-controlling interests of subsidiaries, which offset the cash consideration received for the disposal of equity interests in the toll road business in Mainland China during the year.

### Assets and Liabilities Held for Sale

On 17 November 2023, the Group entered into a sale and purchase agreement with Cornerstone Holdings Limited for the disposal of the Group's entire equity interest in the toll road business in Mainland China. The above disposal was duly approved by the Company's Shareholders at the extraordinary general meeting held on 20 December 2023, and accordingly, the Group classified the related assets and liabilities of the said business as the disposal group last year and presented them separately in the consolidated statement of financial position. The related disposal was completed in April this year.

### Deposits from Pre-sale of Properties

The increase in deposits from pre-sale properties was mainly due to the fact that the Group's newly acquired projects in Guangzhou and Suzhou last year were launched for sale in the fourth quarter of last year and will be completed and delivered in 2025 or later. The deposits from pre-sale properties of subsidiary projects at the end of 2024 therefore increased compared with last year. As at 31 December 2024, the total area of properties (including joint venture and associate projects) pre-sold but yet to be delivered was approximately 430,000 sqm.

## Bank and Other Borrowings

Bank and other borrowings mainly represented offshore guaranteed senior notes, syndicated loans and project development loans of the Group. The decrease in total borrowings was mainly due to the early repayment of certain offshore borrowings upon completion of offshore debt management work and continuous downturn in the real estate financing market during the year and the fact that credit refinancing of real estate industry of Mainland China has not yet resumed.

Details of the Group's loan profile are set out as follows:

| | At 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **HK$'million** | HK$'million |
| Repayable: | | |
| Within one year or on demand | **2,912** | 9,865 |
| After one year but within two years | **641** | 3,352 |
| After two years but within five years | **8,280** | 8,261 |
| More than five years | **4,394** | 1,140 |
| Total Loans | **16,227** | 22,618 |

**Source of Loans**

| | **2024** | 2023 |
|---|---|---|
| Short term loans | **18%** | 44% |
| Long term loans | **82%** | 56% |
| Total | **100%** | 100% |

**Currency Profile of Loans**

| | **2024** | 2023 |
|---|---|---|
| HKD | **1%** | 2% |
| RMB | **24%** | 23% |
| USD | **75%** | 75% |
| Total | **100%** | 100% |

**Interest Rates Basis**

| | **2024** | 2023 |
|---|---|---|
| Floating rate | **28%** | 37% |
| Fixed rate | **72%** | 63% |
| Total | **100%** | 100% |

**Nature of Debts**

| | **2024** | 2023 |
|---|---|---|
| Unsecured loans | **76%** | 75% |
| Secured loans | **24%** | 25% |
| Total | **100%** | 100% |

**Type of Loans**

| | **2024** | 2023 |
|---|---|---|
| Guaranteed senior notes* | **68%** | 60% |
| Other offshore loans | **8%** | 17% |
| | **76%** | 77% |
| Other onshore loans | **24%** | 23% |
| Total | **100%** | 100% |

* Excluding perpetual capital securities (Classified to equity)

Certain of the Group's borrowings bore fixed interest rates per annum, including US$1,401 million guaranteed senior notes with interest rates ranging from 5.125% to 6.7% per annum.

Apart from the above borrowings, the Group also issued three senior guaranteed perpetual capital securities with the outstanding principal amount of US$890.50 million as at 31 December 2024.

As at 31 December 2024, the net gearing ratio and the net capitalisation ratio of the Group were 55% and 36% respectively. Net gearing ratio represents the difference between the Group's total interest-bearing borrowings (excluding amounts due to non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

## Consolidated Statement of Cash Flows

The table below summarised the major items of the consolidated statement of cash flows of the Group for the years ended 31 December 2024 and 2023.

| | **2024**<br>**HK$'million** | 2023<br>HK$'million |
|---|---|---|
| Payment for land leases | **–** | (2,963) |
| Net cash from operating activities, other than payment for land leases | **2,048** | 5,521 |
| Net cash from investing activities, other than payment for land leases | **4,658** | 2,939 |
| Net cash used in financing activities | **(7,994)** | (8,159) |
| Effect of change in exchange rates | **(155)** | (205) |
| Cash and cash equivalents at 1 January | **4,505** | 7,372 |
| Cash and cash equivalents at 31 December | **3,062** | 4,505 |

## Payment for Land Leases (including Payments Through Joint Ventures Arrangement)

The Group suspended participation in land auctions in order to reserve funds for loan repayment and to support its daily operations, and therefore did not acquire any new projects or land parcels during the year.

## Net Cash from Operating Activities, Other Than Payment for Land Leases

Net cash flow from operating activities for current year decreased as compared with last year, which was mainly due to the decrease in the Group's sales volume as compared with last year, resulting in a decrease in cash generated from pre-sale and sale of properties as compared with last year.

The net cash flow from operating activities for last year was attributable to the increase in cash proceeds from pre-sale and sale of properties as a result of the "temporary boom" in the real estate market at the beginning of last year.

## Net Cash from Investing Activities

The increase in net cash flows from investing activities as compared with last year was mainly attributable to the cash consideration received for the disposal of the Group's equity interest in the toll road business in Mainland China of approximately HK$4,902 million during the year, partially offset by a decrease in repayment of shareholders' loans from property joint ventures during the year as compared with last year.

## Liquidity and Financial Resources

As at 31 December 2024, the equity attributable to owners of the Company was HK$10,815 million (2023: HK$15,696 million). Net assets per Share attributable to owners of the Company was HK$14.43 (2023: HK$20.95).

As at 31 December 2024, the Group's total assets were HK$57,513 million (2023: HK$73,146 million) and bank balances and cash were HK$4,274 million (2023: HK$5,480 million), of which 87% was denominated in Renminbi and the remaining 13% was mainly denominated in US dollar or Hong Kong dollar.

In view of the uncertainty in the sales and financing markets, the Group actively manages its liquidity and debt. An offshore debt management work was completed in the third quarter of 2024, which included the extension of the final maturity dates of the guaranteed senior notes and the syndicated bank loans by 3.5 years and 2 years respectively, as well as the early partial repayment of the principal of the guaranteed senior notes and the syndicated bank loans. This not only avoids the Group's immediate default risk, but also provides breathing space for the Group to focus on its core business development, preserve and realise the optimal value of its high-quality assets, and pave the way for business recovery and return to normalcy. In addition, the Group suspended the distribution of perpetual capital securities from November 2024, taking into account the overall funding arrangements.

Together with the above debt management work, the Group repaid a total of HK$6,803 million equivalent of borrowings in 2024, reducing the net gearing ratio to 55%. Despite the reduction in debt size, the Group expects to continue to face debt repayment and liquidity pressures in the future as the market recovery has been slower than expected. Moving forward, the Group will continue to adopt prudent financial and treasury policies, closely monitor cash flow and market changes, and properly manage liquidity and debt with reference to existing market solutions.

## Charges on Assets

As at 31 December 2024, bank balances of HK$421 million (2023: HK$80 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and banking credit facilities granted to the Group. In addition to these pledged bank deposits, properties with carrying value of HK$9,493 million (2023: HK$7,955 million) were pledged as security for certain loan facilities.

As at 31 December 2024, the Group's borrowings with outstanding principal amount of HK$468 million (2023: HK$2,223 million) were secured by the pledges of the equity shares of certain subsidiaries or/and joint ventures of the Company.

## Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi and US dollar. In 2024, Renminbi continued to depreciate and the Group recorded net exchange losses of approximately HK$608 million.

The Group's exposure to interest rate risk is mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollar. Although the monetary policies implemented by Mainland China and the US governments continue to have a major impact on the Group's results and operation, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operation of the Group.

Save for the aforesaid, the Group has no significant exposure to foreign exchange risk and interest rate risk. The Group will continue to closely monitor the above risks and may arrange hedging against the risks exposed as and when appropriate and cost effective.

## Financial Guarantee Contracts

As at 31 December 2024, the Group had provided guarantees of HK$4,042 million (2023: HK$3,726 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

As at 31 December 2024, the Group had also provided guarantees of HK$2,061 million (2023: HK$2,382 million) for banking facilities granted to the joint ventures of the Group.

## Employees

The Group had 3,551 employees as at 31 December 2024. Expenditure on staff (including expenditure on staff assigned to or participated in joint ventures and associates, but excluding Directors' emoluments) amounted to HK$844 million. Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as share option scheme. During the year, no share option was granted.

## EXECUTIVE DIRECTORS

**Mr. Zen Wei Peu, Derek**
*(aged 72, Chairman)*

Mr. Zen has been an Executive Director of the Company since its establishment and was appointed as the Chairman of the Company in January 2021. He is the Chairman of the Nomination Committee, a member of the Remuneration Committee of the Company and a director of various companies of the Group. He is also the Vice Chairman and the Chief Executive Officer of Wai Kee Holdings Limited (HK stock code: 610) and the Chairman, Chief Executive Officer and Managing Director of Build King Holdings Limited (HK stock code: 240). He is a Director of Emmaus Life Sciences, Inc., whose shares are traded on the OTC Market in the United States of America. He holds a Bachelor of Science degree in Engineering and a Master of Business Administration degree. He is a Chartered Engineer, a member of the Institution of Civil Engineers, the United Kingdom and a fellow of The Institute of Quarrying, the United Kingdom. Mr. Zen has over 50 years of experience in civil engineering industry.

**Mr. Fong Shiu Leung, Keter**
*(aged 62, Chief Executive Officer)*

Mr. Fong is the Chief Executive Officer of the Company and a director of various companies of the Group. He was appointed as an Executive Director of the Company in 2000 and re-designated as the Chief Executive Officer of the Company in 2021. Mr. Fong holds a Bachelor of Arts degree in Accountancy. He is a Certified Practising Accountant in Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. He has over 40 years of experience in auditing, accounting and business advisory profession. Prior to joining the Company, he was an audit principal of an international accounting firm.

**Mr. Ng Fun Hung, Thomas**
*(aged 52, Chief Financial Officer)*

Mr. Ng, joined the Group in 2011 and was appointed as Executive Director of the Company in February 2022. He is also the Chief Financial Officer of the Company and a director of various companies of the Group. He holds a Bachelor of Business Administration degree and a Master of Applied Finance degree. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst of the United States, a Certified Information System Auditor of the United States and a Chartered Governance Professional of the United Kingdom and Hong Kong. Mr. Ng has over 29 years of experience in accounting, assurance and financial management. Prior to joining the Group, Mr. Ng worked for an international accounting firm and was previously the financial controller of a listed company in Hong Kong.

## NON-EXECUTIVE DIRECTORS

**Ms. Cai Xun**
*(aged 50)*

Ms. Cai has been appointed as a Non-executive Director of the Company since May 2021. She is an executive director of Shenzhen Investment Limited (HK stock code: 604), a non-executive director of Ping An Insurance (Group) Company of China, Ltd. (HK stock code: 2318), a director of 深業集團有限公司 (Shum Yip Group Limited*) and Shum Yip Holdings Company Limited. Ms. Cai worked in the Organization Department of Shenzhen Municipal Party Committee during the period from year 2002 to 2020 and served as the chief of the Cadre Division 1, the chief of the Research and Publicity Division and the chief of the Cadre Supervision Division. She graduated from Central South University of Technology (now known as Central South University) with a bachelor's degree in economics. Ms. Cai has extensive experience in human resources and administrative management.

**Mr. Xu Enli**
*(aged 49)*

Mr. Xu has been appointed as a Non-executive Director of the Company since January 2022. He was an executive director and a vice president of Shenzhen Investment Limited (HK stock code: 604) and a vice president of 深業集團有限公司 (Shum Yip Group Limited*) and Shum Yip Holdings Company Limited. He previously served as the chairman and general manager of Shum Yip Land Co., Ltd., general manager of Shenzhen Science & Industry Park Group Co., Ltd., deputy general manager of Shum Yip Southern Land (Holdings) Co., Ltd., Shum Yip Pengji (Holdings) Co., Ltd. and Shum Yip Shahe Group Co., Ltd. He graduated from Tianjin University with a master's degree and is a qualified senior engineer. Mr. Xu has extensive experience in real estate development, operation and infrastructure construction.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Wong Wai Ho**
*(aged 75)*

Mr. Wong has been appointed as an Independent Non-executive Director of the Company since May 2014. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. He is an Independent Non-executive Director of Hang Chi Holdings Limited (HK stock code: 8405). He was a consultant of Jumbo Land Resources Limited. Moreover, Mr. Wong was appointed by Jardine Fleming responsible for the management of the world's first ever direct investment focusing on finding investment opportunities in the Greater China region and was appointed by Kleinwort Benson and Advent International Corporation as a director and a managing director respectively. Prior to that, he worked for the Hong Kong Trade Development Council responsible for the promotion of Hong Kong's external trade for 13 years. Mr. Wong has been involved in the public services; he was a member of the Board of Trustees of Chung Chi College, The Chinese University of Hong Kong and a member of The Chinese History and Culture Educational Foundation for Youth. In the Expo 2010 Shanghai, Mr. Wong was appointed as the deputy pavilion director of the World Trade Centers Association Pavilion. Mr. Wong holds a Bachelor degree in Business Administration (major in accounting) from The Chinese University of Hong Kong and a Master in Law degree from the People's University of China (also known as Renmin University of China). He has extensive experience in trade promotion, fund investment and investment consultancy.

* *For identification purpose only*

## INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

**Ms. Hui Grace Suk Han**
*(aged 54)*

Ms. Hui has been appointed as an Independent Non-executive Director of the Company since June 2022. She is a member of the Audit Committee and the Nomination Committee of the Company. Ms. Hui has been in the banking and finance industry for more than 20 years. From 2013 to early 2022, Ms. Hui was with Hong Kong Exchanges and Clearing Limited ("HKEX") during which she served as Chief Operating Officer of its Listing Division until early 2020 when she initiated and established HKEX's green and sustainable finance department and HKEX's Sustainable and Green Exchange. Prior to HKEX, Ms. Hui spent ten years at UBS Investment Bank in Hong Kong and New York in various roles including Chief of Staff and Global Chief Operating Officer of its legal & compliance department. Before that, Ms. Hui practised law with Reed Smith Richards Butler. Ms. Hui is currently an adjunct professor with the Division of Environment and Sustainability at The Hong Kong University of Science and Technology, an honorary adviser to the Financial Reporting Council ("FRC"), a member of both the FRC's Inspection Committee and FRC's Sustainability and Climate Action Task Force; and a member of the Sustainability Committee of The Hong Kong Institute of Certified Public Accountants. Ms. Hui graduated from The London School of Economics and Political Science, University of London with a Bachelor of Science degree in Mathematical Sciences in 1994. From 1994 to 1996, Ms. Hui pursued her legal studies at BPP Law School in the United Kingdom. Ms. Hui is a qualified lawyer in Hong Kong and in England and Wales.

**Mr. Cheung Hon Kit, Edwin**
*(aged 71)*

Mr. Cheung has been appointed as an Independent Non-executive Director of the Company since June 2023. He is a member of the Remuneration Committee of the Company. Mr. Cheung is the chairman and an executive director of ITC Properties Group Limited (HK stock code: 199) and was an independent non-executive director of Future Bright Holdings Limited (HK stock code: 703). He graduated from the University of London with a Bachelor of Arts Degree. Mr. Cheung has over 45 years of experience in real estate development, property investment and corporate finance, holding key executive positions in various leading property development companies in Hong Kong. On 15 November 2005, the Securities and Futures Commission of Hong Kong (the "SFC") criticised the then board of directors of ITC Corporation Limited ("ITC Corporation", now known as PT International Development Corporation Limited) for breaching Rule 21.3 of The Hong Kong Code on Takeovers and Mergers in respect of the dealing in the securities of Hanny Holdings Limited (now known as Master Glory Group Limited (in liquidation)) by ITC Corporation during an offer period without the consent of the executive director of the Corporate Finance Division of the SFC. Mr. Cheung was a director of ITC Corporation at that time.

**Mr. Ho Tai Wai, David**
*(aged 76)*

Mr. Ho has been appointed as an Independent Non-executive Director and the Chairman of the Audit Committee of the Company since 21 May 2024. Mr. Ho is an independent non-executive director of Left Field Printing Group Limited (HK stock code: 1540), Lion Rock Group Limited (HK stock code: 1127) and Build King Holdings Limited (HK stock code: 240), a non-wholly owned subsidiary of the Company's controlling shareholder, Wai Kee Holdings Limited (HK stock code: 610). He has over 50 years of experience in finance and accounting and held management positions in various companies prior to his retirement in 2007. He is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom, The Hong Kong Institute of Certified Public Accountants and CPA Australia. He holds a Master of Business Administration Degree from The Chinese University of Hong Kong.

## SENIOR MANAGEMENT

**Mr. Li Wanle**
*(aged 54)*

Mr. Li, joined the Group in 2021, is the Chief Operating Officer of the property development group and the regional Director in the Guangdong region responsible for overseeing the PRC property development projects. He holds a Master degree in Business Administration, a Bachelor degree in Engineering Management and a Bachelor degree in Industrial and Civil Engineering. Prior to joining the Group, Mr. Li worked for several renowned property developers and has 32 years of experience in property development and operation in the PRC.

**Mr. Zhang Nan**
*(aged 52)*

Mr. Zhang, joined the Group in 2007, is the Regional Director of the property development projects in Suzhou, Wuxi, Zhenjiang and Henan Regions and oversees the residential and commercial property management function of the whole Group. He holds a Bachelor of Engineering Management degree and an Executive Master of Business Administration degree, and is a Registered Costing Engineer in the PRC. Mr. Zhang has over 29 years of experience in property development and management in the PRC.

**Ms. Diao Lu, Amy**
*(aged 50)*

Ms. Diao, joined the Group in 2007, is the Regional Director of the property development projects in Beijing, Hebei and Shandong, and oversees the corporate communication function of the Group. She holds a Bachelor of International Finance degree and an Executive Master of Business Administration degree. Ms. Diao has substantial years of experience in managerial positions in property development companies as well as Fortune 500 multi-national companies, in particular, in the area of human resources and corporate communication and public affairs.

**Mr. Fung Tat Sun, Patrick**
*(aged 53)*

Mr. Fung, who is the Chief Executive Officer – Toll Road operations of the Group and a Director of Road King Expressway International Holdings Limited, joined the Group in 2021. He holds a Bachelor of Computing (Information System), a Bachelor of Business degree (Accounting), a Master of Science in Financial Management degree and a Doctor of Business Administration. Prior to joining the Group, Mr. Fung worked in financial institutions, financial consultants and mass transportation operators in Southeast Asia and Hong Kong respectively. Mr. Fung has accumulated over 31 years of extensive experience in project financing, public-private partnerships, infrastructure mergers and acquisitions in road and transportation sectors.

**Mr. Lee Tak Fai, Kennedy**
*(aged 59)*

Mr. Lee, joined the Group in 2007, is the Company Secretary and the Senior Vice President of the Group responsible for the corporate finance and legal functions. He holds a Bachelor of Social Science degree and a Master of Science degree in Finance. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Lee worked for a number of international accounting firms and was previously the financial controller and the assistant general manager of the corporate finance department of several companies listed on the main board of the Stock Exchange. He has over 33 years of experience in accounting, assurance, financing and business advisory services.

## SENIOR MANAGEMENT *(continued)*

**Mr. Gao Da Peng**
*(aged 47)*

Mr. Gao, joined the Group in 2001, is the Regional Director of property development projects in Shanghai, Tianjin and Zhejiang and the Senior Vice President of the Group overseeing the sales and marketing function. He holds an Executive Master of Business Administration degree. Mr. Gao has 25 years of experience in property development, operation and sales management in the PRC.

**Mr. Chen Xue Ming**
*(aged 49)*

Mr. Chen, joined the Group in 2019, is the Regional Director of the property development projects in Nanjing and Changzhou regions and the Senior Vice President of the Group overseeing the production function of the whole Group. He holds a Master of Business Administration degree. Prior to joining the Group, Mr. Chen worked for several renowned property developers and has 28 years of experience in property development, operation and sales management in the PRC.

**Mr. He Peiyong**
*(aged 54)*

Mr. He, joined the Group in 2021, is the Chief Operating Officer – Toll Road operations of the Group. He holds a Bachelor of Highway and Urban Road degree and a Master of Civil Engineering degree. Prior to joining the Group, Mr. He has over 30 years of experience in toll road investment and operation in the PRC, among which he worked in a Hong Kong listed toll expressway operation and management company for 10 years.

**Mr. Wong Heng Choon, Stanley**
*(aged 45)*

Mr. Wong, joined the Group in 2019, is the Chief Financial Officer – Toll Road operations of the Group. He holds a Bachelor of Commerce in Accounting and Finance degree. He is a Certified Practising Accountant in Australia and fellow of Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Wong worked for international accounting firms based in Hong Kong and Malaysia and was previously the chief financial officer and company secretary of a listed company in Hong Kong. Mr. Wong has over 24 years of experience in accounting, assurance, corporate and project financing and compliance services.

**Mr. Choi Hung Fat, Allen**
*(aged 63)*

Mr. Choi, joined the Group in 2021, is the Regional Director – Indonesia of Toll Road operations of the Group. He holds a Bachelor of Business Administration – Banking and Finance degree and a Master of Business Administration degree. Prior to joining the Group, Mr. Choi worked in several well-known conglomerate and financial institutions in Indonesia and Hong Kong with over 27 years of extensive experience in business development, toll road projects management and operations in Indonesia, Hong Kong and the PRC.

# Directors' Report

The Directors present herewith the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group, including the joint ventures and associates, are the operation of property development, investment and asset management businesses in Mainland China and Hong Kong and the investment in, development, operation and management of toll road projects in Southeast Asia. Details of the Group's principal subsidiaries, joint ventures and associates are set out in notes 50, 19 and 18 to the consolidated financial statements respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages F-7 and F-8 respectively.

No interim dividend was paid to the Shareholders during the year. The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

## CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 16 May 2025 to Wednesday, 21 May 2025, both dates inclusive, during which period no transfer of Shares will be registered. All transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Thursday, 15 May 2025 for registration.

## BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 is set out in the sections headed "Financial Highlights", "Chairman's Statement", "Chief Executive Officer's Report", "Management Discussion and Analysis", "Corporate Governance Report", "Consolidated Financial Statements" and "Financial Summary" on pages 2 to 3, pages 4 to 9, pages 10 to 13, pages 16 to 50, pages 70 to 85, pages F-7 to F-131 and page F-132 respectively. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report.

## SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and share options of the Company during the year are set out in notes 27 and 28 to the consolidated financial statements respectively.

During the year, there was no movement in the share capital and share options of the Company.

## RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages F-11 to F-12 of this annual report.

## DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the accumulated profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to the Shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

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

(ii) the realisable value of its assets would thereby be less than its liabilities.

The reserves of the Company which were available for distribution to the Shareholders as at 31 December 2024 were approximately HK$5,570 million.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

## INVESTMENT PROPERTIES AND PROPERTIES FOR SALE

Details of the movements in the investment properties of the Group during the year are set out in note 17 to the consolidated financial statements. Particulars of the investment properties and properties for sale are shown under the section headed "Major Projects Information" of "Management Discussion and Analysis".

## BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Group are set out in note 29 to the consolidated financial statements.

## RETIREMENT BENEFIT PLANS

Particulars of the retirement benefit plans of the Group are set out in note 37 to the consolidated financial statements.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page F-132 of this annual report.

## MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate amount of purchases and revenue from property business attributable to the Group's five largest suppliers and customers were less than 30% of the total value of the Group's purchases and revenue from property business respectively.

## DIRECTORS

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

### Executive Directors:

Zen Wei Peu, Derek *(Chairman)*
Ko Yuk Bing *(Deputy Chairman) (retired with effect from 29 February 2024)*
Fong Shiu Leung, Keter *(Chief Executive Officer)*
Ng Fun Hung, Thomas *(Chief Financial Officer)*

### Non-executive Directors:

Cai Xun
Xu Enli

### Independent Non-executive Directors:

Lau Sai Yung *(retired with effect from the conclusion of the 2024 AGM)*
Wong Wai Ho
Hui Grace Suk Han
Cheung Hon Kit, Edwin
Ho Tai Wai, David *(appointed with effect from the conclusion of the 2024 AGM)*

Pursuant to the Bye-law 86(2), Mr. Ho Tai Wai, David appointed as a Director by the Board with effect from the conclusion of the 2024 AGM, will retire, and being eligible, offer himself for re-election at the 2025 AGM.

Pursuant to Bye-law 87, at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting, such Directors will be eligible for re-election. In this connection, Mr. Fong Shiu Leung, Keter, Mr. Ng Fun Hung, Thomas and Ms. Hui Grace Suk Han will retire from office by rotation at the 2025 AGM. Mr. Fong Shiu Leung, Keter and Mr. Ng Fun Hung, Thomas, being eligible, will offer themselves for re-election at the 2025 AGM. Ms. Hui Grace Suk Han will not offer herself for re-election in order to devote more time to her other commitments and will retire from the Board with effect from the conclusion of the 2025 AGM.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2025 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director and everyone of their heirs, executors and administrators, 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 or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company had maintained appropriate directors and officers liability insurance coverage for its Directors and officers throughout the year and remained in effect up to the date of this report.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

| Name of Directors | Name of entities | Description of principal activities | Nature of interest of the Directors in the entities |
|---|---|---|---|
| Cai Xun | Shenzhen Investment group of companies (including its holding companies) | Property development, investment and management in the PRC | Director |
| Xu Enli | Shenzhen Investment group of companies (including its holding companies) | Property development, investment and management in the PRC | Director (resigned with effect from 10 December 2024) |

## DISCLOSURE OF INTERESTS

### Directors' Interests and Short Positions

As at 31 December 2024, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (I) Shares

| Name of Directors | Nature of interest | Notes | Number of Shares held | | Percentage of holding (Note 3) |
|---|---|---|---|---|---|
| | | | Long position | Short position | % |
| Zen Wei Peu, Derek | Personal | 1 & 2 | 24,649,000 | – | 3.29 |
| Fong Shiu Leung, Keter | Personal | 1 | 260,000 | – | 0.03 |

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Included in the balance is 1,000,000 Shares held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
3. The percentage was calculated based on 749,336,566 Shares in issue as at 31 December 2024. The Company held no treasury share as at 31 December 2024.

### (II) Underlying Shares – Share Options

The Share Option Scheme was adopted by the Company on 24 May 2023. Particulars of the Share Option Scheme are set out in note 28 to the consolidated financial statements.

As at 31 December 2024, there were no outstanding share options. During the year ended 31 December 2024, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme.

## (III) Debentures of Associated Corporations

| Name of Directors | Name of companies | Nature of interest | Type of debentures | Principal amount held |
|---|---|---|---|---|
| Zen Wei Peu, Derek | RKI Overseas Finance 2017 (A) Limited | Personal | US$300 million 7% senior guaranteed perpetual capital securities ("7% Securities") | US$800,000 (Note 1) (long position) |
| | RKPF Overseas 2019 (E) Limited | Personal | US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities ("7.75% Securities") | US$46,450,000 (Note 2) (long position) |
| | RKP Overseas Finance 2016 (A) Limited | Personal | US$300 million 7.95% senior guaranteed perpetual capital securities ("7.95% Securities") | US$4,050,000 (long position) |
| | RKPF Overseas 2019 (A) Limited | Personal | US$480 million 6.7% guaranteed senior notes due 2024 (maturity date extended to March 2028, the "March 2028 Notes") | US$2,495,446 (Note 3) (long position) |
| | RKPF Overseas 2019 (A) Limited | Personal | US$300 million 5.9% guaranteed senior notes due 2025 (maturity date extended to September 2028, the "September 2028 Notes") | US$1,767,242 (Note 4) (long position) |
| | RKPF Overseas 2019 (A) Limited | Personal | US$415.6 million 6% guaranteed senior notes due 2025 (maturity date extended to March 2029, the "March 2029 Notes") | US$9,094,656 (Note 5) (long position) |
| Wong Wai Ho | RKI Overseas Finance 2017 (A) Limited | Personal | 7% Securities | US$200,000 (long position) |

Notes:

1. A principal amount of US$400,000 of 7% Securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

2. A principal amount of US$1,300,000 of 7.75% Securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US$2,150,000 of 7.75% Securities was held by Prepared Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek.

3. A principal amount of US$2,495,446 of the March 2028 Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

4. A principal amount of US$883,621 of the September 2028 Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

5. A principal amount of US$1,765,953 of the March 2029 Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, none of the Directors had or deemed to have any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors or their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as mentioned earlier, no equity-linked agreement had been entered into during the year or subsisted at the end of the year.

## ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme as mentioned earlier, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable any Director to acquire benefits by means of the acquisition of the Shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2024, the interests or short positions of every person, other than the Directors, in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

| Name of Shareholders | Nature of interest | Number of shares held: Long position (Note 1) | Number of shares held: Short position | Percentage of holding (Note 11) % |
|---|---|---|---|---|
| Wai Kee (Note 2) | Interest in controlled corporation | 336,608,428 | – | 44.92 |
| Wai Kee (Zens) Holding Limited (Note 3) | Interest in controlled corporation | 336,608,428 | – | 44.92 |
| Groove Trading Limited (Note 4) | Beneficial owner | 81,880,000 | – | 10.93 |
| Wai Kee China Investments (BVI) Company Limited (Note 4) | Interest in controlled corporation | 251,728,428 | – | 33.59 |
| Wai Kee China Investments Company Limited (Note 5) | Interest in controlled corporation | 251,728,428 | – | 33.59 |
| ZWP Investments Limited (Note 6) | Beneficial owner | 251,728,428 | – | 33.59 |
| 深業集團有限公司 (Shum Yip Group Limited*) (Note 7) | Interest in controlled corporation | 202,334,142 | – | 27.00 |
| Shum Yip Holdings Company Limited (Note 8) | Interest in controlled corporation | 202,334,142 | – | 27.00 |
| Shenzhen Investment (Note 9) | Interest in controlled corporation | 202,334,142 | – | 27.00 |
| Brightful Investment Holding Limited (Note 10) | Beneficial owner | 202,334,142 | – | 27.00 |

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

2. Wai Kee is deemed to be interested in the Shares through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering Limited, which beneficially held 3,000,000 Shares. Mr. Zen Wei Peu, Derek is a director of Wai Kee.

3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee. Mr. Zen Wei Peu, Derek is a director of Wai Kee (Zens) Holding Limited.

4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Mr. Zen Wei Peu, Derek is a director of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.

5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Mr. Zen Wei Peu, Derek is a director of Wai Kee China Investments Company Limited.

6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Mr. Zen Wei Peu, Derek is a director of ZWP Investments Limited.

7. 深業集團有限公司 (Shum Yip Group Limited*) (incorporated in the PRC) is deemed to be interested in the Shares through its 90% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong). Ms. Cai Xun is a director of 深業集團有限公司 (Shum Yip Group Limited*).

8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the Shares through its approximately 63.19% interests in Shenzhen Investment. Ms. Cai Xun is a director of Shum Yip Holdings Company Limited.

9. Shenzhen Investment is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Brightful Investment Holding Limited. Ms. Cai Xun is a director of Shenzhen Investment.

10. Brightful Investment Holding Limited is a direct wholly-owned subsidiary of Shenzhen Investment.

11. The percentage was calculated based on 749,336,566 Shares in issue as at 31 December 2024. The Company held no treasury share as at 31 December 2024.

Save as disclosed above, no other person (other than the Directors) had an interest or a short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

* *for identification purpose only*

## REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year, certain of the March 2028 Notes, September 2028 Notes and March 2029 Notes issued by RKPF Overseas 2019 (A) Limited and US$500 million 5.2% guaranteed senior notes due 2026 (maturity date extended to July 2029, the "July 2029 Notes") and US$500 million 5.125% guaranteed senior notes due 2026 (maturity date extended to January 2030, the "January 2030 Notes") issued by RKPF Overseas 2020 (A) Limited (collectively, the "Dated Notes") were redeemed by the Group through open market operations, resolutions passed by holders' meetings of each of the Dated Notes and provisions under the Dated Notes covenants as follows:

| | Principal amount of the March 2028 Notes US$ | Principal amount of the September 2028 Notes US$ | Principal amount of the March 2029 Notes US$ | Principal amount of the July 2029 Notes US$ | Principal amount of the January 2030 Notes US$ |
|---|---|---|---|---|---|
| At 1 January 2024 | 322,731,000 | 196,966,000 | 206,339,000 | 500,000,000 | 500,000,000 |
| Redemptions made by the Group during the year | (39,500,000) | (5,345,000) | (22,954,000) | (15,000,000) | (15,000,000) |
| Tender offers | (10,980,000) | (11,460,000) | (10,160,000) | (12,250,000) | (4,745,000) |
| Early repayment | (65,306,000) | (18,316,000) | (17,622,000) | (38,060,000) | (38,660,000) |
| Outstanding principal amount as at 31 December 2024 | 206,945,000 | 161,845,000 | 155,603,000 | 434,690,000 | 441,595,000 |

For details, please refer to the announcements issued by the Company and/or RKPF Overseas 2019 (A) Limited and RKPF Overseas 2020 (A) Limited dated 10 January 2024, 11 June 2024, 20 June 2024, 24 June 2024, 3 July 2024, 16 July 2024, 18 July 2024 and 15 August 2024.

In addition, during the year, RKP Overseas Finance 2016 (A) Limited redeemed an aggregate principal amount of US$4.5 million of 7.95% Securities, subsequent to the redemption the outstanding principal amount of which was US$295.5 million. RKI Overseas Finance 2017 (A) Limited redeemed an aggregate principal amount of US$5 million of 7% Securities, subsequent to the redemption the outstanding principal amount of which was US$295 million.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2024.

## DONATIONS

During the year, donations made by the Group were approximately HK$390,000.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

## SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the Remuneration Committee of the Company on the basis of merit, qualification and competence.

The emoluments of all Executive Directors are decided by the Remuneration Committee of the Company, having regard to the Company's performance, individual performance and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to the Directors and eligible employees, details of the Share Option Scheme are set out in note 28 to the consolidated financial statements.

## CONTINUING DISCLOSURE OF THE LISTING RULES

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

### 1. Pursuant to Rule 13.22 of the Listing Rules:

(a) A summary of aggregate financial information of the affiliated companies, based on the financial statements prepared under the accounting principles generally accepted in Hong Kong, as at 31 December 2024, is as follows:

| | **At 31 December 2024** HK$'million |
|---|---|
| **Statement of Financial Position** | |
| Non-current assets | **2** |
| Current assets | **18,436** |
| Current liabilities | **(9,475)** |
| Net current assets | **8,961** |
| Non-current liabilities | **(8,119)** |
| Net assets | **844** |

(b) Details of the affiliated companies are as follows:

| | The Group's attributable interest in the affiliated companies | Amount of guarantee given by the Group HK$'million | Amount of commitment for amounts advanced or to be advanced by the Group HK$'million |
|---|---|---|---|
| 常州新雋捷房地產開發有限公司 Changzhou Xinjunjie Properties Developments Co., Ltd.* | 40% | – | 805 |
| 佛山市啟輝房地產有限公司 Foshan Qihui Properties Co., Ltd.* | 49% | – | 365 |
| 廣州市潤禾置業有限公司 Guangzhou Runhe Real Estate Co., Ltd.* | 30% | – | 6 |
| 杭州鑫堯置業有限公司 Hangzhou Xinyao Real Estate Co., Ltd.* | 30% | – | 180 |
| 南京中勁房地產開發有限公司 Nanjing Zhongjin Properties Developments Co., Ltd.* | 40% | 205 | 105 |
| Shum King Company Limited | 50% | 1,008 | 1,992 |
| 蘇州湖璽房地產開發有限公司 Suzhou Huxi Properties Developments Co., Ltd.* | 35% | – | 35 |
| 蘇州勁湖房地產開發有限公司 Suzhou Jinhu Properties Developments Co., Ltd.* | 5% | 5 | 11 |
| 蘇州瑞茂房地產開發有限公司 Suzhou Ruimao Properties Developments Co., Ltd.* | 49% | – | 120 |
| 蘇州新晨捷置地有限公司 Suzhou Xinchenjie Real Estate Co., Ltd.* | 3% | – | 20 |
| 天津雋達企業管理有限公司 Tianjin Junda Corporate Management Co., Ltd.* | 50% | – | 621 |
| 天津雋泰房地產開發有限公司 Tianjin Juntai Properties Developments Co., Ltd.* | 50% | 260 | – |
| 無錫鑫昇置業有限公司 Wuxi Xinsheng Real Estate Co., Ltd.* | 30% | 58 | 163 |
| | | 1,536 | 4,423 |

* *for identification purpose only*

## 2. Pursuant to Rule 13.18 of the Listing Rules:

### Guaranteed Senior Notes and Senior Guaranteed Perpetual Capital Securities

The Company is obliged to make an offer to repurchase and redeem the following guaranteed senior notes and senior guaranteed perpetual capital securities then outstanding at a rate equal to 101% of the principal amount, plus accrued and unpaid interest, if any, up to (but not including) the date of repurchase, and together with any distribution accrued to the date fixed for redemption, including any deferred distribution and any additional distribution payable on it, respectively upon the occurrence of a change of control triggering event and a decline in the rating of the notes and the securities:

(a) March 2028 Notes (issued in September 2019);

(b) September 2028 Notes (issued in March 2020);

(c) March 2029 Notes (issued in September 2020);

(d) July 2029 Notes (issued in January 2021);

(e) January 2030 Notes (issued in July 2021);

(f) 7.95% Securities (issued in February 2017);

(g) 7% Securities (issued in June 2017); and

(h) 7.75% Securities (issued in November 2019).

For details of the guaranteed senior notes and senior guaranteed perpetual capital securities issued, redeemed or repurchased during the year ended 31 December 2024, please refer to the section headed "Repurchase, Sale or Redemption of Listed Securities of the Group" of this report and notes 29 and 36 to the consolidated financial statements of the Group.

### 3. Pursuant to Rule 13.51B(1) of the Listing Rules:

Upon specific enquiry by the Company, save as disclosed below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published interim report:

| Name of Directors | Details of changes |
|---|---|
| Mr. Xu Enli | Mr. Xu resigned as an Executive Director of Shenzhen Investment with effect from 10 December 2024. |
| Mr. Ng Fun Hung, Thomas | To align the expiry date of the service contracts for the other two Executive Directors which will expire on 31 March 2026, Mr. Ng entered into a service contract with the Company commencing from 1 February 2025 to 31 March 2026 with all other terms remaining unchanged. |

Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

## AUDITOR

A resolution will be proposed at the 2025 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board
**Zen Wei Peu, Derek**
*Chairman*

Hong Kong, 21 March 2025

# Corporate Governance Report

## CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining a high standard of corporate governance as it believes that good corporate governance practices are fundamental to the smooth and effective operation of a company and can enhance the shareholders' value as well as safeguard the shareholders' interests. The Company places strong emphasis on an effective Board, accountability, sound internal control, appropriate risk-assessment, monitoring procedures and transparency to all the Shareholders and stakeholders.

Throughout 2024, the Company has complied with all applicable code provisions set out in the CG Code.

## CORPORATE CULTURE

The Board leads the management in defining the mission, values and strategic direction of the Group and in fostering a culture that enable the Company to generate sustainable long-term value for the Shareholders, provide employees with career development opportunities and fulfil its role as a responsible corporate citizen.

**Our Mission & Values**

| Mission | Values |
|---|---|
| To become one of the best performing investors and operators in the PRC | Managing our business with:<br>• Excellence<br>• Collaboration<br>• Proactivity<br>• Integrity |

The desired culture is developed and reflected consistently in the operating procedures of the Group, workplace policies and practices as well as relations with Shareholders and stakeholders. The Board and the management create a culture of attaining high standards of corporate governance and maintaining sound and well-established corporate governance practices for the interest of the Shareholders and stakeholders. The Board considered and satisfied itself that our strategy and culture continued to be aligned.

## THE BOARD

### Composition

The Board has a balanced composition of members to ensure independent viewpoints in all discussions. During the year ended 31 December 2024 and up to the date of this annual report, the Board comprises the following Directors:

**Board**

| Executive Directors | Non-executive Directors | Independent Non-executive Directors |
|---|---|---|
| Zen Wei Peu, Derek *(Chairman)* | Cai Xun | Lau Sai Yung *(Note 2)* |
| Ko Yuk Bing *(Deputy Chairman)* *(Note 1)* | Xu Enli | Wong Wai Ho |
| Fong Shiu Leung, Keter *(Chief Executive Officer)* | | Hui Grace Suk Han |
| Ng Fun Hung, Thomas *(Chief Financial Officer)* | | Cheung Hon Kit |
| | | Ho Tai Wai, David *(Note 3)* |

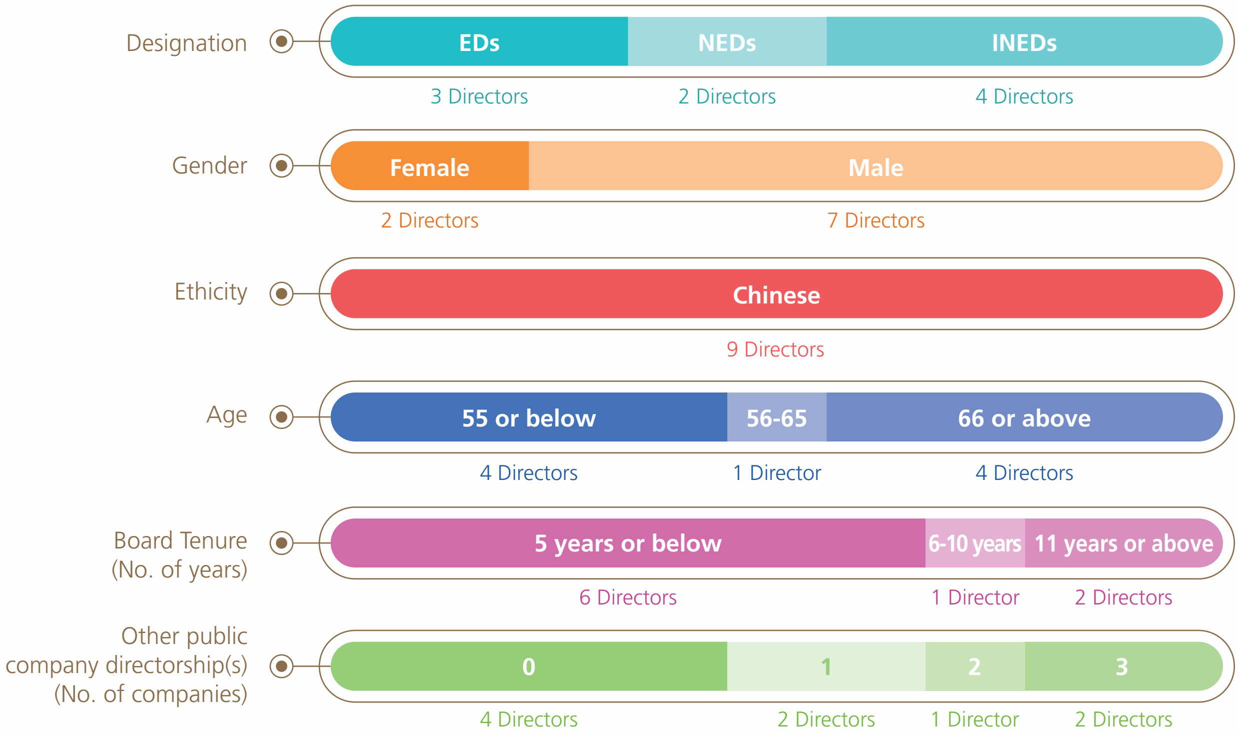
Notes:

1 Mr. Ko Yuk Bing retired as the positions of Deputy Chairman and Executive Director of the Company with effect from 29 February 2024.

2 Mr. Lau Sai Yung retired as an Independent Non-executive Director of the Company with effect from the conclusion of the 2024 AGM.

3 Mr. Ho Tai Wai, David was appointed as an Independent Non-executive Director of the Company with effect from the conclusion of the 2024 AGM.

As at the date of this annual report, the Board comprises nine Directors including three Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. With the expertise contributed by each of the Directors, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. An updated list of the Directors and their respective roles and functions are maintained on the Company's website and the HKEXnews website of Hong Kong Exchanges and Clearing Limited (the "HKEXnews website").




Remarks
EDs: Executive Directors
NEDs: Non-executive Directors
INEDs: Independent Non-executive Directors

During the year ended 31 December 2024, there is no relationship (including financial, business and family relationship or other material relevant relationships) between members of the Board, and between the Chairman and the Chief Executive Officer.

## Appointment and Re-election

Pursuant to the Bye-laws, the Board may appoint a director either to fill a casual vacancy or as an addition to the Board from time to time during the year following the recommendation from the Nomination Committee of the Company. Any Director appointed by the Board to fill a casual vacancy and any Director appointed by the Board as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election.

## Non-executive Directors

All the Non-executive Directors and Independent Non-executive Directors entered into letters of appointment separately with the Company for a specific term of not more than three years, subject to re-election at the annual general meeting pursuant to the Bye-laws and the prevailing Listing Rules.

## Board Independence

Independent Non-executive Directors represent more than one-third of the Board which facilitates in bringing to the Board independent advice and judgement. During the year ended 31 December 2024, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules which require the appointment of at least three Independent Non-executive Directors including at least one of the Independent Non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise and the number of Independent Non-executive Directors must representing at least one-third of the Board.

The Company has received written confirmation of independence from each of the Independent Non-executive Directors in accordance with the Listing Rules and the Board considers them to be independent in accordance with Rule 3.13 of the Listing Rules.

The Nomination Committee confirmed that all Independent Non-executive Directors provided a strong independent element on the Board, were freed from any business, financial or other relationship which could materially interfere with the exercise of their judgement, and remained independent for the year ended 31 December 2024.

The Board has established mechanisms to ensure independent views are available to the Board. A summary of which is set out below:

### Nomination and appointment process

- Nomination Committee of the Company must adhere to the Nomination Policy (details please refer to the paragraph of "Nomination Policy" and "Nomination Procedures" under section headed "Nomination Committee") and the independence assessment criteria as set out in the Listing Rules.

### Ongoing process

- Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change in his or her personal particulars that may affect his or her independence.
- Directors (including Independent Non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at Board meetings.
- Directors (including Independent Non-executive Directors) or any of his or her close associates (as defined in the Listing Rules) has a material interest in a contract or arrangement, shall not vote or be counted in the quorum on any Board resolution approving the same.

### Annual assessment

- Each Independent Non-executive Director is required to confirm with the Company his or her independence in accordance with Rule 3.13 of the Listing Rules.
- Nomination Committee assesses and reviews the independence of Independent Non-executive Directors annually.

## Role and Delegation

The primary role of the Board is to protect and enhance long-term Shareholders' value. It assumes the responsibility for providing effective and responsible leadership and control of the Company, and directing and supervising the Company's affairs in pursuit of the Group's strategic objectives.

The Board, led by the Chairman, approves and monitors the Group's strategies and policies, evaluates the performance of the Group and supervises the management. In addition, the Board reserved for its decisions of all major matters of the Company, including approval and monitoring of budgets, internal control and risk management systems, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, replenishment of land reserves, other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated to the Chief Executive Officer the day-to-day leadership and management of the business of the Group.

The Board also ensures that good corporate governance policies and practices are implemented within the Group and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct manual applicable to employees and the Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2024 and up to the date of this annual report, the Board reviewed the Company's compliance with the CG Code for the years ended 31 December 2023 and 2024 together with six months ended 30 June 2024, and the Company's disclosures in the Corporate Governance Reports for the years ended 31 December 2023 and 2024.

The Group has adopted a number of policies and procedures, all of which have been documented and communicated to the Directors and employees via Employees' Handbooks and individual departmental handbooks to ensure good corporate governance practices and high standard of business conducts and ethics of the Group. The effectiveness of these policies is reviewed on a regular basis.

## Board Meetings

The Board meets regularly at least four times each year. In addition, ad hoc Board meetings are held for major and important matters in which Board resolutions are required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion.

During the year ended 31 December 2024, the Company held seven Board meetings. Directors' attendance records at Board and Board Committee meetings and the 2024 AGM are set out below:

| | Meetings attended/held | | | | |
|---|---|---|---|---|---|
| Name of Directors | Board | Audit Committee | Nomination Committee | Remuneration Committee | 2024 AGM |
| **Executive Directors** | | | | | |
| Zen Wei Peu, Derek | 7/7 | – | 1/1 | 1/1 | 1/1 |
| Ko Yuk Bing (Note 1) | 1/1 | – | – | – | – |
| Fong Shiu Leung, Keter | 7/7 | – | – | – | 1/1 |
| Ng Fun Hung, Thomas | 7/7 | – | – | – | 1/1 |
| **Non-executive Directors** | | | | | |
| Cai Xun | 3/7 | – | – | – | 0/1 |
| Xu Enli | 3/7 | – | – | – | 0/1 |
| **Independent Non-executive Directors** | | | | | |
| Lau Sai Yung (Note 2) | 2/4 | 1/1 | 1/1 | 1/1 | 1/1 |
| Wong Wai Ho | 7/7 | 2/2 | 1/1 | 1/1 | 1/1 |
| Hui Grace Suk Han | 7/7 | 2/2 | 1/1 | – | 1/1 |
| Cheung Hon Kit, Edwin (Note 3) | 5/7 | – | – | – | 1/1 |
| Ho Tai Wai, David (Note 4) | 3/3 | 1/1 | – | – | – |

Notes:

1 Mr. Ko Yuk Bing retired as an Executive Director of the Company with effect from 29 February 2024.

2 Mr. Lau Sai Yung retired as an Independent Non-executive Director and ceased to be the Chairman of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee of the Company with effect from the conclusion of the 2024 AGM.

3 Mr. Cheung Hon Kit, Edwin was appointed as a member of the Remuneration Committee of the Company with effect from the conclusion of the 2024 AGM.

4 Mr. Ho Tai Wai, David was appointed as an Independent Non-executive Director and the Chairman of the Audit Committee of the Company with effect from the conclusion of the 2024 AGM.

"-": Not Applicable

Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before the regular Board meetings (and so far as practicable for such other Board meetings) to ensure that they have sufficient time and attention to the affairs of the Company.

In order to have an effective Board, all Directors are provided with information on activities and developments in the Group's business on a monthly basis to keep them apprised of the latest developments of the Group. They have full access to information on the Group and are able to invite management and professional advisers, where appropriate, to attend Board meetings.

All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking minutes of the Board and Board Committees' meetings. Such minutes are open for inspection by the Directors.

Each Director is required to make disclosure of his interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he/she (or his/her close associate (has the meaning ascribed to it under the Listing Rules)) is materially interested nor shall he/she be counted in the quorum present at such meeting.

## Induction and Continuous Professional Development

Directors should keep abreast of their collective responsibilities. Each newly appointed Director would receive a comprehensive induction package covering the Group's business and the statutory and regulatory obligations of a director of a listed company. The Company arranged induction package to Mr. Ho Tai Wai, David, who was appointed as an Independent Non-executive Director of the Company with effect from the conclusion of the 2024 AGM, including legal advice from a firm of solicitors qualified to advise on Hong Kong law referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him as a Director of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. Ho confirmed that he understood his obligations as a Director of the Company on 21 May 2024.

The Group also provides seminars and trainings to develop and refresh the Directors' knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. During the year ended 31 December 2024, the Group provided seminars, training courses and site visits to the Directors and management.

All Directors are requested to provide the Company with their respective training records pursuant to the CG Code. According to the training records maintained by the Company, the trainings received by each of the existing Directors during the year ended 31 December 2024 are summarised as follows:

| Name of Directors | Type of continuous professional development |
|---|---|
| **Executive Directors** | |
| Zen Wei Peu, Derek | A, B |
| Fong Shiu Leung, Keter | A, B |
| Ng Fun Hung, Thomas | A, B |
| **Non-executive Directors** | |
| Cai Xun | A, B |
| Xu Enli | A, B |
| **Independent Non-executive Directors** | |
| Wong Wai Ho | A, B |
| Hui Grace Suk Han | A, B |
| Cheung Hon Kit, Edwin | B |
| Ho Tai Wai, David | A, B |

A: attending seminars and/or conferences and/or forums and/or site visits
B: reading newspapers, newsletters, journals and updates relating to the economy, general business, real estate, laws, rules and regulations, etc.

## Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. During the year ended 31 December 2024, no claim was made against the Directors and officers of the Company.

## Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer of the Company are Mr. Zen Wei Peu, Derek and Mr. Fong Shiu Leung, Keter respectively.

To ensure a balance of power and authority, the roles of the Chairman and the Chief Executive Officer of the Company are performed by different individuals with separate duties. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.

The role of the Chairman is to oversee the functioning of the Board and ensure the establishment of strategic direction of the Group. The Chairman provides leadership for the Board and ensures that the Company establishes sound corporate governance practices and procedures. He also encourages all Directors to make a full and active contribution to the affairs of the Board.

The Chief Executive Officer is responsible for implementing the Board's approved strategies and policies, and focuses on handling the day-to-day operations of the Group.

Detailed duties and responsibilities of the Chairman and the Chief Executive Officer are available on the website of the Company.

## Board Diversity Policy

The Board adopted a Board Diversity Policy in 2013 which was revised and amended in 2022. The Policy aims to set out the approach to achieve diversity of the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board is committed to maintain the proportion of female Directors of no less than 15% and to increase the proportion of female Directors as and when suitable candidates are identified. As at the date of this annual report, the Board maintains two female Board members or 22% of the Board.

During the year ended 31 December 2024, the Nomination Committee and the Board had taken into account of, among others, the Board Diversity Policy and the Nomination Policy when considering the appointment of Mr. Ho Tai Wai, David as Independent Non-executive Director. The Nomination Committee and the Board formed the view that, with his different backgrounds and expertise, the newly appointed Director mentioned above would be a valuable addition to the Board and would further enrich the spectrum of skills, experience and diversity of perspectives of the Board apposite to the leading and overseeing of the Company's business.

The Board maintains the numerical target of having minimum representation of 40% of either gender across the Group's workforce. In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across the Group's operations. As at 31 December 2024, the ratio of female to male in the workforce (excluding Directors) was 40:60. For details of gender distribution, please refer to our "Environment, Social and Governance Report" contained in this annual report. Notwithstanding the above, gender diversity for the Group's property development segment may be less relevant due to the nature of work.

## BOARD AND MANAGEMENT COMMITTEES

To facilitate the work of the Board, the Board has delegated responsibilities to three Board Committees, namely Audit, Nomination and Remuneration Committees, to oversee particular aspects of the Company's affairs, and Property Business Management Committee to deal with the day-to-day operations of property development business of the Group. The terms of reference of the Audit, Nomination and Remuneration Committees are available on the Company's website and the HKEXnews website.

### Audit Committee

#### Composition

The Audit Committee currently comprises three members, namely Mr. Ho Tai Wai, David (Chairman of the Audit Committee), Mr. Wong Wai Ho and Ms. Hui Grace Suk Han. Mr. Ho Tai Wai, David was appointed as the Chairman of the Audit Committee in replacement of Mr. Lau Sai Yung after the conclusion of the 2024 AGM. All members of the Audit Committee are Independent Non-executive Directors.

#### Role and Function

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the auditor's report, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee risk management and internal control systems, and internal and external audit functions. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

#### Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31 December 2024 and up to the date of this annual report:

- Approval of the remuneration and terms of engagement of the external auditor;
- Review of the annual results of the Group for the years ended 31 December 2023 and 2024, and the interim results of the Group for the six months ended 30 June 2024;
- Review of the Group's financial information, financial reporting procedures, risk management and internal control systems, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to supply non-audit services;
- Review of the audit plan for financial year ended 31 December 2024;
- Review of adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting and internal audit functions;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint the external auditor at the 2024 AGM and 2025 AGM;
- Review of the effectiveness of the internal audit function of the Company;
- Approval of the 2025 internal audit plan;
- Review of the findings in the internal control report;
- Review of reporting mechanism for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters related to the Company;
- Meetings with the external auditor, in the absence of Executive Directors and management; and
- Review of Risk Management Report.

## Nomination Committee

### Composition

The Nomination Committee currently comprises three members, namely Mr. Zen Wei Peu, Derek (Chairman of the Nomination Committee), Mr. Wong Wai Ho and Ms. Hui Grace Suk Han. Mr. Lau Sai Yung ceased as a member of the Nomination Committee after the conclusion of the 2024 AGM. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members of the Nomination Committee are Independent Non-executive Directors.

### Role and Function

The Nomination Committee was established to ensure that there are deliberative, considered and transparent procedures for the appointment of the Directors. The duties of the Committee include reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board and the Nomination Policy at least annually, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Directors and selecting, or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria with due regard for benefits of diversity of the Board.

### Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2024 and up to the date of this annual report:

- Review of the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board;
- Assessment of the independence of the Independent Non-executive Directors;
- Review of the Nomination Policy and Board Diversity Policy (the "Policies");
- Review the measurable objectives of gender diversity at the Board level and across the Group's workforce;
- Identity and select individuals nominated for directorship; make recommendations to the Board on the appointment of Mr. Ho Tai Wai, David as an Independent Non-executive Director after taking into account of the Policies; and
- Determination of the rotation of the Directors at the 2024 AGM and 2025 AGM.

### Nomination Policy

The Company has a Nomination Policy for the nomination of Directors. The Policy aims to set out the approach to guide the Nomination Committee in relation to the identification of individuals suitably qualified to become Directors and selection or making recommendation to the Board on the selection of individuals nominated for directorships and re-election.

### Nomination Procedures

Appointment of new Directors is first considered by the Nomination Committee. In considering the appointment of a Director, the Committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity of the Board as mentioned in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

For the retiring Directors to be re-elected at annual general meeting, other than the consideration of selection criteria and the diversity of the Board mentioned above, the Committee will evaluate their overall contribution and service to the Company.

The recommendation of the Nomination Committee is then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election by the Shareholders at the next annual general meeting after his/her appointment.

## Remuneration Committee

### Composition

The Remuneration Committee currently comprises three members, namely Messrs. Wong Wai Ho (Chairman of the Remuneration Committee), Zen Wei Peu, Derek and Cheung Hon Kit, Edwin. Mr. Cheung Hon Kit, Edwin was appointed as a member of the Remuneration Committee in replacement of Mr. Lau Sai Yung after the conclusion of the 2024 AGM. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members of the Remuneration Committee are Independent Non-executive Directors.

### Role and Function

The Remuneration Committee has been established to ensure that there are formal and transparent procedures to assist the Board in determining the remuneration policy of the Company and structuring the remuneration of all Directors and senior management. The Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, and makes recommendations on the remuneration of Non-executive Directors and Independent Non-executive Directors.

### Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2024 and up to the date of this annual report:

- Review and approval of the Company's remuneration policy for 2024 and 2025;
- Approval of emoluments of the Executive Directors (where Mr. Zen Wei Peu, Derek abstained from voting in determining his own remuneration) and senior management;
- Review the remuneration package of the Executive Directors;
- Review of remuneration and allowances policy of senior management; and
- Approval of salary adjustment of staff.

## Remuneration Policy

The Company ensures that the remuneration offered in appropriate for the duties, in line with market practice and pay levels, and effective in attracting, retaining and motivating employees (including Executive Directors). For Non-executive Directors, the Company ensures that they are sufficiently but not excessively compensated for their efforts and time dedicated to the Company. No individual determines his/her own remuneration.

The remuneration of a Director is determined with reference to his/her duties and responsibilities with the Company and the prevailing market situation. Details of the emoluments of the Directors during the year ended 31 December 2024 are set out in note 11 to the consolidated financial statements of this annual report. The emoluments paid/payable to the senior management for the year ended 31 December 2024 were within the following bands:

| | Number of Senior Management |
|---|---|
| Up to HK$3,000,000 | 1 |
| HK$3,000,001 to HK$4,000,000 | 4 |
| HK$4,000,001 to HK$5,000,000 | 3 |
| HK$5,000,001 to HK$6,000,000 | 1 |
| HK$7,000,001 to HK$8,000,000 | 1 |

## Property Business Management Committee

### Composition

As at the date of this annual report, the Property Business Management Committee currently comprises eight members, including three Executive Directors, namely Messrs. Zen Wei Peu, Derek, Fong Shiu Leung, Keter (Convenor of the Property Business Management Committee) and Ng Fun Hung, Thomas and five members of senior management, namely Mr. Li Wanle, Mr. Zhang Nan, Ms. Diao Lu, Amy, Mr. Gao Da Peng and Mr. Chen Xue Ming.

### Role and Function

The Property Business Management Committee was formed in 2006 to supervise, monitor and handle major matters arising from the daily operations of the property development business in various cities in Mainland China.

In order to cope with the competitive and complex nature of the business, functional sub-committees, namely Market, Engineering and Property Service, were established to provide professional recommendations and solutions to the Property Business Management Committee for major matters as well as to execute and make decisions in areas delegated by the Property Business Management Committee.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. All the Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2024.

The Company has also adopted a code of conduct, on terms no less exacting than the Model Code, governing securities transactions by relevant employees who are likely to be in possession of unpublished inside information in relation to the Group or its securities because of their offices or employment.

Formal notifications are sent by the Company to all Directors and relevant employees before commencement of "black out period" specified in the Model Code to remind them not to deal in the securities of the Group. No incident of non-compliance with the Model Code by the Directors or relevant employees was noted by the Company during the year ended 31 December 2024.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility, with the support from the Finance and Accounting Department, to prepare the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorises their publication as and when required.

## EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Messrs. Deloitte Touche Tohmatsu had been re-appointed as the Company's external auditor at the 2024 AGM until the conclusion of the next annual general meeting.

The fees paid/payable to external auditor for audit and non-audit services for the year ended 31 December 2024 are as follows:

| Type of Services | Fee paid/payable<br>HK$ |
|---|---|
| Audit fee | 4,647,000 |
| Non-audit services | |
| Interim review fee | 1,950,000 |
| Other services | 1,203,000 |
| Total | 7,800,000 |

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out in the "Independent Auditor's Report" on pages F-1 to F-6.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard Shareholders' investment and the Company's assets. The Group has established and developed the risk management system, which is defined by the Risk Management Policy comprising the roles and responsibilities of the Audit Committee, approach and methodology in establishing the risk assessment mechanism with references to international standards and best market practices. A Risk Management Taskforce (the "RMTF") has been set up to oversee the risk management program and assesses the program processes and makes decisions on risk management issues.

The Company has adopted the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO") 2013 framework. The management allocates resources for the internal control and risk management systems compatible with the COSO to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. The risk assessment comprises five core stages including risk identification, risk assessment and prioritization, risk response, risk monitoring and risk reporting.

The Audit Committee, which was delegated by the Board, assisted by the RMTF has reviewed and evaluated the effectiveness of the Group's risk management system for the year ended 31 December 2024. The Audit Committee considered the risk management system of the Group was effective and adequate.

The internal control system comprises a defined organisational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are defined to ensure effective check and balance.

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the internal audit team, the effectiveness of the Group's internal control system put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Group for the year ended 31 December 2024. The Audit Committee considered the internal control system of the Group was effective and adequate.

During the year, the internal audit team conducts systematic reviews of the Group's internal control system by using a risk-based audit approach and reviews the effectiveness of the Group's system of internal control against the COSO 2013 framework in order to provide reasonable assurance of the effectiveness of the system. The team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The team summarises audit findings and control weaknesses and reports to the Audit Committee on a quarterly basis.

## POLICIES FOR WHISTLEBLOWING AND ANTI-CORRUPTION

The Company has established a platform for employees whom in confidence to raise their concerns about possible improprieties in financial, reporting, internal control or other matters and the relevant details are set out in the Staff Handbook. All reported cases are directly addressed to the Chairman of the Audit Committee and the Chief Executive Officer and investigated by independent investigation work force. Internal Audit Department monitors and reports cases to the Audit Committee on a quarterly basis.

Moreover, the Staff Handbook contains our anti-corruption and bribery policy which provide guidance to our employees on how to recognize and deal with corruption and bribery. Every employee has a duty to report any potential violations of the policy to the Company.

## SHAREHOLDERS' RIGHTS

The Board and management shall ensure Shareholders' rights and all Shareholders are treated equitably and fairly. Pursuant to the Bye-laws, any Shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, Shareholders holding not less than one-twentieth of the total voting rights or not less than 100 Shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting.

Any vote of the Shareholders at a general meeting must be taken by poll (other than procedural matters). Voting results are posted on the Company's website and the HKEXnews website on the day of the general meeting. The Company has not made any change to its Bye-laws during the year ended 31 December 2024. The consolidated versions of the memorandum of association of the Company and the Bye-laws are available on the Company's website and the HKEXnews website.

Detailed procedures for the Shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

## COMMUNICATION WITH SHAREHOLDERS

The Board has established a Shareholders' Communication Policy setting out various channels of communication, with the objective of enabling the Shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The Company regards its Shareholders' meeting as an important means of communication with the Shareholders in which the Shareholders will be able to have an open dialogue with the Board. The Board members, in particular, the Chairmen of the Board Committees and appropriate management executives are available to answer questions of the Group's business at the annual general meetings. External auditor also attends the Company's annual general meetings and addresses queries from the Shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

Apart from holding Shareholders' meeting, the Company also endeavours to maintain effective communication with all Shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the Company's website and the HKEXnews website.

Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

## DIVIDEND POLICY

The Company has adopted a Dividend Policy. It aims to provide Shareholders with stable and sustainable returns. In proposing any dividend payout, the Board shall take into account, inter alia, the Group's financial condition, working capital requirements and future expansion plans, actual operations and liquidity position, the Company's retained earnings, distributable reserves and cash flow situation, general economic condition and other factors that the Board considers appropriate.

## INVESTOR RELATIONS

The Company pursues a proactive policy of promoting investor relations and communications with the Shareholders. To this end, the Company maintains an open dialogue with the Shareholders and investors through the Company's financial reports, press releases, road shows, conferences, annual general meetings and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The Company has issued newsletters on a quarterly basis. These newsletters set out the latest developments of the Group's projects, and the quarterly performance of property sales and toll road projects. All the newsletters and publications of the Company issued in 2024 can be retrieved from the website of the Company. Going forward, the Company will continue to enhance its transparency to ensure the Shareholders and investors are kept abreast of the Company's latest development on a timely basis.

During the year ended 31 December 2024, the Company's investor relations team arranged analyst meetings and regular meetings and interviews with the Shareholders, investors and analysts.

## SOCIAL RESPONSIBILITY

The Group is committed to make contributions to the community since its establishment. In addition to fulfilling corporate responsibility in its day to day operations, the Group also proactively participates in social welfare activities and donations. For details, please refer to the subsection headed "Community Involvement" under "Building Sustainable Community" of the "Environmental, Social and Governance Report" of this annual report.

# Environmental, Social and Governance Report

## ABOUT THIS ESG REPORT

As the Group's ninth ESG Report, this Report highlights not only our ESG achievements, but also our development philosophy and operational strategy echoing with our ESG approach and strategy. By delivering quality products and services and effectively managing ESG risks and impacts, we are committed to embedding sustainable development principles into our daily operations, thereby creating enduring value for investors and other stakeholders.

This ESG Report is available in both Chinese and English, and has been published on the websites of the Stock Exchange and the Company.

### Reporting Scope

This ESG Report provides an overview of the ESG progress of the Group, including policies, measures and performance, for the period from 1 January 2024 to 31 December 2024 (the "Reporting Period", "2024"). Unless otherwise specified, this ESG report has carefully assessed its business entities and operations based on the materiality criteria according to the Reporting requirements of the Stock Exchange and covers our principal business operations including property development and property management businesses in Mainland China and Hong Kong.

### Reporting Standard

This ESG Report has been prepared in accordance with the mandatory disclosure requirements and the "Comply or Explain" provisions of the ESG Reporting Guide. Additionally, it references the United Nations' 17 Sustainable Development Goals ("SDG"). The ESG Report has been reviewed and approved by the Board of the Company.

### Reporting Principles

The preparation of this ESG Report is guided by the four reporting principles established within the ESG Reporting Guide – materiality, quantitative, balance, and consistency:

| | |
|---|---|
| **Materiality** | Important and relevant information to stakeholders on different ESG aspects is covered in this ESG report. Relative importance of ESG topics has been determined through materiality assessment and approved by the Board for disclosure of their key points. |
| **Quantitative** | Quantitative information with appropriate annotated and comparative data is provided in this ESG report to assist readers in interpreting the data and assess the Group's ESG performance objectively and, where practicable, comparisons with past performance are also provided. |
| **Balance** | Unbiased information is provided in this ESG Report, without the inappropriate use of selections, omissions and presentation formats that would mislead the readers. |
| **Consistency** | Consistent methodologies (as previous reports) are used to prepare and present ESG data provided in this ESG Report, unless otherwise specified. |

## ESG PERFORMANCE HIGHLIGHT

The Group is firmly committed to driving sustainable development. While the business environment was still full of challenges and variables, the Group continued its efforts to provide quality products and services while striving to improve overall ESG performance in different aspects. Below are some of the key achievements of the Group during the Reporting Period:

### EMPHASIZE ENVIRONMENTAL PROTECTION

Installed **6** energy recovery elevators, saving approximately **15,000** kWh of electricity

Renovated **3** energy-saving domestic and fire-fighting water pumps, saving approximately **190,000** kWh of electricity

Applied smart green irrigation system, saving about **79,000** tons of water

Adopted rainwater recycling technology, saving about **600** tons of annual water consumption

Implemented a total of **96** waste-sorting projects

### FOCUS ON STAFF TRAINING AND DEVELOPMENT

**94**% of employees trained

The average training hours of trained employees reached **21** hours

### COMMITTED TO COMMUNITY CONTRIBUTION AND INVESTENT

Organised more than **1,900** community support and elderly care activities

Offered **20** employment positions for people with disabilities

Implemented **34** "red properties" to solve social problems and improve living standard in the community

## OUR ESG MANAGEMENT APPROACH

### ESG Goals

The Group established environment-related objectives in 2021 to enable the monitoring and enhancement of environmental performance. These goals were successfully achieved in 2023. The Group also aims to replace at least 30,000 energy-saving lamps annually until 2026. In 2024, we replaced 15,093 energy-saving lamps, resulting in an impressive savings of 800,000 kWh.

The Group is now in the process of formulating other new environmental goals to further improve its ESG performance. For detailed information on emission reduction, waste reduction, energy use, and water use measures, please refer to the section titled "Environmentally Friendly Workplace" in this ESG Report. The Group will continue to adhere to these measures to achieve these objectives. In addition to environmental targets, the Group has established goals to improve its social and governance performance.

| Category | Goals (2026) | Progress (2024) |
|---|---|---|
| Training | To provide training to at least 80% of employees annually until 2026 | 94% of employees trained |
| Community Service | To ensure that at least 150,000 individuals benefit from our community service initiatives each year until 2026 | 171,000 people received community service |
| Intelligentisation | To drive intelligent IoT transformation for a minimum of 100 elevator systems annually until 2026 | Upgraded 344 elevators with IoT |

## ESG Framework

The Group recognises that robust corporate governance is essential for fostering sustainable business development. To this end, the Group has embraced a long-term sustainability philosophy that proactively addresses ESG risks and opportunities at the corporate level, supporting long-term business growth while safeguarding environmental and social interests. Meanwhile, a comprehensive sustainability governance structure is in place to ensure effective implementation of the philosophy.

The Board holds the overall responsibility for identifying the Group's ESG risks, as well as ensuring that effective risk management and internal control systems are in place. The Board receives regular updates on the latest developments in ESG matters, both from within the Group and from the broader market, enabling them to make strategic decisions that align with the Group's sustainability goals as well as emerging trends, regulatory changes, and best practices in ESG. In 2024, the Group provided talks and seminars to management staff ("Management").

The Group has established a Board Diversity Policy aimed at fostering a balanced representation of skills, experiences, and perspectives among its Board members. The Board features individuals from a variety of backgrounds, reflecting differences in gender, age, cultural and educational background, professional expertise, and tenure. Such diversity not only enriches discussions but also ensures that a wide range of viewpoints is considered in strategic planning and decision-making. The Group is committed to maintaining a minimum of 15% female representation on the Board as part of its dedication to promoting gender equality and inclusive leadership. During the Reporting Period, female members comprised 22% of the Board, with 2 women serving in these pivotal roles.

The Board acts as the general convener and has established an ESG working group to assist the group in managing daily ESG matters.

**BOARD**

- Guides the Group in setting direction and targets regarding ESG with reference to the Group's business objectives and operational needs and incorporates ESG into the Group's businesses with appropriate strategies
- Regularly monitors the overall progress of the ESG goals and regularly assesses the relevance and impact of the established ESG goals to the Group
- Approves ESG reports annually as part of monitoring the Group's ESG performance

**ESG WORKING GROUP**

**Chairman**

Chairman and Executive Director

**Members**

Representatives of Administration and Personnel Department, Sales and Marketing Department, Property Management Department, Design Department, Construction and Costing Department, Finance Department and Company Secretary, as well as other members appointed by the Chairman

- Formulate specific ESG blueprints, strategies and implementation measures
- Establish ESG policies and procedures to ensure that the Group complies with relevant ESG policies and procedures in the operation process and meets legal and regulatory requirements
- Assess ESG issues that may have a significant impact on the Group's business and/or stakeholders, identify risks and opportunities, and ensure that effective risk management and internal control systems are in place to manage ESG risks
- Ensure positive relationships and effective communication with stakeholders
- Develop ESG-related goals, evaluate the Group's performance against the goals, and formulate long-term improvement plans
- Oversee the preparation of ESG reports by the Group, ensuring that the standards and scope of the reports meet the requirements

## ESG Risk Management

The Group has implemented an effective risk management framework as a core part of its corporate governance strategy. This framework is defined by risk management policies, which outline the roles and responsibilities of the Audit Committee. Furthermore, it sets forth guidelines and methodologies for risk assessment, adhering to international standards and best market practices. In its commitment to responsible governance, the Board pays particular attention to ESG risks and has integrated them into the corporate risk management framework. This integration empowers the Board to gauge and determine the nature and extent of risks it is willing to accept while pursuing strategic objectives.

An external adviser has been appointed to engage in the annual risk assessment process to identify and prioritise key business and operational risks, including those related to ESG. The Group has assigned designated risk owners for major risks and developed corresponding mitigation plans to manage these risks effectively. The results of the risk assessment will be confirmed by both Management and the Board.

### Stakeholder Engagement

The Group acknowledges the impact of its operations on various stakeholders and the reciprocal influence they have on us. Committed to fostering transparency and collaboration, the Group actively seeks to understand the needs and perspectives of our stakeholders. Management identifies key stakeholder groups based on their level of dependency and influence on the Group. Engagement occurs through multiple channels as outlined below, enabling us to gather valuable insights that help shape our sustainability initiatives and business directors.

| Types of stakeholder group | Communication channels |
|---|---|
| **Investors and shareholders** | • Annual General Meeting<br>• Analyst Briefings and Announcements |
| **Customers** | • Corporate Website<br>• Surveys<br>• Property Sales Activities<br>• Property Management Works |
| **Employees** | • Meetings and Briefings<br>• Training Sessions<br>• Internal Emails and Publications<br>• Employee Activities<br>• Surveys and Interviews |
| **Suppliers and business partners** | • Screening and Assessments<br>• Business Meetings<br>• Surveys |
| **Government authorities and regulators** | • Consultations |
| **Communities** | • Community Events |
| **Media** | • Press Releases |

Moving forward, the Group will continuously maintain open communication regarding its ESG approach and related measures with its key stakeholders. We will also refine our strategies and policies based on stakeholder feedback to align more closely with their expectations.

## Materiality Assessment

To identify material ESG issues for the Group and formulate appropriate ESG strategies, the Group commissioned an independent consultant during the Reporting Period to conduct a materiality assessment through an online questionnaire. This assessment was carried out in four stages:

**1 Issue Identification**

Evaluation of ESG issues pertinent to the Group's operations was conducted with reference to previous stakeholders' feedback, market research, peers benchmarking and the ESG Reporting Guide. A new list of ESG issues with 19 key issues was established during the Reporting Period.

**2 Stakeholders Questionnaire**

Online questionnaires were distributed to key stakeholder groups as identified by Management. The key stakeholder groups refer to those who have a certain degree of dependency or influence on the Group's operations. Both internal and external stakeholders were invited to participate, scoring the 19 identified ESG issues based on their relevance and importance to the Group's business operations and to the stakeholders themselves.

**3 Materiality Ranking**

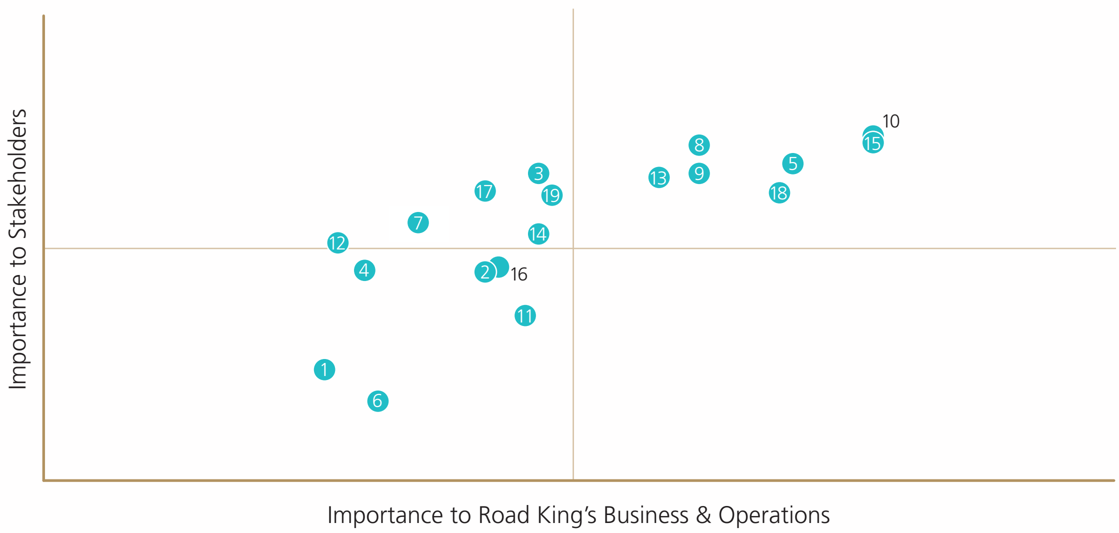
Consolidated the questionnaire results and prepared the materiality ranking of the ESG issues.

**4 Confirmation**

The Board and Management reviewed the materiality ranking and confirmed the final results.

The 2024 materiality assessment results are mapped into the following materiality matrix:

**Materiality Matrix**




1. Air Emissions and Water Discharges
2. Water Conservation
3. Equal Opportunity
4. Community Involvement
5. Data Privacy
6. Greenhouse Gas Emissions
7. Construction Materials
8. Workplace Health and Safety
9. Product and Service Responsibility
10. Customer Satisfaction
11. Waste Management
12. Sustainable Buildings
13. Staff Training and Development
14. Supply Chain Management
15. Business Ethics and Anti-Corruption
16. Energy Conservation
17. Employment Relationship Management
18. Anti-Child and Forced Labour
19. Innovation

Among the 19 identified ESG issues, 7 have been classified as high materiality and are deemed priorities for the Group. Additionally, 4 issues fall into the medium materiality category, while 8 are categorised as low materiality. All of these topics are detailed in the subsequent sections of this ESG Report.

Looking forward, the Group will continue to review and develop corresponding ESG policies and targets and optimise the ESG reporting disclosure to pursue continuous improvement in our ESG performance.

## ESG Approach

The Group stands as a prominent property developer in Mainland China and Hong Kong, managing 38 diverse projects across 15 cities. With a substantial impact on regional economic growth, the Group not only delivers high-quality residential and commercial properties but also generates numerous job opportunities. In response to the rising public demand for corporate social responsibility, the Group has embraced a sustainable business model. Balancing commercial success with social commitments, we integrate sustainability into our strategic decisions, aiming to foster inclusivity and promote sustainable development within the communities we serve.

To guide its efforts, the Group has outlined an ESG approach centred on three main pillars:


### *Offering Quality Properties and Services*

To operate in a sustainable and ethical manner by using responsible construction and production methods, upholding high business ethics, and meeting customer and tenant demands as well as supplier requests.

### *Establishing Constructive Workplace*

To nurture a positive work environment by implementing desirable employment practices, offering career development opportunities, and recognising employee contributions.

### *Building Sustainable Community*

To continuously involve and invest in the community where we are operating in, ensuring responsive engagement to public needs while fostering meaningful relationships.

## I. OFFERING QUALITY PROPERTIES AND SERVICES

From the inception of each property development project to the project's successful completion, we prioritise environmental and social responsibility at every stage, from the use of energy-efficient systems, sustainable materials, and strategic supplier selection and evaluation. Our commitment extends to producing high-quality properties and delivering exceptional services to our customers.

In property management, we emphasise greatly on tenant convenience and safety through applying digital technologies to our daily operations. Additionally, we actively engage with residents to ensure their voices are heard, creating vibrant communities that thrive.

There were no material non-compliance cases noted relating to the environment, labour health and safety, as well as product responsibility during the Reporting Period. The Group's production process, sales practices, products and services offered were in compliance with relevant local environmental, labour, product and customer-related laws and regulations.

| Issues Covered in This Section | SDG Issues Involved |
|---|---|
| • Sustainable Buildings<br>• Providing Quality Services<br>• Property Quality Management<br>• Supply Chain Management<br>• Responding to Climate Change |  |

## Sustainable Buildings

### Green Finance

As property development increasingly intersects with sustainability, our commitment to ESG principles remains at the forefront of our business strategy. We have developed a Green Bond Framework that adheres to the Green Bond Principles of the International Capital Market Association and the Green Loan Principles 2021 of the Loan Market Association. This framework outlines our strategy for issuing green bonds and has been reviewed by an independent verifier, ensuring our alignment with these leading standards.

The establishment of this framework not only marks a significant milestone in our sustainability journey but also sets the groundwork for future green bond issuances. Our primary goal is to finance projects that promote the development of sustainable green properties. Our ESG working group is tasked with the critical role of identifying and evaluating potential eligible projects, reviewing them regularly, and managing the allocation of proceeds to them.

The funds raised under our Green Finance Framework are earmarked specifically for financing or refinancing eligible projects in whole or in part. Our green finance projects focus on four key areas:

**Green Building**

Acquisition, construction, renovation and management of new or existing residential or commercial buildings that hold environmental certification from LEED (minimum gold) or a China Green Building Label (minimum two stars)

**Energy Efficiency**

Adoption of technologies and equipment generating at least 10% improvement in energy efficiency or at least 10% in energy reduction

**Renewable Energy**

Investment in solar panel power generation and solar water heaters

**Pollution Prevention and Control**

Financing projects with initiatives regarding wastewater treatment, dust pollution prevention and treatment, as well as reduction, recycling and reuse of solid waste

In 2024, the Group did not issue green loans/bonds, and no further updates about the first batch of green senior notes were issued in 2021. However, we remain committed to supporting the sustainable development of environmentally friendly properties through future green financing initiatives.

## Sustainable Building Design

The Group has integrated sustainability stewardship into its property development projects, focusing on resource conservation and minimising ecological footprints while maintaining essential quality and safety standards. Since 2019, every new development undertaken by the Group has been aligned with national and industry green architecture policies and standards, including the Assessment Standard for Green Building and the Green Building Design Standards.

We actively incorporate green elements and emphasise safety, durability, health, and environmental liveability in our building designs. Notable features of our designs include the integration of solar panels and solar water heating systems for energy efficiency, and the innovative "Sponge City" concept for effective water resource management.

Nevertheless, we optimise passive energy-saving measures by considering aspects such as building shape, window-to-floor ratios, and ventilation areas when designing our projects. The use of advanced insulation materials, including foamed cement boards and inorganic thermal insulation, paired with high-performance aluminium alloy doors and windows, reinforces our energy conservation approach. Additional sustainability features include:

- Sunshade blinds
- High airtightness in enclosures
- Reinforcing weak points using structural adhesives and films
- Utilisation of capillary radiant cooling, floor radiant heating, and advanced fresh air and dehumidification systems
- Adoption of high-efficiency lighting, elevators, and domestic hot water supply systems.

We adhere to a variety of internationally recognised green building standards, such as LEED, WELL, BEAM PLUS, and the China Green Building Evaluation Label, promoting our development projects to pursue green building certification and elevate their environmental performance.

Our holistic approach reflects our mission to harmonise architecture, ecology, and community well-being. In recent years, the Group has made significant strides in green building development, with 37 projects successfully obtaining green building certifications.

**Three-Star Green Buildings**
- Bright Mansion, Shanghai
- Jinmao Palace, Changzhou

**Two-Star Green Buildings**
- Atop The Cloud, Shanghai
- City Valley, Suzhou
- Dazzling Jiangnan, Nanjing
- Jade Residence, Changzhou
- Lan Ting Long Yue Hua Yuan (Phase I), Kunshan
- Park Mansion, Beijing
- RK City Boyue, Changzhou
- RK City, Zhenjiang
- RK Fabulous Community, Tianjin
- RK One More Time, Suzhou
- RK Royal Bay, Changzhou
- RK Sheshan Villa • Dongyuan, Shanghai
- Sipac Zone, Suzhou
- Time Boutique, Wuxi
- West Side Time, Changzhou
- Yaoshe Road Project, Suzhou

**One-Star Green Buildings**

- Bamboo Grove One, Changzhou
- Elite's Mansion, Foshan
- Guo Shi Jiu Li, Changzhou
- Haiyi Cuiting, Hangzhou
- Hill Mansion I, Nanjing
- Lakeside Mansion, Nanjing
- Land Parcel No. A4, Sunny Town, Tianjin
- Lanshi Li, Hangzhou
- Park Up Town Phase I, Beijing
- RK Mont Panorama, Guangzhou
- RK Noble Mansion, Beijing
- RK Rivage Panorama, Guangzhou
- RK Royal Yard, Beijing
- RK Shanghai Villa, Shanghai
- RK Yuemao Mansion, Shanghai
- RK Yunhe Shangyuan, Beijing
- Shanyu Mansion, Nanjing

**Basic Grade Green Buildings**

- RK Rising Star, Guangzhou

**BEAM Plus New Building (V1.2) Final Gold**

- The Southside Phase 1, Hong Kong

The Group is actively pursuing green building certification for multiple projects currently under development. We are optimistic that a greater number of these projects will achieve enhanced standards in the future, including the prestigious three-star rating from the China Green Building Evaluation Label. During the Reporting Period, several of our developments have already been recognised for their contributions to green building practices:

| Completed projects | ESG related certifications |
|---|---|
| Yaoshe Road Project, Suzhou | Two-Star Green Buildings |
| Atop The Cloud, Shanghai | Two-Star Green Buildings |
| Jade Residence Phase 1, Changzhou | Two-Star Green Buildings |
| City Valley, Suzhou | Two-Star Green Buildings |

| Projects under construction | ESG related certifications |
|---|---|
| Jade Residence Phase 2, Changzhou | Two-Star Green Buildings (Major Area)/Three-Star Green Buildings (Elderly Housing) |
| Royal Harmony Residence, Suzhou | Two-Star Green Buildings |
| Land Parcel No. A2, Sunny Town, Tianjin | One-Star Green Buildings |
| Park Up Town Phase II, Beijing | One-Star Green Buildings |
| The Jewel Crown, Panyu, Guangzhou | One-Star Green Buildings |

The Group's commitment to designing green buildings has garnered recognition. Below is an example that showcase our approach to sustainability and environmental responsibility in real estate development:

## Park Mansion, Beijing

The Park Mansion Project consists of 14 buildings ranging from 9 to 11 storeys, with a landscape design structured as "one ring, three axes, multiple nodes". The staggered residential spaces provide a diversified living experience for its residents. Amenities are distributed along the landscape axes, with three main residential areas extending from the central axis to the north and south axes. The three landscape axes are connected by a complete ring, creating a natural and high-quality community with common areas for fitness, children's activities, and neighbourhood interactions.

The project design aligns with "Two-Star Green Building" certification, covering an area of 35,600 sqm. Environmental measures are integrated into the building design and operations, including controlling annual runoff volume, adoption of permeable pavement, rainwater utilisation, ecological compensation, and use of the waste sorting and collection system. The thermal performance of the building's maintenance structure is improved by 15%. Meanwhile, the heat transfer coefficient of external windows is reduced by 15% compared to national standards. The airtight performance of external windows also reaches level 7. Concentrations of common indoor air pollutants are reduced by 20% compared to the industrial standards, and the water efficiency of fixtures reaches level 2.

According to Beijing's sponge city construction requirements, the annual runoff volume control must reach 85%. The project's green stormwater infrastructure includes 7,602 sqm of sunken green space and 15,204 sqm of green area, with sunken green spaces and rain gardens covering 50% of the total green area.

## Sustainable Construction

### *Air Emissions*

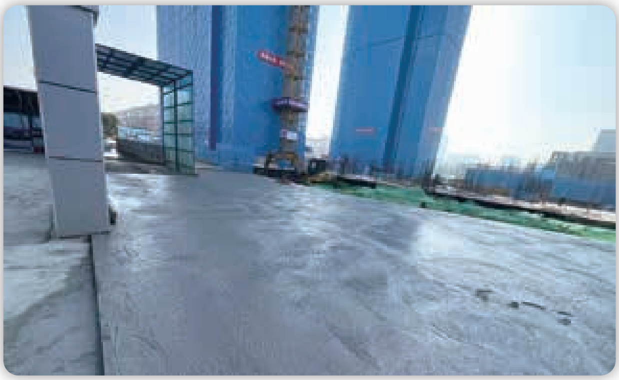
Recognising that dust and air pollutants significantly impact both environmental health and community wellbeing, the Group has implemented stringent measures to control and minimise these emissions. To promote cleaner construction practices, we mandate that contractors utilise emission-free electric machinery and cleaner fuels, such as ultra-low sulfur diesel, wherever feasible. Furthermore, we have installed advanced monitoring systems, including CCTV and air quality sensors to ensure compliance with environmental standards, such as those set by BEAM Plus and local regulations, including the Atmospheric Pollution Prevention and Control Law of the People's Republic of China ("PRC") and the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong).

Our operational guidelines also emphasise proactivity in dust management, mandating contractors to adhere to best practices to curtail dust generation.

### *Preventing Dust Dispersion*

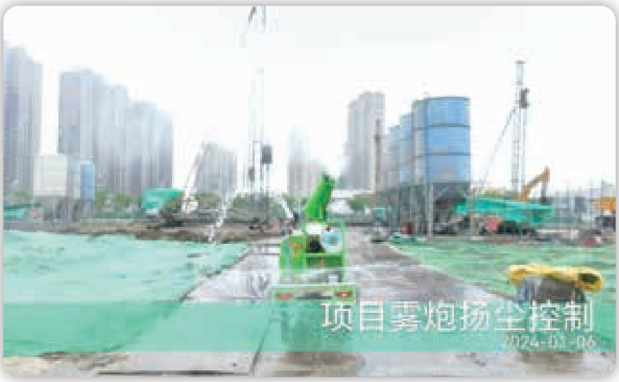
We prohibit on-site mortar mixing and require the use of commercial mortar. In addition, contractors must ensure a comprehensive dust monitoring system, with strict oversight enforced for the implementation of the following measures:

- Cover cargo compartments of trucks before leaving the construction sites
- Set up physical barriers to contain the construction and newly reclaimed areas
- Provide proper maintenance and hardening of pavements
- Utilise water sprinklers on exposed earth surfaces and main transportation pathways
- Avoid dust-generating works under strong wind conditions.



*Hardening of pavements*


*Sprinkling of vehicles*




*Monitoring of the environment*


*Covering of green nets*

### *Water Management*

Prior to the initiation of any project, we mandate that our contractors implement robust water conservation measures designed to minimise environmental impact and promote resource efficiency. We require the installation of sprinkler networks, sewage sedimentation tanks, and reflux pipes dedicated to the collection and recycling of sewage and rainwater. Our approach ensures that both engineering and domestic wastewater, along with rainwater, are systematically recovered, reducing our reliance on freshwater resources. This grey water collected is subsequently channelled into dedicated storage tanks, allowing for its reuse in various applications, including the washing of construction vehicles and dust suppression.

We maintain a strict policy against any illegal discharges that could harm the surrounding environment. Adhering to local regulations, including the Water Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Control Ordinance of Hong Kong (Chapter 358 of the Laws of Hong Kong), it ensures that our practices not only meet but exceed regulatory expectations.

Contractors are mandated to discharge treated water exclusively into designated drainage systems and obtain necessary licenses from relevant authorities. Our contractors are advocated to adopt a three-tier control system comprising a drainage network, a storage tank, and a sedimentation tank for treating wastewater before discharge. Regular maintenance of the sediment tank and periodic site inspections are enforced to confirm compliance with stringent water quality standards.

### *Sustainable Materials and Waste Management*

Throughout the construction phase of our projects, we prioritise efficient waste management by implementing robust systems that classify and responsibly dispose of construction waste. We actively promote the reuse of recyclable materials and collaborate with licensed third parties to ensure the safe disposal of hazardous waste.

To uphold these standards, we require all contractors to adopt comprehensive waste control measures, which are enforced through management systems and technical specifications. Contractors must collect and dispose of flammable waste as instructed. Burning waste onsite is strictly prohibited. Furthermore, we encourage contractors to select materials based on the principle of resource conservation, including those that are recyclable or beneficial to the environment and human health.

Our construction site waste management strategy encompasses several key components:

**Monitoring**

- Site supervisors are designated to regularly document and monitor waste generation, leading to the formulation of effective control measures.

**Reduction**

- We advocate for the reuse of materials. For example, inert wastes including construction debris and rubble are recycled as filling materials for land formation.
- Onsite workers are guided to adhere to best practices, such as using pre-cast components and properly covering materials to protect them from weather damage.

**Handling**

- Each project is equipped with appropriate waste collection facilities with regular maintenance.
- Our protocols ensure the separation of domestic and construction waste, adhering strictly to environmental regulations.

**Storage**

- Designated areas for waste storage are clearly marked and equipped with anti-leakage measures, while hazardous materials are securely stored in labelled and sealed containers.

**Disposal**

- Non-hazardous waste is directed to approved municipal landfills. All trucks are monitored by Global Positioning System to prevent disposal at unauthorised sites.
- We employ qualified contractors for hazardous waste management to ensure compliance with relevant local regulations.

We continuously review our practices in alignment with relevant environmental legislation, such as the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes, and the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

## Prefabricated Building

Prefabricated building technology improves efficiency by unified planning and design of different parts of a building. Such dry construction methods reduce sand, mud, and lime by nearly 30% compared to traditional cast-in-place buildings. It also minimises noise, dust, and water pollution. Engineers can monitor quality during production, ensuring faster and more compact installations than traditional methods, enhancing overall building quality and ensuring safety.

The Group actively adopts prefabricated buildings, focusing on fabrication technologies and training professional talent. This reduces energy and resource consumption while minimising waste production and environmental pollution. Compared to traditional methods, prefabricated buildings reduce water consumption by about 60%, energy by about 30%, wood by about 80%, plastering mortar by about 55%, and construction waste by about 80%.

Most of the Group's projects use prefabricated buildings. In 2024, the Group had 12 projects that applied prefabricated building technology, with a total construction area of 1.3 million sqm.

The Group utilises ring lock scaffolding as formwork scaffolding and climbing scaffolding as high-rise external scaffolding; in other cases, ring lock scaffolding is used. The formwork materials include fixed steel, aluminium formwork, and silicon ink, which are recyclable and reusable construction materials. For beams, steel waler or timber waler is used. Our Panyu project in Guangzhou adopts aluminium formwork, climbing scaffolding technology, and railing assembly technology.

*Climbing scaffolding*

*Aluminium formwork*

### *Managing Other Environmental Impact*

We take an active role in monitoring our contractors' environmental practices, ensuring that we minimise potential impacts on neighbouring communities and the natural environment. Our contractors are required to implement effective environmental risk prevention and control practices in accordance with the prevailing national standards. These measures encompass various aspects, including noise and light pollution mitigation. For instance, contractors need to monitor sound levels during construction and, when necessary, seek formal approval for any night-time work that exceeds local noise standards. To further reduce disturbances, we enforce a strict no-honking policy for vehicles on site.

In addition, we prioritise the management of light pollution by controlling the angle and direction of site lighting. Iodine tungsten lamps are strategically positioned to minimise glare impacting the surrounding environment, with physical barriers established to contain illumination within the project area.

Our dedication to minimising noise and light disturbances is reflected in our project planning, ensuring compliance with the Noise Limits for Construction Sites regulations (GB12523-900).

During the Reporting Period, the following projects were awarded the Safe and Civilised Construction Sites designation and the Construction Site Star Award by relevant authorities in recognition of their efforts in environmental protection:

1. Royal Harmony Residence, Suzhou
2. Atop The Cloud, Shanghai

## Efficient Use of Resources for Properties under Management

### *Water Management*

We aim to improve water conservation as part of its resource efficiency at the properties we manage and our offices. In our property management projects, such as RK Mont Panorama in Guangzhou, we use intelligent greening spray irrigation systems. By sensing soil moisture and utilising fully automated sprinkler systems, we save 24,000 tons of water annually, while also addressing issues of untimely and uneven manual irrigation.

We have implemented several measures in the office, including installing water-saving faucets and sensor-type water-saving devices to reduce water waste. Regular inspections of our plumbing systems ensure timely repairs of leaks, while informative water-saving posters are posted at visible locations to remind employees about the importance of conservation. Besides, we collect data on water usage and perform analysis to enhance water management practices. We also promote the use of rainwater harvesting systems to meet non-potable water needs, such as office cleaning and plant irrigation.

### *Waste Management*

Waste management is another critical focus area. We adopt the 4R principle: "reduce, reuse, recycle, and replace". We have implemented 94 waste sorting programs across properties we manage, including setting up sorting bins, and promoting the practice through various channels. We have also arranged professional cleaning companies to handle the sorting and recycling of waste to improve efficiency and reduce pollution.

At our offices, the primary type of waste generated is paper, while other non-hazardous wastes, such as ink cartridges and cardboard boxes, are secondary. To combat paper waste, we have digitised workflows, encouraging electronic approvals and promoting double-sided printing. Single-sided pages are collected for reuse, and colour printing is limited to essential documents.

To facilitate recycling, we provide dedicated bins for paper and other recyclable goods next to printers and workstations. All recycled materials are sent to certified contractors for proper processing, and we keep records to track our recycling efforts and identify areas for improvement.

Moreover, we encourage the use of durable, reusable food containers and utensils in our offices, significantly reducing reliance on disposable products. Employee engagement is vital to our waste management success, and we continually seek to raise awareness and encourage participation in waste reduction initiatives.

## Providing Quality Services

### Responsible Sales Practices

The Group upholds integrity as its core value, recognising its importance in maintaining lasting relationships with its clients. Adhering to ethical sales practices, the Group and its subsidiaries fully comply with local laws and regulations on the advertisement and labelling of products and services under the Residential Properties (First-hand Sales) Ordinance (Chapter 621 of the Laws of Hong Kong). The Group is responsible for scrutinising all promotional materials before publication to ensure the credibility and legality of contents. At the same time, use of documents containing any untrue or misleading information, illegitimate marking tactics, and advertisements that incite hate, discrimination, prejudice, sensitive issues or violence are prohibited.

Our commitment to customer satisfaction extends beyond property sales. We provide complimentary post-sale care, offering repair services for specified items and components that show quality defects under normal operating conditions for a defined period. This initiative not only highlights our dedication to exceptional service but also ensures that our customers can fully enjoy their new homes with peace of mind.

## Managing Tenant Satisfaction

Embracing the era of the "Internet of Things", the Group has ventured into intelligent property management by developing a comprehensive digital service sharing platform, integrating artificial intelligence and property management. This innovation not only ensures the delivery of essential services but also enriches the user experience through advanced technologies that promote smart living. By leveraging digital technology, the Group is committed to providing intelligent services that redefine convenience and enhance the overall quality of life in the communities it serves.

**Intelligent business management**

- Achieved full online patrol coverage in the equipment and facilities patrol
- Digitised online contract management to improve contract risk control
- Realised the visualisation of projects to make management more efficient
- Provided a safe and clear account management system to the financial centre
- Smart access control, face recognition and license plate recognition were used for access control

**Road King Smart Centre**

- Provided intelligent property management to improve corporate image and service quality
- Equipped with a property management system to realise automatic management, including property expense management, maintenance report processing, customer complaints and facilities management
- Equipped with intelligent monitoring functions, such as intelligent access control, video monitoring and smoke alarm to ensure the community is safe and comfortable

**Artificial Intelligence (AI) Video Monitoring Analysis**

- Incorporate AI scene analysis algorithms into existing monitoring equipment
- Provides over 80 scenes monitoring, including project entrances and exits, roadside parking and neighbourhood boundaries
- Connected to the Group's Smart Community Property management platform, allowing immediate notification to the police and responsible unit for prompt actions when abnormal conditions are discovered, or be used for data analysis
- Improve service response timeliness and strengthen real-time overall safety control
- Currently used in projects in Guangzhou, Henan, Changzhou, Suzhou and Shanghai

**Smart Cleaning Robots**

- Robots work twice as efficiently as humans, hence using both together can improve service quality and efficiency
- Design the robot's cleaning route based on site conditions, enabling intelligent sweeping, automatic water changing, intelligent dumping of garbage, and automatic charging, to achieve automated cleaning
- Currently used in projects in Guangzhou, Changzhou, Suzhou and Shanghai

The Group has established comprehensive guidelines for creating a responsive and supportive environment that prioritises tenant satisfaction and addresses their needs promptly. Various channels, such as WeChat, interviews, and service monitoring hotlines, are available for tenants to express their thoughts and opinions. To further enhance tenant engagement and convenience, we have launched the "Road King Housekeeper" digital platform. This innovative platform allows tenants to easily access services, submit requests, and communicate directly with our property management teams. The digital platform is supported by sensors and smart equipment to enable remote monitoring and control of housing facilities.

In addition to tenant engagement, our property management teams adopt a proactive approach to enhance the condition of the properties we manage. Our Quality Operations Department regularly evaluates the routine patrolling findings to enhance the property conditions. Quarterly meetings with the owners committee are arranged to keep the owners and tenants informed on the progress of improvement works as well as any new challenges encountered and plans to address them.

Our property management employees are trained to handle tenant requests and concerns effectively. In the event of a complaint, the Group has established a clear framework that assigns responsibility across management levels. The Quality Operations Department will analyse and categorise all feedback received, generating a Corrective Action Report to ensure that action plans are executed promptly. This systematic approach guarantees swift and appropriate follow-up, allowing us to resolve issues efficiently and enhance tenant satisfaction.

The Group conducts tenant satisfaction survey at least once a year to gather feedback and assess its performance[1]. The survey comprises questions relating to aspects such as customer service, community activities, daily maintenance, cleaning and hygiene, safe vehicle management, landscaping maintenance, and elderly care. The 2024 tenant satisfaction score is 89 points, proving the overall enhancement in the quality of services we provide.

## Protection of Customer Interests

At the forefront of our operations, the Group underscores the paramount importance of security, confidentiality, and legitimacy in managing our customers' personal data. To safeguard client privacy, we adhere to six fundamental data protection principles, which govern the collection, access, and usage of personal information.

| Six Data Protection Principles | |
|---|---|
| Collection Purpose and Means:<br><br>Collect adequate but not excessive data through lawful and fair means for a purpose directly related to the Group's business operations. | Data Security:<br><br>Implement effective security system and apply adequate security measures to protect customer data from unauthorised access. |
| Data Accuracy and Retention:<br><br>Ensure customer data held are accurate and up-to-date. Data will not be kept after the purpose of data collection is fulfilled. | Data Openness:<br><br>Disclose to the customer the kind of personal data held, as well as the policies and guidelines on handling such data. |
| Use of Data:<br><br>Use customer data only for the purpose of data collection as previously communicated to and consented by customers, unless new consent is obtained. | Data Access and Correction:<br><br>Provide a copy of personal data held to the customer upon request. Correct the data record in accordance with the customer's demand |

[1] In 2024, the satisfaction survey will cover our property management business in Beijing, Hebei, Changzhou, Guangzhou, Henan, Jinan, Nanjing, Shanghai, Suzhou, Tianjin, Wuxi, Zhenjiang, and Zhengzhou.

We have developed comprehensive customer data management policies that align with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). Our purchase contracts explicitly reinforce our commitment to consumer privacy, ensuring that our employees receive thorough training to prevent any misuse or mishandling of data.

In an ever-evolving landscape of cybersecurity threats and tightening data privacy regulations, the Group remains proactive. We conduct regular reviews of our data privacy policies and commit to timely updates, reinforcing our dedication to protecting our clients' personal information while fostering trust and transparency in all our property development and management endeavours.

## Property Quality Management

We prioritise the highest standards of quality in our construction projects, as detailed in our Construction Quality Management Policy. From planning and design to construction and final inspections, the Group actively engages various stakeholders to ensure the quality of the end products.

Our commitment to excellence begins at the initial planning and design stages, where we actively collaborate with various stakeholders to define and uphold quality benchmarks. Throughout the construction phase, our Property Department maintains rigorous oversight by continuously monitoring progress. Recognising the health and safety implications of construction materials, we adhere strictly to the Code for Indoor Environmental Pollution Control of Civil Building Engineering of the PRC. Use of harmful materials, such as the use of moisture-proof agents containing asphalt on wooden components, is strictly forbidden in our construction projects. During the Reporting Period, the Group did not receive any serious health and safety complaints regarding the residential properties delivered to customers.

Our dedicated team engages with property departments promptly whenever issues arise, ensuring that any potential challenges are swiftly addressed. During the final completion stage, we engage qualified engineers and third-party experts to conduct thorough on-site quality checks. This includes meticulous evaluations of equipment and infrastructure installations, followed by necessary corrections to any identified defects. Additionally, we facilitate pre-delivery inspections through impartial acceptance consultants, empowering buyers to confirm quality standards before final acceptance.

In recognition of our ongoing efforts, we are proud recipients of the Leadership Business Award for the Premier Coastal Living Residential Brand Award of Excellence, presented by Now Business News Channel. These accolades underscore our unwavering pursuit of quality improvement and our commitment to fostering a sustainable, high-quality living environment for our communities.


RK Properties Holdings Limited won the Leadership Business Award for the Premier Coastal Living Residential Brand Award of Excellence from Now Business News Channel.

## Supply Chain Management

As of the end of 2024, the Group had 133 major suppliers that directly supported the Group's core operations in property development, including construction contractors and construction material providers. In particular, 69 suppliers were located in Mainland China, and 64 were located in Hong Kong.

We take a structured approach to selecting our suppliers and contractors, ensuring they have the necessary qualifications and experience to deliver quality services while minimising environmental and social risks along our supply chain. Our procurement process upholds the Anti-Unfair Competition Law of the PRC, supported by our established Administrative Measures for Tendering and Bidding of Construction Projects and the Group Strategic Procurement Practices. This framework ensures our selection process is both fair and transparent.

When evaluating potential suppliers and contractors, we prioritise their relevant experience and reputation, along with the necessary licenses. We also assess their ESG performance, giving preference to those with strong commitments to responsible business practices. To further our due diligence, we conduct on-site inspections of suppliers and contractors. This allows us to evaluate their operational capabilities and identify potential social and environmental risks, such as child labour concerns or pollution issues. We mitigate these risks by incorporating specific terms into our contracts.

Throughout the contract period, we regularly assess our suppliers and contractors to ensure adherence to quality, safety, and environmental standards. We prohibit child and forced labour and actively promote energy-saving practices. Our suppliers receive ongoing support, including presentations on current ESG regulations, to ensure they remain compliant.

We maintain an open feedback channel for supplier and contractor inquiries and suggestions. We recognise that a lack of dedication to environmental or social responsibilities will impact their evaluation and future collaboration opportunities. Our goal is to cultivate long-term relationships with our qualified suppliers and contractors, establishing a stable and responsible supply chain.

## Responding to Climate Change

As awareness of climate change and the associated risks continues to grow, the Group references the proposed framework established by the Task Force on Climate-Related Financial Disclosures ("TCFD") to evaluate the impact of climate change and develop long-term strategies to safeguard its business against climate-related risks.

The Board is responsible for monitoring weather conditions and climate change in the areas where construction sites are located, requiring contractors to develop emergency plans, and regularly inspecting construction equipment to ensure that it meets safety standards.

The Group has identified significant climate-related risks, including physical risks and transition risks. The following table summarises the identified climate-related risks and the Group's response measures.

| **Physical Risks** | | |
|---|---|---|
| Category | Potential Impact | Response |
| Acute Risks | Extreme weather events such as typhoons and floods can damage assets and properties, leading to temporary business operation suspensions. Extreme temperatures, flooding and typhoons will also negatively impact construction progress and pose safety risks to construction workers and sites. Additionally, casualties from these events may raise the risk of legal liabilities. These result in increased operating costs due to increased maintenance and insurance premiums. | The Group closely monitors weather conditions and climate change in areas where construction sites are located. Contractors are required to develop emergency plans and conduct regular inspections of construction equipment to ensure it meets safety standards. |
| **Transition Risks** | | |
| Policy and Regulatory Risks | Policies related to climate change will impact the group. These policies may require changes to its original operating procedures and could lead to an increased risk of litigation due to non-compliance with these new policies. For instance, tightening building energy codes and guidelines, along with the promotion of green buildings, presents a regulatory risk for non-compliance. Additionally, the implementation of carbon pricing policies in the markets where the Group operates may necessitate a transformation into a low-carbon operational model, resulting in higher operating costs. | The Group plans to gradually align its climate change risk disclosures with the TCFD framework to enhance its resilience and adaptive capacity to climate change. Over the coming years, to prepare for climate-related financial disclosures, the Group will analyse climate-related risks in accordance with the International Financial Reporting Standards S1 and S2, issued by the International Sustainability Standards Board in 2023. |
| Market and Reputation Risks | The market expects the Group to develop more green products to align with its sustainable development plan. If the demand for green buildings rises and the Group fails to secure green building certification for a sufficient number of projects, its potential revenue may decline. Moreover, the Group's goodwill could be jeopardised if its approach to climate-related issues does not meet market expectations. | The Board has incorporated the related into the Group's ESG strategy. This incorporation aligns with the Group's business goals and operational needs, enhancing its ability to respond effectively to climate change. |
| Technology Risks | Adopting green technology introduces uncertainty. On one hand, innovative green technologies can boost revenue, lower operating costs through new efficiencies, and attract more investors due to their environmentally friendly features. On the other hand, there are potential operational risks and increased costs. For example, using environmentally friendly materials may elevate procurement expenses, and research into renewable energy could raise investment costs. | The Group has installed solar panels at designated locations to power the lighting systems on construction sites. |

## Greenhouse Gas (GHG) Emissions

During the Reporting Period, the Group's GHG emissions primarily resulted from energy consumption, while water consumption and paper waste production contributed a smaller amount, as represented by Other Indirect (Scope 3) Emissions. For details of the GHG emission data, please refer to the summary of key performance indicators.

## Energy Management

### *Construction Site*

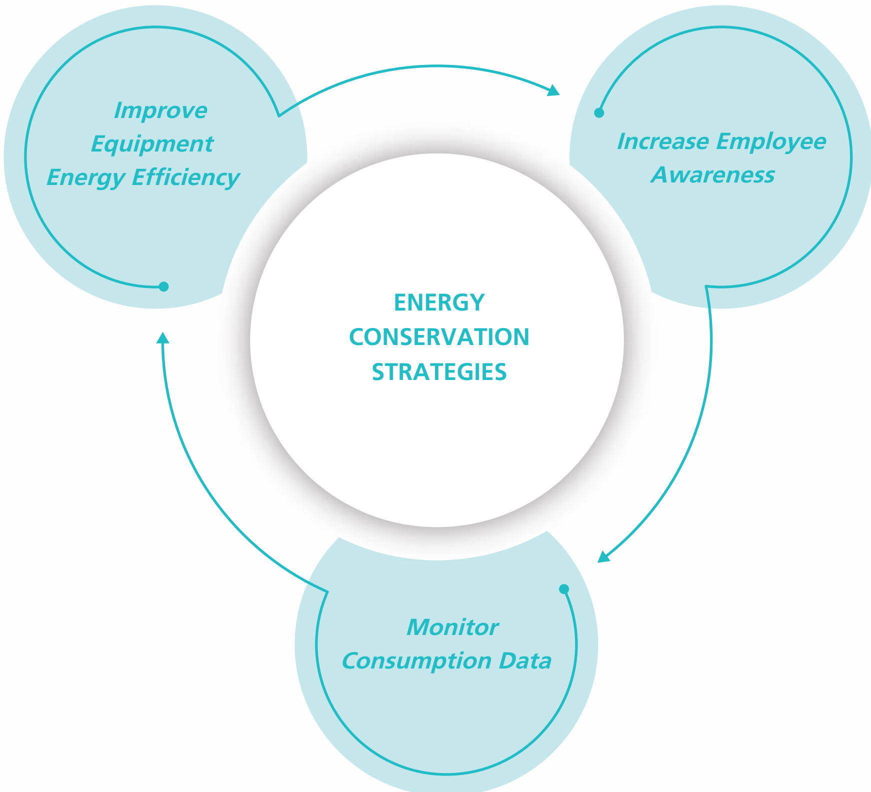
Our energy conservation approach begins at the planning stage, where we carefully design workflows to eliminate unnecessary activities that could lead to excessive energy consumption. By optimising the logistics of raw material handling, we enhance fuel efficiency and reduce our carbon footprint.

We utilise electrically operated construction machinery, which is more energy-efficient than traditional diesel equipment. To further support energy needs on-site, we install solar panels at strategic locations, providing a renewable source of energy for lighting systems. Regular maintenance of large equipment, such as construction elevators and tower cranes, is essential to ensure they operate at peak efficiency and avoid wasteful no-load operation. Additionally, we have implemented an energy monitoring system to track real-time usage and quickly identify any instances of energy waste.

To foster a culture of energy conservation among our site employees, we employ various awareness-building strategies, including informational posters and regular communication. Site supervisors are responsible for monitoring electricity consumption and developing actionable plans for energy conservation.

### *Workplace*

In our corporate offices, we focus on enhancing resource utilisation by setting clear consumption targets. Acknowledging that energy consumption significantly contributes to GHG emissions and operational costs, we are dedicated to reducing our energy usage from both an environmental and financial standpoint. We promote behavioural changes among our employees and have introduced several resource conservation measures, including:



| | |
|---|---|
| Improve Equipment Energy Efficiency | • Installing energy-efficient electrical appliances such as LED lights and maximising the use of natural light in corridors during the daytime<br>• Maintaining indoor temperatures within a specific range to reduce air conditioning energy use<br>• Selecting energy-saving devices with variable frequency drives |
| Increase Employee Awareness | • Placing memos next to power switches to remind them to turn off unused appliances<br>• Ensuring that air conditioning is turned off during off-duty hours when offices are unemployed to prevent energy wastage<br>• Using appliances with inverter functions that automatically power off when idle<br>• Encourage employees to use public transportation or carpooling to reduce emissions |
| Monitor Consumption Data | • Assigning coordinators to inspect unnecessary energy use and recording vehicle fuel consumption as a performance indicator for driver evaluations |

In alignment with our commitment to renewable energy and the vision of a sustainable urban landscape, the Group subscribed to CLP's "Renewable Energy Certificate" in 2024. This initiative demonstrates our dedication to sustainable development and signifies our support for renewable energy generated from solar, wind, and landfill biogas projects.

During the Reporting Period, the primary sources of energy consumption for the Group were petrol and electricity. Detailed information regarding our energy consumption can be found in the summary of key performance indicators.


*The Group subscribed to CLP's "Renewable Energy Certificate" in 2024.*

## II. ESTABLISHING CONSTRUCTIVE WORKPLACE

The Group deeply value our employees, acknowledging their efforts and contributions as fundamental to the Group's development and success. We prioritise talent management to cultivate a supportive environment that empowers team members to perform at their best, achieve their goals, and derive fulfilment from their work. Furthermore, we are committed to upholding rigorous occupational health and safety standards, ensuring that our workplace practices foster both employee well-being and operational excellence.

There were no material non-compliance cases noted relating to the Group's employment practices and labour standards during the Reporting Period. The Group's human resource policies were in compliance with relevant local labour laws and regulations.

| Issues in this section | SDG issues involved |
| --- | --- |
| • Talent Attraction and Retention<br>• Employee Development and Support<br>• Occupational Health and Safety | 3 GOOD HEALTH AND WELL-BEING<br>8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES |

## Talent Attraction and Retention

### Employment Relation Management

The Group seeks to attract and retain skilled individuals who not only have the necessary expertise but also resonate with our corporate culture and vision. These talented individuals are vital to our operational excellence and long-term growth. All employment practices adopted by the Group are in compliance with local labour laws, including the Labour Law of the PRC, the Trade Union Law of the PRC, and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

We uphold the principles of fairness and transparency throughout our recruitment and employment processes. Our comprehensive approach encompasses all aspects of employment, including recruitment, remuneration, performance evaluations, promotions, and terminations. A robust recruitment system with diverse assessment methods is in place to ensure we attract the right talent.

We offer competitive remuneration packages aligned with performance, experience, and the unique value each employee brings to the Group. Our competitive compensation packages also encompass additional benefits, such as training programs and performance-based bonuses that encourage professional growth. In certain instances, we offer meal subsidies and travel allowances for business-related activities and overtime work, ensuring our teams are fully supported.

Our commitment to being a responsible employer has been recognised through various accolades.


*RK Properties Holdings Limited is honoured as Best Employer (China Real State) and winning the Corporate Management Excellence Award.*


*RK Property Services Holdings Limited is honoured as Best Employer (China Property).*



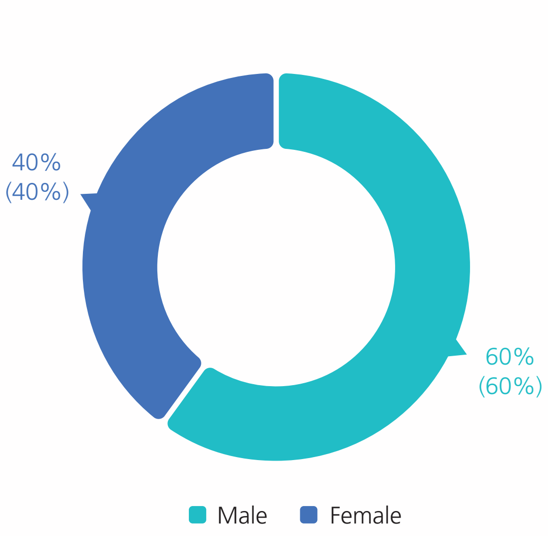

*Road King Infrastructure Limited is honoured as Good MPF Employer and presented with e-Contribution Award and MPF Support Award, while winning the Good Employer Charter 2024.*

*Road King Infrastructure Management Limited is honoured as Good MPF Employer and presented with e-Contribution Award and MPF Support Award, while winning the Good Employer Charter 2024.*

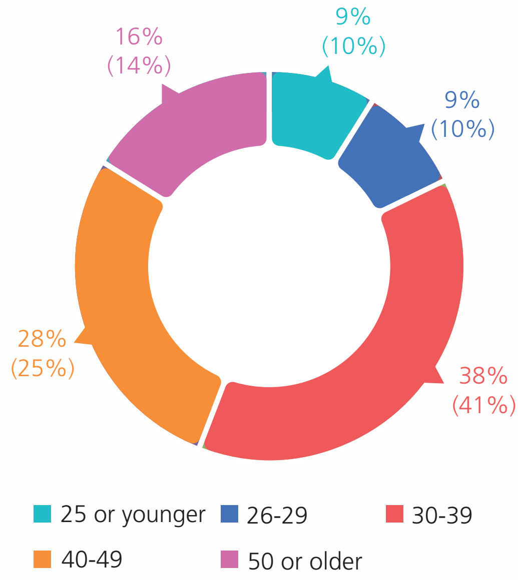
As of the end of 2024, our workforce consists of 3,551 employees (2023: 3,994), with over 99% being full-time employees. Further distributions of the Group's employees are shown below:

**Total Workforce**

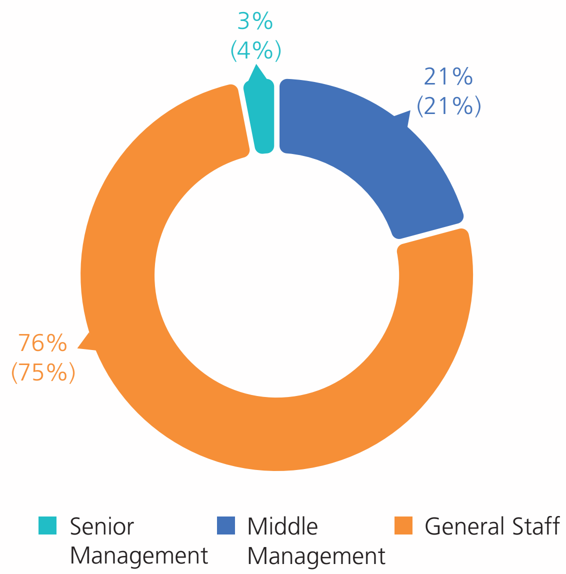
**Gender**



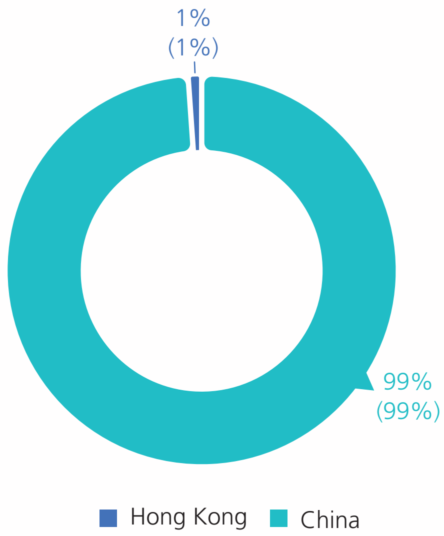

**Age**




**Employee Category**

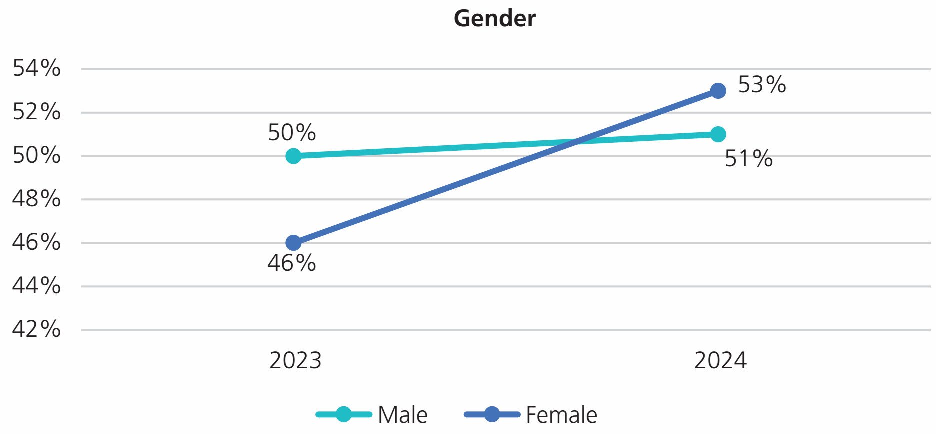


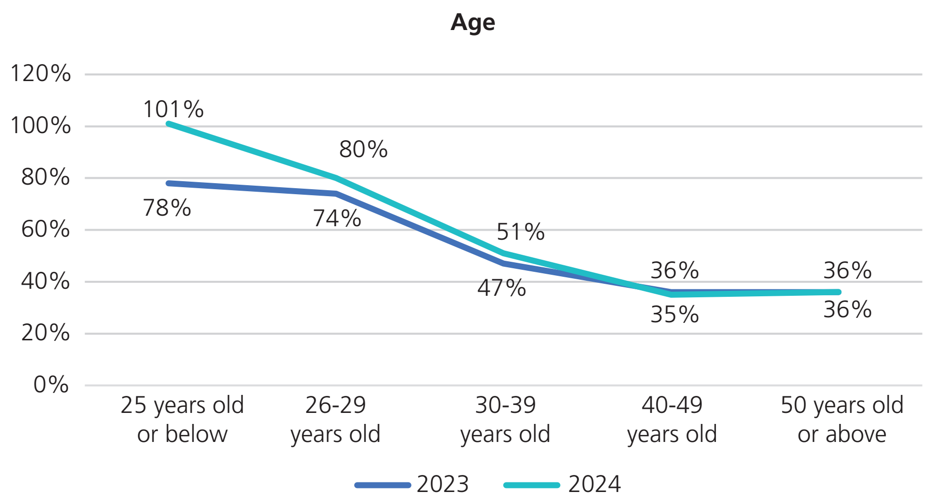

**Geographical Region**

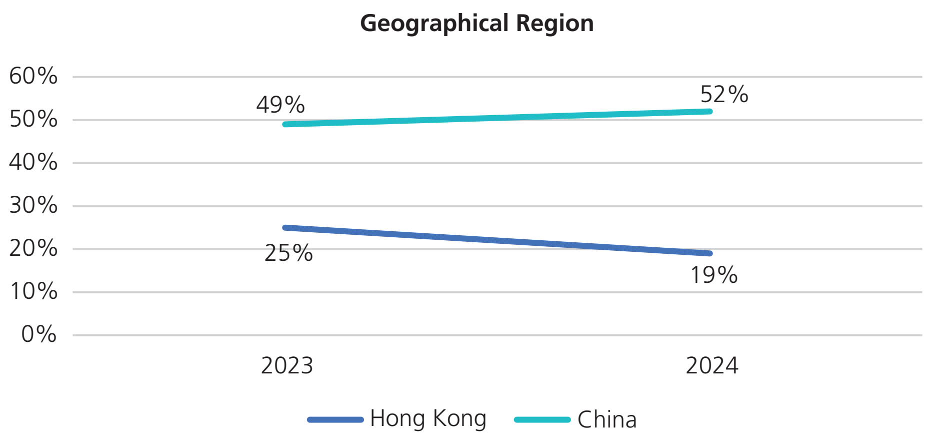



*( ) represents data for 2023*

The Group also monitors employee turnover as a key performance indicator.




*Note:* The table above illustrates employee turnover rates, indicating the percentage of employees who left the Group during the Reporting Period. For specific calculation methods, please refer to Appendix 3: Reporting Guidance on Social KPIs issued by the Stock Exchange.

## Anti-Child and Forced Labour

We are committed to fostering a work environment that honours legal and ethical employment practices. We have a stringent policy against child labour; it is unequivocally prohibited in all our operations. Our comprehensive control measures include thorough verification processes for identity documents, ensuring that job applicants meet the legal age requirements. Equally important is our stance against forced labour. We uphold the belief that every employee should work voluntarily and without coercion. To support this, we encourage all employees to report any instances they may encounter, ensuring a transparent and safe workplace.

Periodic assessments of our employment practices, conducted alongside active engagement with employees, further reinforce our commitment to eradicating child and forced labour. We strictly abide by applicable local regulations, including the Labour Law of the PRC and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

## Anti-discrimination and Equal Opportunity

Our dedication to creating an inclusive and equitable workplace is a core value of our corporate culture. We promote an environment free from discrimination and harassment, ensuring that all employees are treated with dignity and respect, regardless of gender, race, ethnic origin, religion, marital status, or disability.

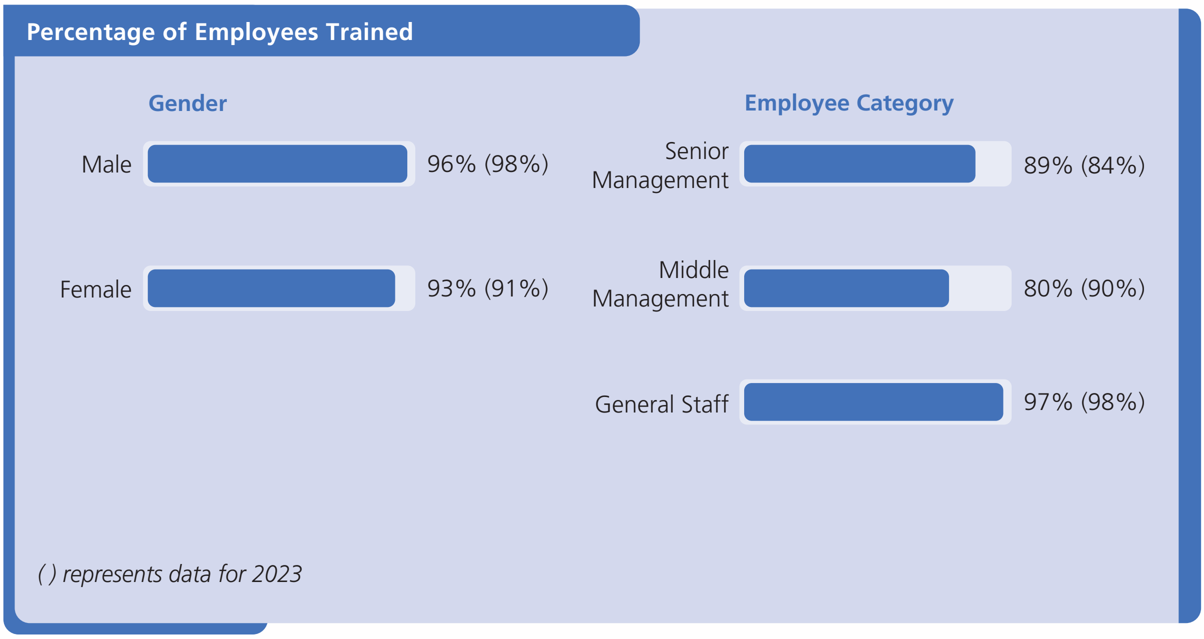
Our employment system reflects our commitment to equal opportunity, as outlined in our employee handbook. We adhere to principles of justice and equality, implementing fair guidelines and standards that protect the rights and interests of our people. Performance evaluations are designed to be objective, focusing exclusively on individual potential, work capability, and output.

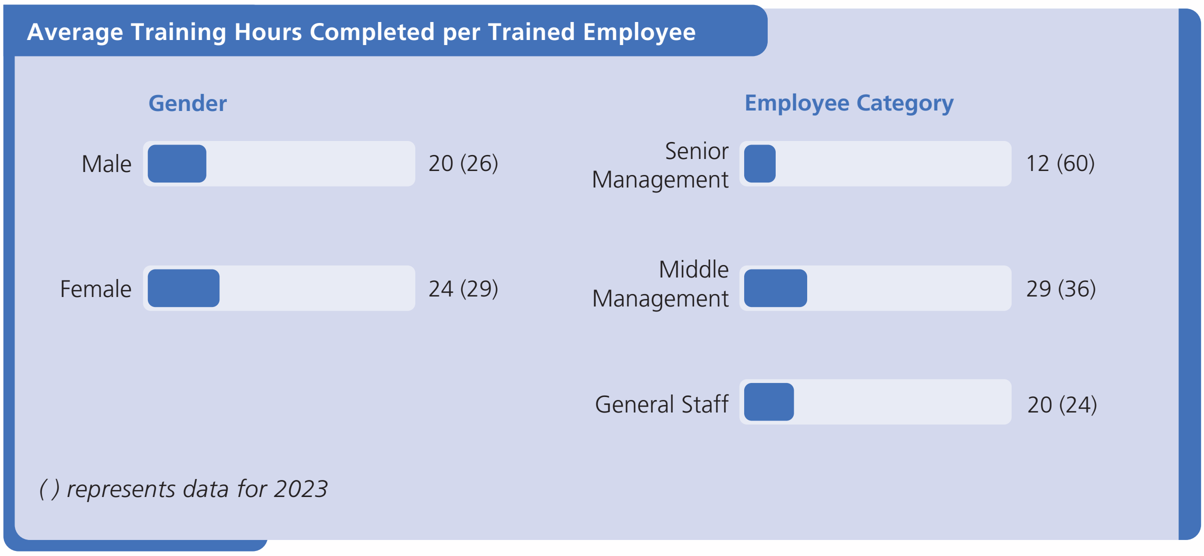
The Group maintains a zero-tolerance policy towards sexual harassment, with a clear process for handling complaints confidentially through our Administration and Personnel Department. Our anti-discrimination and equal opportunity policies align with applicable laws, including the Labour Law of the PRC, the Law of the PRC on the Protection of Rights and Interests of Women, and the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong).

## Employee Development and Support

### Training and Development

Effective training and development programs are vital for cultivating a skilled workforce and fostering a culture of continuous improvement within the Group. The training participation rate during the Reporting Period was 94%. Meanwhile, the average number of training hours completed per trained employee was 21 hours.



Our training programmes are tailored to meet diverse functional needs with purposes ranging from leadership development to specialised skill-building. Some of the training sessions we arranged include Engineering and Design Lecture, Work Smart: AI Empowerment, RK Promotion Scheme (Property), and Techniques Competition (Property). We also offer subsidies for external training courses that align with our employees' professional development, fostering a culture of continuous learning that directly contributes to both individual career progression and the operational excellence of the Group.

To ensure a seamless onboarding experience for new hires, we have introduced the Road King's Freshmen platform. This intuitive tool provides easy access to essential induction training materials and coaching sessions, facilitating a smooth transition into their roles and promoting a sense of belonging from day one.

Moreover, we are committed to identifying and cultivating high-potential individuals within the Group. Our "New RK Force Scheme" accelerates the career growth of recent graduates through job rotation and dynamic performance evaluations, equipping them for critical positions in middle and senior management. Meanwhile, we have launched a Mentoring and Job Shadowing Program for our existing employees to foster meaningful relationships between experienced leaders and emerging talents. This programme facilitates hands-on learning and personalised feedback, encouraging open communication between management and general staff.

To stimulate innovation, we actively promote and recognise innovative project proposals and creative marketing strategies. Together, these initiatives not only enhance our workforce's professional development but also boost our employees' overall job satisfaction.

**Engineering and Design Lecture**

The Engineering and Design Lecture is led by our engineering and design teams, gathering practical insights from various regions. We also invite distinguished internal and external speakers to share their expertise and facilitate professional development. Topics include innovative residential research, construction techniques and standards, and key considerations of quality control. We remain committed to a customer-centric approach, striving to create timeless, durable products that stand the test of time. The Group aims to achieve "Product Empowerment, Organizational Empowerment, and Property Empowerment".

*(Ning Chang Division)*

**Work Smart: AI Empowerment**

Amid the evolving trend of digital transformation, AI is reshaping various industries. In the real estate market, leveraging new technologies can also enhance work efficiency and accelerate cross-disciplinary knowledge acquisition, thereby easing employees' workload while maintaining our quality of service. To utilise the AI technology, we have launched the "Work Smart: AI Empowerment" program by inviting experienced internal employees and external entrepreneurs to share their knowledge. This initiative aims to provide employees with a thorough understanding of AI, encourage the use of AI, improve work efficiency, and enrich personal capabilities.

*(Changzhou Property Management Division)*

**RK Promotion Scheme**

The RK Promotion Scheme is a platform that nurtures and empowers high-potential individuals to prepare for the role of senior management in the group. Two promotion ladders, RK Promotion Ladder 1 and 2, are developed under the scheme based on different screening and training strategies. A tailor-made training approach is designed based on the competency of shortlisted employees. Professional and leadership training, job apprenticeship, and executive mentoring are provided. Overall, the scheme enhances the management capabilities of managers, continuously improving the structure of Road King Property and supporting its business development.

### Techniques Competition

To comprehensively enhance the professional skills of the property management teams and improve the quality of property service, the Group aims to create a positive atmosphere of "Learn from Each Other, Progressing Together." This initiative facilitates the standardisation of property services, elevating the overall service and management levels of all property management projects. The Techniques Competition lasted over a month and hundreds of our property management teams from all of our property management projects across 15 cities nationwide participated in the campaign. Through the competition, we thoroughly evaluated the standards, skills, and attitudes of service provided by the teams.

## Employee Wellbeing

The Group places great emphasis on the physical and mental well-being of its people. We recognise the importance of personal milestones and offer various types of leave for significant life events, such as examinations, marriage, and childbirth. In addition, we provide flexible working arrangements tailored to accommodate the specific demands of our property development projects. This approach allows our employees to maintain a healthy work-life balance.

We also host various recreational activities regularly to strengthen team cohesion. In 2024, we arranged office massage session, ice cream party, lunch gatherings and Christmas party. By encouraging interactions among colleagues, we aim to strengthen relationships and promote a culture of mutual respect and understanding, fostering a supportive and harmonious work environment.

*Office Massage Session*

*Ice Cream Party*

*Lunch Gathering*

*Christmas Party*

## Occupational Health and Safety

### On-site Health and Safety

The health and safety of our construction workforce is a cornerstone of our operations. We emphasise compliance with local regulations, including the Construction Law of the PRC and Hong Kong's Construction Sites (Safety) Regulations (Cap. 59I). The Group enforces stringent health and safety standards across all construction sites, stipulating the requirements on safety equipment, worker behaviours, construction work procedures and so on. Contractors are subject to penalties when they fail to meet these standards.

For instance, we mandate that all contractors establish a safety management framework, which includes forming construction safety management working groups and assigning qualified safety supervisors on-site to continuously monitor working conditions. Contractors must submit health and safety manuals detailing their procedures for our review and approval. Most of our contractors have obtained health and safety certifications, such as ISO45001, GB/T 45001 or GB/T28001 and are committed to achieving a target of less than 1.5% casualty rate. Safety trainings, including but not limited to onboarding safety training, toolbox training, emergency training, refresher training, and specific training for high-risk works and relevant regulatory updates, are also required to be provided to all relevant onsite employees. Contractors are advocated to set training targets for their employees. For example, the contractor of our So Kwun Wat Project in Tuen Mun sets a monthly target to complete a minimum of six toolbox training sessions.

We encourage contractors to actively engage with their employees through themed caring activities that promote open dialogue between frontline workers and management. This initiative fosters a culture of safety and creates an inclusive environment where workers feel valued and heard. Additionally, we stipulate that all sites provide adequate sanitation facilities, with sufficient toilets and resting areas to ensure our workers' comfort and hygiene.

To further reinforce our commitment to health and safety, we required our contractors to conduct self-assessments regularly to ensure adherence to our safety protocols and the implementation of major engineering inspections. On-site inspections are conducted by our team periodically to evaluate contractors' performance, incentivising them to maintain and improve worker conditions.

### Workplace Health and Safety

The Group also cares for its employees working in the offices and properties under management. Our commitment to fostering a secure and healthy working atmosphere is reflected in the comprehensive policies and procedures we have put in place to identify, manage, and mitigate risks throughout our processes for day-to-day operations.

To align with legal standards and regulations, including the Labour Law of the PRC and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), we continuously develop additional policies that uphold a robust standard of workplace safety.

We proactively communicate and promote essential health and safety initiatives and updates of our policies to our employees, ensuring that they are well-informed and vigilant. Additionally, we remain diligent in implementing control measures to avert electrical and fire hazards and maintain regular cleaning protocols to ensure a clean and organised workplace.

In response to unique challenges, such as the COVID-19 pandemic, the Group has enacted various protective measures designed to support employees' physical and mental well-being. Work-from-home arrangements have been established, alongside enhanced educational initiatives on personal hygiene to safeguard health.

During the Reporting Period, a total of 1,518 lost days due to work injury were recorded. Every incident is followed up in line with entrenched procedures, and we proactively implement strategies aimed at minimising future workplace accidents. Additionally, there was 1 work-related fatality due to sudden illness. The employee died of organ failure after being hospitalised for diabetes and high blood pressure. We met the family immediately and implemented safety precautions. A thorough review of our health monitoring system was conducted to encourage employee health, and we strengthened the pre-employment physical examination process to ensure compliance with work standards.

## III. BUILDING SUSTAINABLE COMMUNITY

The Group acknowledges the vital role of various stakeholder groups, including customers, suppliers, and employees, who are invested in its operations and performance. By understanding these stakeholders' expectations and interests, the Group operates with the highest standards of ethical conduct to ensure fair competition in the market. In addition, we give back to community where we operate in through donations and community services.

There were no material non-compliance cases noted relating to corruption, bribery, extortion, fraud and money laundering during the Reporting Period. The Group conducts business in compliance with relevant local anticorruption laws and regulations.

| Issues in This Section | SDG Issues Involved |
|---|---|
| • Fair Competition<br>• Community Investment |   |

## Fair Competition

The Group is dedicated to maintaining integrity and ethical business practices. By fostering a culture of transparency and respect, we aim to contribute to a more vibrant and competitive marketplace as well as stay trusted by our stakeholders.

### Anti-Corruption

The Group has regarded honesty, integrity, and fairness as its highest standards throughout its operations. We have implemented anti-corruption policies and training programs to reinforce ethical behaviour among our employees. For instance, all employees are discouraged from accepting personal benefits while fulfilling their duties. It is also imperative that both directors and staff safeguard confidential information obtained through their roles, ensuring that such data is never exploited for personal gain. These resources aim to clarify internal guidelines, preventing any ambiguity that could lead to inappropriate business practices.

Our Code of Conduct is integrated within the Employee Handbook, which serves as a foundational framework to educate employees on acceptable behaviours and identify prohibited actions. All employees are communicated on our employee handbook and anti-corruption policies during induction and refresher training, ensuring a comprehensive understanding of ethical standards and expectations, as well as reinforcing our commitment to integrity and accountability in all business practices.

Our commitment to ethical business practices extends to our partnerships, ensuring that our business ethics standards are upheld throughout our entire network. Thorough policies and procedures are in place to make sure our supplier selection process is fairly executed. We have introduced critical clauses pertaining to incorruptibility and anti-money laundering within our business contracts. These stipulations clearly outline the expectations for and obligations of all parties involved, promoting a shared understanding of responsible business behaviour.

The Group has established a reporting channel for employees and business partners to raise concerns regarding potential fraud, criminal activities, and violations of legal and internal standards. Upon receiving reports of suspected corruption, money laundering, or other misconduct, our management initiates a thorough investigation process. For serious cases, findings are escalated directly to the Board, ensuring that leadership remains informed and can implement necessary actions. Throughout this process, we uphold strict confidentiality to protect the identities of individuals who report concerns. We take violations of these policies seriously. Violators are subject to repercussions that may include the termination of business or employment contracts.

We are committed to complying with all relevant legal frameworks, including the Criminal Law and Anti-Money Laundering Law of the PRC, as well as the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). During the Reporting Year, there was no corruption litigation involving the Group and/or its employees.

### Intellectual Property Rights

In alignment with the Copyright Ordinance, the Group has established a Protection of Intellectual Property Policy to safeguard the intellectual property rights of its business partners. All employees are required to strictly comply with the policy and local laws or licensing agreements, such as the Patent Law of the PRC and the Patents Ordinance (Chapter 514 of the Laws of Hong Kong), when making use of materials, pictures, contents, and other forms of private intellectual property not created or owned by the Group. We maintain a zero-tolerance stance toward unauthorised use, reproduction, sale, or distribution of any intellectual property as well as use of pirated products. Detailed records of the intellectual property we possess are properly maintained to ensure compliance with all relevant laws.

## Community Involvement

To serve the goal of fostering a sustainable community, our initiatives are designed not only to enhance the quality of life for our residents and employees, but also to share the benefits brought by social and economic development among the wider society. In 2024, the Group continued to participate in various fundraising activities organised by Community Chest, including Walk for Millions, Skip Lunch Day, Wear to Care, Love Teeth Day and Green Low Carbon Day. The Group donated to Chung Chi College, The Chinese University of Hong Kong "Project E" for its development and educational mission, aiming to strengthen social cohesion and support vulnerable groups.

Recognising the impact of uneven social resource distribution, the Group is committed to support the underprivileged. During the Reporting Period, the Group carried out a series of community projects, including educational sponsorships, support for underprivileged children, and elderly care activities. In 2024, the Group donated HKD390,000 to support our community initiatives. We also offered support to more than 500 dedicated community activities, contributing to a brighter future and a more sustainable community.

### Education

The Group recognises the key to a better future is access to education which enhances community productivity and job opportunities. A society with higher education strengthens social and economic values. Hence, the Group is supportive of sponsoring education for children and young adults. Over the years, the Group has given scholarships, arranged networking events, and subsidised academic activities for university students in Mainland China and Hong Kong. Since 2009, the Group has continued to support the scholarship program, the "Peking University China Finance 40 Forum Road King Scholarship Program". China Finance 40 Forum (CF40), the National School of Development of Peking University, and the Group jointly launched the program to encourage independent study and build connections among participants. The objective of this scholarship is to nurture talents who will serve the community.

*On 26 October 2024, National School of Development of Peking University hosted the launching ceremony for Peking University China Finance 40 Forum Road King Scholarship Program.*

## Supporting the Underserved Children

The Group believes in the existence of equal opportunities regardless of financial status and, thus, provides support to low-income children. Since 2013, the Group has partnered with the China Real Estate Chamber of Commerce and Elite Habitat Development Foundation to launch the ELITE Child Plan. Through donations and various means, the plan targets to improve the ethnic groups in the western regions living conditions of children who stay in orphan schools and village kindergartens. The footprint of the ELITE Child Plan spreads across schools and kindergartens in minority areas such as Tibet, Qinghai, Yunnan, Guizhou, Sichuan, Guangxi, and Xinjiang. To contribute to children's healthy growth and development, the Group donated and renovated learning and living facilities such as multimedia classrooms, reading rooms, shower rooms, toilets, dormitories, kitchens, roads, and playgrounds.

*"ELITE Child Plan" supports children of ethnic groups who stay in orphan schools and village kindergartens in the western regions through improving the quality of their learning and living facilities.*

## Caring for the Elderly

To protect the health and mental well-being of the elderly, the Group held various content-rich elderly care activities.

*Elderly Visiting Activities*

*Charity Haircut for the Elderly*

*Elderly Lunch Gathering*

*Hulusi Concert*

*Volunteer Medical Services*

*Arts and Crafts Activities for the Elderly*

*Calligraphy Courses for the Elderly*

*Photography Event to Thank Parents*

*Giving Christmas Gift*

*Anti-fraud Propaganda*

*Dumpling Making Event*

*Elderly-Child Activities*


*"RK Elderly Quality Tour" to Qiandao Lake*

*Activities for International Women's Day*

In addition, the Group has also carried out a series of community services. These activities not only provide convenience to residents' lives but also increase opportunities for leisure and entertainment.


*Theme Activities for Mid-Autumn Festival*

*Theme Activities for Christmas*


*Theme Activities for Winter Solstice*

*Parent-Child Activities*

## SUMMARY OF KEY PERFORMANCE INDICATORS

### Environmental Performance

| Non-hazardous Wastes | 2024 | 2023 | 2022 |
|---|---|---|---|
| Paper Disposed (kg) | **21,124** | 30,197 | 29,050 |
| Intensity per Headcount (kg) | **5.48** | 7.56 | 6.33 |
| Paper Recycled (kg) | **6,071** | 7,077 | 7,145 |
| Intensity per Headcount (kg) | **1.57** | 1.77 | 1.56 |
| Other Non-hazardous Wastes Disposed (kg) | **2,007** | 3,628 | 3,578 |
| Intensity per Headcount (kg) | **0.52** | 0.91 | 0.78 |
| Other Non-hazardous Wastes Recycled (kg | **692** | 1,404 | 1,524 |
| Intensity per Headcount (kg) | **0.18** | 0.35 | 0.33 |

| Energy Consumption | 2024 | 2023 | 2022 |
|---|---|---|---|
| Petrol (MWh) | **1,458** | 1867 | 1761 |
| Intensity per Headcount (MWh) | **0.38** | 0.47 | 0.38 |
| Electricity (MWh) | **2,858.9** | 3,226.5 | 4,081.8 |
| Intensity per Headcount (MWh) | **0.76** | 0.81 | 0.89 |

| Water Consumption | 2024 | 2023 | 2022 |
|---|---|---|---|
| Water (cubic meter) | **116,499** | 227,785 | 260,242 |
| Intensity per Headcount (cubic meter) | **30.21** | 57.03 | 56.72 |

| GHG Emissions | 2024 | 2023 | 2022 |
|---|---|---|---|
| Direct (Scope 1) Emissions (kg $CO_2$ e) | **415,561** | 521,635 | 505,610 |
| Intensity per Headcount (kg $CO_2$ e) | **107.77** | 130.60 | 110.20 |
| Indirect (Scope 2) Emissions (kg $CO_2$ e) | **1,548,711** | 1,802,096 | 2,584,068 |
| Intensity per Headcount (kg $CO_2$ e) | **401.64** | 451.20 | 563.22 |
| Other Indirect (Scope 3) Emissions (kg $CO_2$ e) | **141,917** | 232,853 | 250,679 |
| Intensity per Headcount (kg $CO_2$ e) | **36.80** | 58.30 | 54.64 |

The definition of the intensity per headcount in this report has been revised from "Total amount of emission / Energy consumption related to number of users" to "Total amount of emission / Total employee number"; as such, the 2022 and 2023 intensity data have been restated accordingly.

## CONTENT INDEX FOR STOCK EXCHANGE ESG REPORTING GUIDE

| General Disclosures and KPIs | Description | Reference (Page Number)/ Remark |
|---|---|---|
| **Environmental** | | |
| **Aspect A1: Emissions** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Offering Quality Properties and Services (93-103, 107-110) |
| KPI A1.1 | The types of emissions and respective emissions data. | N/A, direct emissions of air and water from the operation/ management of the Group's administrative offices and buildings are of immaterial amount |
| KPI A1.2 | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Summary of KPI (129) |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | N/A, the amount of hazardous waste generated by the offices and properties under the Group's management is of immaterial amount |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility). | Summary of KPI (129) |
| KPI A1.5 | Description of measures to mitigate emissions and results achieved. | ESG Performance Highlight (87-88);<br>Offering Quality Properties and Services (93-98, 101, 109-110) |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | ESG Performance Highlight (87);<br>Offering Quality Properties and Services (94, 99-101, 103) |

| General Disclosures and KPIs | Description | Reference (Page Number)/ Remark |
|---|---|---|
| **Environmental** | | |
| **Aspect A2: Use of Resources** | | |
| General Disclosure | Policies on efficient use of resources including energy, water and other raw materials.<br><br>*Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.* | Offering Quality Properties and Services (94-97, 99-103, 109-110) |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Summary of KPI (129) |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Summary of KPI (129) |
| KPI A2.3 | Description of energy use efficiency initiatives and results achieved. | ESG Performance Highlight (87);<br>Offering Quality Properties and Services (94-97, 101) |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | ESG Performance Highlight (87);<br>Offering Quality Properties and Services (94-97, 99, 101-102) |
| KPI A2.5 | Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced. | N/A, the amount of packaging materials used by the Group is of immaterial amount |
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | Offering Quality Properties and Services (94-98, 102) |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Offering Quality Properties and Services (94-98, 102) |

| General Disclosures and KPIs | Description | Reference (Page Number)/ Remark |
|---|---|---|
| **Environmental** | | |
| **Aspect A4: Climate Change** | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Offering Quality Properties and Services (107-108) |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Offering Quality Properties and Services (107-108) |
| **Social** | | |
| **Aspect B1: Employment** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Establishing Constructive Workplace (111-115, 120) |
| KPI B1.1 | Total workforce by gender, employment type, age group and geographical region. | Establishing Constructive Workplace (113) |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Establishing Constructive Workplace (114) |
| **Aspect B2: Health and Safety** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to providing a safe working environment and protecting employees from occupational hazards. | Establishing Constructive Workplace (121-122) |
| KPI B2.1 | Number and rate of work-related fatalities. | Establishing Constructive Workplace (121) |
| KPI B2.2 | Lost days due to work injury. | Establishing Constructive Workplace (122) |
| KPI B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | Establishing Constructive Workplace (121-122) |

| General Disclosures and KPIs | Description | Reference (Page Number)/ Remark |
|---|---|---|
| **Social** | | |
| **Aspect B3: Development and Training** | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.<br><br>*Note: Training refers to vocational training. It may include internal and external courses paid by the employer.* | Establishing Constructive Workplace (116-119) |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Establishing Constructive Workplace (116) |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Establishing Constructive Workplace (116) |
| **Aspect B4: Labour Standards** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to preventing child or forced labour. | Establishing Constructive Workplace (115) |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Establishing Constructive Workplace (115) |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | N/A, no relevant violation was found by the Group |
| **Aspect B5: Supply Chain Management** | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Offering Quality Properties and Services (107) |
| KPI B5.1 | Number of suppliers by geographical region. | Offering Quality Properties and Services (107) |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Offering Quality Properties and Services (107) |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Offering Quality Properties and Services (107) |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Offering Quality Properties and Services (107) |

| General Disclosures and KPIs | Description | Reference (Page Number)/ Remark |
|---|---|---|
| **Social** | | |
| **Aspect B6: Product Responsibility** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Offering a Properties and Services (103-106) |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | N/A, recalls of the Group's products are not common |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Offering Quality Properties and Services (104-106) |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Building Sustainable Community (123) |
| KPI B6.4 | Description of quality assurance process and recall procedures. | Offering Quality Properties and Services (106) |
| KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Offering Quality Properties and Services (105-106) |
| **Aspect B7: Anticorruption** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to bribery, extortion, fraud and money laundering. | Building Sustainable Community (123) |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | Building Sustainable Community (123) |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Building Sustainable Community (123) |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Building Sustainable Community (123) |

| General Disclosures and KPIs | Description | Reference (Page Number)/ Remark |
|---|---|---|
| **Social** | | |
| **Aspect B8: Community Investment** | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Building Sustainable Community (124-128) |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Building Sustainable Community (124-128) |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Building Sustainable Community (124-128) |

# Glossary

In this annual report, unless otherwise defined or as the context otherwise requires, the following expressions have the following meanings:

| | |
|---|---|
| "14th Five-Year Plan" | the 14th Five-Year Plan for Economic and Social Development and Long-range Objectives Through the Year 2035 of the PRC |
| "2024 AGM" | the annual general meeting of the Company held on Tuesday, 21 May 2024 |
| "2025 AGM" | the annual general meeting of the Company to be held on Wednesday, 21 May 2025 |
| "Board" | the board of Directors |
| "Bye-laws" | the bye-laws of the Company |
| "Central Government" | The Central Government of the Mainland China |
| "CG Code" | Corporate Governance Code set out in Appendix C1 to the Listing Rules |
| "Company"/"Road King" | Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (HK stock code: 1098) |
| "COVID-19" | a novel coronavirus named COVID-19 that causes pneumonia-lie illness and was declared by the World Health Organization to be a global pandemic on 11 March 2020 |
| "Director(s)" | the director(s) of the Company |
| "ESG" | Environmental, Social and Governance |
| "ESG Reporting Guide" | Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules |
| "Greater Bay Area" | Guangdong – Hong Kong – Macao Greater Bay Area |
| "Group"/"We"/"Our" | the Company and its subsidiaries |
| "HK$"/"Hong Kong dollar(s)" | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "IAM Segment" | Investment and Asset Management Segment of the Group |
| "IDR" | Indonesian Rupiah, the lawful currency of Indonesia |

| | |
|---|---|
| "Indonesia" | The Republic of Indonesia |
| "km" | kilometers |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Mainland China" | the PRC, excluding Hong Kong, Macau and Taiwan for the purpose of this annual report |
| "MKTT Expressway" | Medan-Kualanamu-Tebing Tinggi Expressway |
| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules |
| "N/A" or "n/a" | not applicable |
| "NKK Expressway" | Ngawi Kertosono Kediri Expressway |
| "PRC" | the People's Republic of China |
| "Property Segment" | Property Segment of the Group |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "SB Expressway" | Semarang Batang Expressway |
| "SFO" | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| "Share(s)" | ordinary share(s) of HK$0.10 each in the share capital of the Company |
| "Shareholder(s)" | shareholder(s) of the Company |
| "Share Option Scheme" | the share option scheme adopted by the Company on 24 May 2023 |
| "Shenzhen Investment" | Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (HK stock code: 604) and is one of the substantial shareholders of the Company |
| "SN Expressway" | Solo Ngawi Expressway |
| "SOE(s)" | State-owned enterprise(s) |

| | |
|---|---|
| "sqm" | square meters |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "substantial shareholder(s)" | has the meaning ascribed to it under the Listing Rules |
| "Toll Road Segment" | Toll Road Segment of the Group |
| "US$"/"US dollar(s)" | United States dollar(s), the lawful currency of the United States of America |
| "Wai Kee" | Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (HK stock code: 610) and is the controlling shareholder of the Company |
| "%" | per cent. |

# Corporate Information

## EXECUTIVE DIRECTORS

Zen Wei Peu, Derek *(Chairman)*
Fong Shiu Leung, Keter *(Chief Executive Officer)*
Ng Fun Hung, Thomas *(Chief Financial Officer)*

## NON-EXECUTIVE DIRECTORS

Cai Xun
Xu Enli

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Wong Wai Ho
Hui Grace Suk Han
Cheung Hon Kit, Edwin
Ho Tai Wai, David

## PROPERTY BUSINESS MANAGEMENT COMMITTEE

Zen Wei Peu, Derek
Fong Shiu Leung, Keter *(Convenor)*
Ng Fun Hung, Thomas
Li Wanle
Zhang Nan
Diao Lu, Amy
Gao Da Peng
Chen Xue Ming

## AUDIT COMMITTEE

Ho Tai Wai, David *(Chairman)*
Wong Wai Ho
Hui Grace Suk Han

## NOMINATION COMMITTEE

Zen Wei Peu, Derek *(Chairman)*
Wong Wai Ho
Hui Grace Suk Han

## REMUNERATION COMMITTEE

Wong Wai Ho *(Chairman)*
Zen Wei Peu, Derek
Cheung Hon Kit, Edwin

## COMPANY SECRETARY

Lee Tak Fai, Kennedy

## AUDITOR

Deloitte Touche Tohmatsu
*Registered Public Interest Entity Auditors*

## SOLICITORS

Beijing Global Law Office
Conyers, Dill & Pearman
Reed Smith Richards Butler LLP

## PRINCIPAL BANKERS

**Mainland China**
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited

**Hong Kong**
The Hongkong and Shanghai Banking Corporation Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

# Corporate Information (continued)

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

## PRINCIPAL PLACE OF BUSINESS

Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

## SHARE LISTING

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 1098)

## NOTES, SECURITIES AND BONDS LISTING

The following notes and securities are listed on the Singapore Exchange Securities Trading Limited

- US$480 million 6.7% guaranteed senior notes due 2028
- US$300 million 5.9% guaranteed senior notes due 2028
- US$415.6 million 6% guaranteed senior notes due 2029
- US$500 million 5.2% guaranteed senior notes due 2029
- US$500 million 5.125% guaranteed senior notes due 2030
- US$300 million 7.95% senior guaranteed perpetual capital securities
- US$300 million 7% senior guaranteed perpetual capital securities
- US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities

## INVESTOR RELATIONS

| | |
|---|---|
| Contact Persons: | Lee Tak Fai, Kennedy<br>Tsoi Yuk Gee, Melissa |
| Telephone: | (852) 2957 6800 |
| Facsimile: | (852) 2375 2477 |
| E-mail address: | ir@roadking.com.hk |

## WEBSITES

http://www.roadking.com.hk
http://www.rkph.com

Deloitte. 德勤

**To the Shareholders of Road King Infrastructure Limited**
*(incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Road King Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages F-7 to F-131, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 | How our audit addressed the key audit matter |
|---|---|
| ***Revenue recognised from sale of completed properties held for sale***<br>We identified revenue recognised from sale of completed properties held for sale as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss.<br><br>The Group's revenue from sale of completed properties held for sale for the year ended 31 December 2024 amounted to approximately HK$4,334 million, which is disclosed in Note 5 to the consolidated financial statements, representing 78% of the Group's total revenue. As disclosed in Note 5 to the consolidated financial statements, revenue from sales of properties is recognised at a point in time when the control of completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable. | Our procedures in relation to revenue recognised from sale of completed properties held for sale included:<br><br>• Understanding and assessing the effectiveness of the Group's internal control over the revenue recognition for sale of completed properties held for sale;<br><br>• Inspecting, on a sample basis, the terms set out in sale and purchase agreements to understand the point that customers obtain the control of the completed properties and the Group has present right to payment and collection of the consideration is probable; and<br><br>• Evaluating whether control of completed properties has been transferred to customers by checking, on a sample basis, to the terms of sale and purchase agreements, the relevant completion certificate for construction work and the delivery notice sent to customers. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Net realisable value of inventory of properties*** | |
| We identified the net realisable value of inventory of properties, which includes properties under development for sale (the "PUD") and completed properties held for sale (the "PFS") (collectively referred to as the "Properties") as a key audit matter as it is significant to the consolidated statement of financial position and significant judgments and estimates are involved in the determination of net realisable value (the "NRV") of the Properties.<br><br>As disclosed in Note 23 to the consolidated financial statements, the Group's PUD of approximately HK$14,450 million and PFS of approximately HK$9,282 million are situated in Mainland China and Hong Kong as at 31 December 2024. As set out in Note 4 to the consolidated financial statements, management of the Group determined the NRV of the PUD with reference to the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and the estimated costs necessary to make the sale. Management determined the NRV of the PFS with reference to the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. | Our procedures in relation to net realisable value of inventory of properties included:<br><br>• Understanding management's process of estimating construction costs to be incurred to complete the development of the PUD and estimating the NRV of the Properties;<br><br>• Evaluating the reasonableness of estimated costs to completion of the PUD, on a sample basis, by comparing budgeted construction costs, to the signed contracts with subcontractors, and actual development costs of similar completed properties of the Group and comparing the adjustments made by management, on a sample basis, to current market data; and<br><br>• Assessing the appropriateness of estimated selling price of the Properties, on a sample basis, by comparing it to the recent market prices achieved in the same project or comparable properties. |

## OTHER INFORMATION

The directors of the Company ("Directors") are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

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

# Independent Auditor's Report (continued)

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

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

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

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

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
21 March 2025

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

| | NOTES | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Revenue** | | | |
| Property sales and service income | | **5,293,566** | 12,857,201 |
| Other revenue | | **243,345** | 218,147 |
| **Total revenue** | 5 | **5,536,911** | 13,075,348 |
| Cost of sales | | **(6,927,009)** | (13,723,342) |
| Gross loss | | **(1,390,098)** | (647,994) |
| Interest income | | **78,477** | 222,133 |
| Other income | | **111,680** | 152,729 |
| Other gains and losses | 7 | **(2,294,989)** | (1,333,446) |
| Selling expenses | | **(247,350)** | (467,508) |
| Administrative expenses | | **(687,823)** | (758,750) |
| Gains on disposal of subsidiaries | 42 | **1,869,286** | – |
| Share of results of associates | | **(11,102)** | 13,561 |
| Share of results of joint ventures | 8 | **(32,325)** | 284,242 |
| Finance costs | 9 | **(736,331)** | (1,054,192) |
| **Loss before taxation** | 10 | **(3,340,575)** | (3,589,225) |
| Income tax credit (expenses) | 12 | **32,266** | (171,322) |
| **Loss for the year** | | **(3,308,309)** | (3,760,547) |
| **(Loss) profit for the year attributable to:** | | | |
| Owners of the Company | | **(4,121,870)** | (3,961,585) |
| Owners of perpetual capital securities | | **540,452** | 532,676 |
| Other non-controlling interests of subsidiaries | | **273,109** | (331,638) |
| | | **(3,308,309)** | (3,760,547) |
| **Loss per share** | 14 | | |
| – Basic | | **(HK$5.50)** | (HK$5.29) |
| – Diluted | | **N/A** | N/A |

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Loss for the year** | **(3,308,309)** | (3,760,547) |
| **Other comprehensive (expense) income** | | |
| ***Items that may be subsequently reclassified to profit or loss:*** | | |
| Exchange differences arising on translation of foreign operations | **(93,121)** | 128,708 |
| Share of other comprehensive (expense) income of joint ventures | **(4,053)** | 10,389 |
| ***Item that will not be subsequently reclassified to profit or loss:*** | | |
| Exchange differences arising on translation to presentation currency | **(797,940)** | (851,394) |
| **Other comprehensive expense for the year** | **(895,114)** | (712,297) |
| **Total comprehensive expense for the year** | **(4,203,423)** | (4,472,844) |
| **Total comprehensive (expense) income for the year attributable to:** | | |
| Owners of the Company | **(4,861,121)** | (4,550,758) |
| Owners of perpetual capital securities | **540,452** | 532,676 |
| Other non-controlling interests of subsidiaries | **117,246** | (454,762) |
| | **(4,203,423)** | (4,472,844) |

# Consolidated Statement of Financial Position

At 31 December 2024

| | NOTES | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | **53,986** | 47,966 |
| Right-of-use assets | 16 | **13,122** | 25,801 |
| Investment properties | 17 | **5,323,712** | 5,244,882 |
| Interests in associates | 18 | **979,661** | 1,025,706 |
| Interests in joint ventures | 19 | **12,518,517** | 14,732,503 |
| Deferred tax assets | 30 | **268,821** | 134,245 |
| Amounts due from joint ventures and associates | 20 | **2,716,752** | 3,944,670 |
| Loan receivables | 22 | **510,580** | 1,842,842 |
| Financial assets at fair value through profit or loss ("FVTPL") | 25 | **551,560** | 579,707 |
| | | **22,936,711** | 27,578,322 |
| **Current assets** | | | |
| Inventory of properties | 23 | **23,732,260** | 29,426,286 |
| Amounts due from joint ventures and associates | 20 | **1,092,002** | 1,788,591 |
| Amounts due from other non-controlling interests of subsidiaries | 21 | **1,208,249** | 1,615,514 |
| Loan receivables | 22 | **79,110** | 79,289 |
| Debtors, deposits and prepayments | 24 | **2,398,980** | 2,637,368 |
| Prepaid income tax | | **1,371,083** | 1,531,029 |
| Pledged bank deposits | 26 | **421,169** | 79,672 |
| Bank balances and cash | 26 | **4,273,571** | 5,480,197 |
| | | **34,576,424** | 42,637,946 |
| Assets classified as held for sale | 48 | **–** | 2,930,045 |
| **Total assets** | | **57,513,135** | 73,146,313 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 27 | **74,934** | 74,934 |
| Reserves | | **10,740,513** | 15,620,722 |
| | | **10,815,447** | 15,695,656 |
| **Owners of perpetual capital securities** | 36 | **7,123,442** | 6,963,623 |
| **Other non-controlling interests of subsidiaries** | | **2,961,290** | 4,538,385 |
| **Total equity** | | **20,900,179** | 27,197,664 |

# Consolidated Statement of Financial Position (continued)

At 31 December 2024

| | NOTES | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank and other borrowings | 29 | **13,314,706** | 12,753,149 |
| Deferred tax liabilities | 30 | **1,031,449** | 1,044,221 |
| Financial liabilities at FVTPL | 25 | **–** | 734,734 |
| Lease liabilities | 35 | **4,636** | 14,558 |
| | | **14,350,791** | 14,546,662 |
| **Current liabilities** | | | |
| Creditors and accrued charges | 31 | **4,602,375** | 5,926,025 |
| Amounts due to joint ventures and associates | 32 | **5,386,445** | 6,250,067 |
| Amounts due to other non-controlling interests of subsidiaries | 33 | **861,938** | 1,452,807 |
| Contract liabilities | 34 | **4,391,491** | 3,317,085 |
| Lease liabilities | 35 | **10,377** | 14,227 |
| Income tax payable | | **3,172,632** | 4,358,738 |
| Bank and other borrowings | 29 | **2,912,542** | 9,864,857 |
| Financial liabilities at FVTPL | 25 | **924,365** | 199,719 |
| | | **22,262,165** | 31,383,525 |
| Liabilities associated with assets classified as held for sale | 48 | **–** | 18,462 |
| **Total equity and liabilities** | | **57,513,135** | 73,146,313 |

The consolidated financial statements on pages F-7 to F-131 were approved and authorised for issue by the Board of Directors on 21 March 2025 and are signed on its behalf by:

| | |
|---|---|
| **Zen Wei Peu, Derek** | **Fong Shiu Leung, Keter** |
| *DIRECTOR* | *DIRECTOR* |

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Foreign currency translation reserve HK$'000 | Special reserve HK$'000 (note a) | Other reserve HK$'000 (note c) | Statutory reserve HK$'000 (note b) | Cash flow hedging reserve HK$'000 | Retained profits HK$'000 | Sub-total HK$'000 | Owners of perpetual capital securities HK$'000 | Other non-controlling interests of subsidiaries HK$'000 | Total equity HK$'000 |
| Balance at 1 January 2023 | 74,934 | 3,224,794 | 601,802 | 1,260,000 | 1,002,963 | 5,783,603 | (8,116) | 8,306,434 | 20,246,414 | 6,961,258 | 5,552,811 | 32,760,483 |
| (Loss) profit for the year | – | – | – | – | – | – | – | (3,961,585) | (3,961,585) | 532,676 | (331,638) | (3,760,547) |
| Share of other comprehensive income of joint ventures | – | – | – | – | – | – | 10,389 | – | 10,389 | – | – | 10,389 |
| Exchange differences arising on translation of foreign operations | – | – | 96,531 | – | – | – | – | – | 96,531 | – | 32,177 | 128,708 |
| Exchange differences arising on translation to presentation currency | – | – | (696,093) | – | – | – | – | – | (696,093) | – | (155,301) | (851,394) |
| Total comprehensive (expense) income for the year | – | – | (599,562) | – | – | – | 10,389 | (3,961,585) | (4,550,758) | 532,676 | (454,762) | (4,472,844) |
| Sub-total | 74,934 | 3,224,794 | 2,240 | 1,260,000 | 1,002,963 | 5,783,603 | 2,273 | 4,344,849 | 15,695,656 | 7,493,934 | 5,098,049 | 28,287,639 |
| Capital contributions from other non-controlling interests of subsidiaries | – | – | – | – | – | – | – | – | – | – | 627,793 | 627,793 |
| Reduction of capital of other non-controlling interests of subsidiaries | – | – | – | – | – | – | – | – | – | – | (1,148,568) | (1,148,568) |
| Distributions paid for owners of perpetual capital securities | – | – | – | – | – | – | – | – | – | (530,311) | – | (530,311) |
| Dividends paid/payable for other non-controlling interests of subsidiaries | – | – | – | – | – | – | – | – | – | – | (38,889) | (38,889) |
| Appropriation | – | – | – | – | – | 453,729 | – | (453,729) | – | – | – | – |
| Balance at 31 December 2023 | 74,934 | 3,224,794 | 2,240 | 1,260,000 | 1,002,963 | 6,237,332 | 2,273 | 3,891,120 | 15,695,656 | 6,963,623 | 4,538,385 | 27,197,664 |
| (Loss) profit for the year | – | – | – | – | – | – | – | (4,121,870) | (4,121,870) | 540,452 | 273,109 | (3,308,309) |
| Share of other comprehensive expense of joint ventures | – | – | – | – | – | – | (3,040) | – | (3,040) | – | (1,013) | (4,053) |
| Exchange differences arising on translation of foreign operations | – | – | (69,841) | – | – | – | – | – | (69,841) | – | (23,280) | (93,121) |
| Exchange differences arising on translation to presentation currency | – | – | (666,370) | – | – | – | – | – | (666,370) | – | (131,570) | (797,940) |
| Total comprehensive (expense) income for the year | – | – | (736,211) | – | – | – | (3,040) | (4,121,870) | (4,861,121) | 540,452 | 117,246 | (4,203,423) |
| Sub-total | 74,934 | 3,224,794 | (733,971) | 1,260,000 | 1,002,963 | 6,237,332 | (767) | (230,750) | 10,834,535 | 7,504,075 | 4,655,631 | 22,994,241 |
| Disposal of subsidiary | – | – | – | – | – | – | – | – | – | – | (929) | (929) |
| Released upon disposal of subsidiaries of the Company | – | – | (392,905) | – | – | – | – | 392,905 | – | – | – | – |
| Reduction of capital of other non-controlling interests of subsidiaries | – | – | – | – | – | – | – | (19,088) | (19,088) | – | (226,449) | (245,537) |
| Dividends paid/payable for other non-controlling interests of subsidiaries | – | – | – | – | – | – | – | – | – | – | (1,466,963) | (1,466,963) |
| Paid for redemption of perpetual capital securities | – | – | – | – | – | – | – | – | – | (8,326) | – | (8,326) |
| Distributions paid for owners of perpetual capital securities | – | – | – | – | – | – | – | – | – | (356,466) | – | (356,466) |
| Expense paid for perpetual capital securities | – | – | – | – | – | – | – | – | – | (15,841) | – | (15,841) |
| Appropriation | – | – | – | – | – | (202,080) | – | 202,080 | – | – | – | – |
| Balance at 31 December 2024 | 74,934 | 3,224,794 | (1,126,876) | 1,260,000 | 1,002,963 | 6,035,252 | (767) | 345,147 | 10,815,447 | 7,123,442 | 2,961,290 | 20,900,179 |

# Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2024

Notes:

(a) Special reserve was arisen on group reorganisation and represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital of a subsidiary, which was acquired by the Company pursuant to the then group reorganisation.

(b) The statutory reserve of the Company and its subsidiaries (the "Group") represents the reserve required by relevant laws of the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries.

(c) Other reserve represents the transfers between the relevant reserves attributable to the shareholders of the Company and the other non-controlling interests of subsidiaries upon the partial disposal of interests in subsidiaries as detailed in note (d).

(d) On 2 August 2018, Asia Belt and Road Expressway Company Limited (the "Investor"), a company independent of the Group, the Company and Road King Expressway International Holdings Limited ("RKE"), a wholly-owned subsidiary of the Company, entered into subscription agreement pursuant to which RKE has agreed to allot and issue, and the Investor has agreed to subscribe for 166,666,667 shares of RKE at the subscription price of US Dollars equivalent of HK$2,000,000,000. Upon completion of the share subscription on 4 October 2018, the Investor held 25% equity interest in RKE, which was considered as a non-wholly owned subsidiary of the Company.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Operating activities** | | |
| Loss before taxation | **(3,340,575)** | (3,589,225) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **11,766** | 16,612 |
| Depreciation of right-of-use assets | **12,861** | 20,337 |
| Impairment loss on loan receivables | **789,071** | 698,896 |
| Impairment loss on amounts due from joint ventures | **738,475** | 614,848 |
| Fair value losses on transfer of completed properties held for sale to investment properties | **338,579** | 138,734 |
| Change in fair value of investment properties | **427,013** | (57,412) |
| Change in fair value of financial asset at FVTPL | | |
| – relating to investment in an unlisted entity | **8,452** | – |
| Change in fair value of financial liabilities at FVTPL | | |
| – relating to participation rights | **(28,990)** | (51,345) |
| – relating to contingent consideration | **(34,281)** | – |
| – relating to sale loan with redemption right | **62,452** | (66,297) |
| Net exchange losses | **608,011** | 662,409 |
| Gains on buyback of senior notes | **(590,967)** | (605,697) |
| Interest income | **(78,477)** | (222,133) |
| Finance costs | **736,331** | 1,054,192 |
| Gains on disposal of subsidiaries | **(1,869,286)** | – |
| Gains on disposal of interests in joint ventures | **(17,414)** | – |
| Share of results of associates | **11,102** | (13,561) |
| Share of results of joint ventures | **32,325** | (284,242) |
| Net gains on disposals/written off of property, plant and equipment | **(5,412)** | (690) |
| Operating cash flows before movements in working capital | **(2,188,964)** | (1,684,574) |
| Decrease (increase) in debtors, deposits and prepayments | **361,180** | (23,335) |
| Decrease in completed properties held for sale | **1,948,637** | 5,927,836 |
| Decrease in properties under development for sale | **2,808,655** | 4,542,165 |
| Decrease in creditors and accrued charges | **(1,309,322)** | (1,795,224) |
| Increase (decrease) in contract liabilities | **1,136,907** | (555,240) |
| Payment for land leases | **–** | (2,963,422) |
| Cash generated from operations | **2,757,093** | 3,448,206 |
| Income tax paid | **(708,960)** | (890,725) |
| **Net cash from operating activities** | **2,048,133** | 2,557,481 |

# Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024

| | NOTES | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Cash distributions/dividends received from joint ventures | | **217,044** | 556,881 |
| Interest received | | **90,790** | 169,397 |
| Purchases of property, plant and equipment | | **(14,382)** | (14,001) |
| Proceeds on disposal of investment properties | | **152,700** | – |
| Proceeds on disposal of property, plant and equipment | | **12,082** | 1,361 |
| Net cash inflow from debt restructuring arrangement | | **3,582** | – |
| Net cash inflow from acquisition of subsidiaries | 41 | **52,223** | 2,328 |
| Net cash proceeds on disposal of subsidiaries | 42 | **4,917,159** | – |
| Disposal-related transaction costs and expenses | 42 | **(41,400)** | – |
| Disposal-related income tax expenses | 42 | **(372,511)** | – |
| Net cash proceeds on disposal of interests in joint ventures | | **115,880** | – |
| Additions to loan receivables | | **(3,457)** | (19,341) |
| Repayment of loan receivables | | **114,660** | 70,172 |
| Advances to other non-controlling interests of subsidiaries | | **(296,891)** | (1,167,967) |
| Repayment from other non-controlling interests of subsidiaries | | **28,149** | 341,056 |
| Advances to joint ventures | | **(503,072)** | (1,217,217) |
| Repayment from joint ventures | | **695,002** | 4,134,411 |
| Placement of pledged bank deposits | | **(375,664)** | (17,841) |
| Withdrawal of pledged bank deposits | | **31,432** | 54,645 |
| Placement of restricted bank balances | | **(982,652)** | (598,119) |
| Withdrawal of restricted bank balances | | **728,757** | 495,326 |
| Capital contributions to joint ventures | | **(26,467)** | (40,259) |
| Capital reductions in joint ventures | | **114,285** | 228,571 |
| Settlement of consideration payables | | **–** | (10,526) |
| Cash paid for contingent consideration designated as at FVTPL | | **–** | (29,801) |
| **Net cash from investing activities** | | **4,657,249** | 2,939,076 |

# Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024

| | NOTE | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Financing activities** | | | |
| New borrowings raised | | **1,201,887** | 2,354,196 |
| Repayment of borrowings | | **(6,803,446)** | (11,051,031) |
| Repayment of lease liabilities including related interests | | **(14,602)** | (21,720) |
| Expenses paid for perpetual capital securities | | **(15,841)** | – |
| Capital contributions from other non-controlling interests of subsidiaries | | **–** | 544,460 |
| Reduction in capital of other non-controlling interests of subsidiaries | | **(644)** | – |
| Advances from other non-controlling interests of subsidiaries | | **9,657** | 1,124,020 |
| Repayment to other non-controlling interests of subsidiaries | | **(550,644)** | (1,134,243) |
| Advances from joint ventures and associates | | **1,144,739** | 2,306,857 |
| Repayment to joint ventures and associates | | **(268,915)** | (394,987) |
| Dividends paid for other non-controlling interests of subsidiaries | | **(1,057,358)** | (305,878) |
| Distributions paid for owners of perpetual capital securities | | **(356,466)** | (530,311) |
| Interest paid | | **(1,261,624)** | (1,840,067) |
| Cash paid for participation rights designated as at FVTPL | | **(12,205)** | (10,056) |
| Cash received from sale loan with redemption right designated as at FVTPL | | **–** | 800,000 |
| Cash paid for redemption of perpetual capital securities | | **(8,326)** | – |
| **Net cash used in financing activities** | | **(7,993,788)** | (8,158,760) |
| **Net decrease in cash and cash equivalents** | | **(1,288,406)** | (2,662,203) |
| **Cash and cash equivalents at beginning of the year** | | **4,504,651** | 7,371,621 |
| Effect of foreign exchange rate changes | | **(154,666)** | (204,767) |
| **Cash and cash equivalents at end of the year** | | **3,061,579** | 4,504,651 |
| Add: designated bank balances | 26 | **1,211,992** | 975,557 |
| **Total bank balances and cash** | | **4,273,571** | 5,480,208 |
| Analysis of cash and cash equivalents as at 31 December, represented by bank balance and cash held by: | | | |
| – the Group | | **4,273,571** | 5,480,197 |
| – the disposal group held-for sale | | **–** | 11 |

## 1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business of the Company is Suite 501, 5/F, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are the operation of property development and investment, investment and asset management businesses in Hong Kong and Mainland China; and the development, operation and management of toll roads through the infrastructure joint ventures in Mainland China and Indonesia. The principal activity of the major subsidiaries, associates and joint ventures are detailed in notes 50, 18 and 19 respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the Company's functional currency of Renminbi ("RMB"). The directors of the Company (the "Directors") adopted HK$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK$, as the Company's shares are listed on the Stock Exchange.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

### 2.1 Amendments to HKFRSs that are mandatorily effective for the current year

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES *(continued)*

### 2.1 Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

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

#### (a) Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES *(continued)*

### 2.2 New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

#### HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.1 Basis of preparation of consolidated financial statements *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.2 Material accounting policy information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of Company, to owners of the perpetual capital securities and to other non-controlling interests of subsidiaries. Total comprehensive income and expense of subsidiaries attributed to owners of the Company, to owners of the perpetual capital securities and to other non-controlling interests of subsidiaries even if this results in non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Basis of consolidation *(continued)*

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Other non-controlling interests in subsidiaries, including owners of perpetual capital securities, are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation, adjusted for consolidation adjustments or eliminations, if applicable.

#### Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and, (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Business combinations or asset acquisitions

**Optional concentration test**

The Group can elect to apply an optional concentration test, on a transaction– by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

**Asset acquisitions**

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

When the Group obtains control over a joint venture which does not constitute a business through acquisition of additional interest, the carrying amount of the joint venture is not remeasured. The costs of the underlying assets and the related liabilities are measured at the sum of the carrying amount of the relevant joint venture under equity method and the consideration of the additional interest.

**Business combinations**

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Business combinations or asset acquisitions** *(continued)*

**Business combinations** *(continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Business combinations or asset acquisitions *(continued)*

**Business combinations** *(continued)*

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does 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.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Revenue from contracts with customers *(continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

#### Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

*Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

#### Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Revenue from contracts with customers *(continued)*

**Incremental costs of obtaining a contract**

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

#### Inventory of properties

Properties under development which are intended to be sold upon completion of development and properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development are transferred to properties held for sale upon completion.

The Group transfers a property from inventory of properties to investment properties when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

#### Interests in associates and joint ventures

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

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

The Group's infrastructure joint ventures are Sino-foreign co-operative joint ventures registered in the PRC in respect of which the partners' cash/profit sharing ratios until the expiration of the joint venture periods are predetermined in accordance with the joint venture agreements and may not be in proportion to their capital contribution ratios.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Interests in associates and joint ventures *(continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates and joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures based on the predetermined profit sharing ratio. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

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

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

When the consideration transferred by the Group in an acquisition of joint venture includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in an acquisition of joint venture. The contingent consideration is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

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

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Interests in associates and joint ventures *(continued)*

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

#### Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Interests in associates and joint ventures *(continued)*

##### Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

##### Toll road operation rights of joint ventures

When applying the equity method of accounting, the concession intangible assets, which are the toll road operation rights of the Group's infrastructure joint ventures, are amortised to write off their cost over their expected useful lives or the remaining concession period, whichever is shorter, commencing from the date of commencement of operation of the underlying toll roads using an amortisation method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed. The expected useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### Assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade debtors arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Financial assets

*Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Financial instruments** *(continued)*

**Financial assets** *(continued)*

*Classification and subsequent measurement of financial assets (continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other debtors, loan receivables, amounts due from joint ventures and associates, amounts due from other non-controlling interests of subsidiaries, pledged bank deposits and bank balances) and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Financial instruments** *(continued)*

**Financial assets** *(continued)*

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Financial instruments** *(continued)*

**Financial assets** *(continued)*

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

(i) Significant increase in credit risk *(continued)*

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and

(e) the disappearance of an active market for that financial asset because of financial difficulties.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Financial instruments** *(continued)*

**Financial assets** *(continued)*

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade debtors and loan receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Financial instruments *(continued)*

**Financial assets** *(continued)*

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

(v) Measurement and recognition of ECL *(continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9, and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other debtors, loan receivables and financial guarantee contracts, where the corresponding adjustment is recognised through a loss allowance account.

*Derecognition/modification of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Financial instruments *(continued)*

**Financial assets** *(continued)*

*Derecognition/modification of financial assets (continued)*

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

**Financial liabilities and equity**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Financial instruments** *(continued)*

**Financial liabilities and equity** *(continued)*

*Equity instruments (continued)*

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at FVTPL*

Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration arising from acquisition of a joint venture; (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Financial instruments** *(continued)*

**Financial liabilities and equity** *(continued)*

*Financial liabilities at FVTPL (continued)*

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

*Financial liabilities at amortised cost*

Financial liabilities including creditors and accrued charges, bank and other borrowings, amounts due to joint ventures and associates and amounts due to other non-controlling interests of subsidiaries are subsequently measured at amortised cost, using the effective interest method.

*Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Financial instruments *(continued)*

**Financial liabilities and equity** *(continued)*

*Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform*

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

a. the change is necessary as a direct consequence of interest rate benchmark reform; and

b. the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

**Derivative financial instruments**

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

*Offsetting a financial asset and a financial liability*

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Investment properties *(continued)*

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Taxation** *(continued)*

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities and its joint ventures are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to other non-controlling interests of subsidiaries as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### Foreign currencies *(continued)*

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e.HK$) are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

#### Leases

##### Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### The Group as a lessee

*Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

*Short-term leases*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Leases** *(continued)*

**The Group as a lessee** *(continued)*

*Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property or inventory are presented within "investment properties" and "inventory of properties", respectively.

*Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Leases** *(continued)*

**The Group as a lessee** *(continued)*

*Lease liabilities (continued)*

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

**Leases** *(continued)*

**The Group as a lessor**

*Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

*Allocation of consideration to components of a contract*

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

*Refundable rental deposits*

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

**Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model and inventory of properties. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Employee benefits

##### Retirement benefit costs

Payments to the state-managed retirement benefit scheme operated by the government and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

##### Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

#### Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Net realisable value of inventory of properties

The assessment of the net realisable values of the properties under development for sale involves, inter-alia, considerable analysis of current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and the estimated costs necessary to make the sale. If the actual net realisable values of the underlying properties under development for sale are less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. As at 31 December 2024, the carrying amount of properties under development for sale is HK$14,450,053,000 (2023: HK$17,562,247,000).

In addition, management exercises its judgment in making allowance for inventory of completed properties held for sale with reference to the existing market environment, the sales performance in previous years and estimated net realisable value of the properties, i.e. the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. A specific allowance for completed properties held for sale is made if the estimated net realisable value of the properties is lower than its carrying amount. If the actual net realisable values of the completed properties held for sale are less than expected as a result of change in market condition, material provision for impairment losses may result. As at 31 December 2024, the carrying amount of the completed properties held for sale is HK$9,282,207,000 (2023: HK$11,864,039,000).

### Amortisation of toll road operation rights

Amortisation of toll road operation rights of the Group's infrastructure joint ventures is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. Estimation of total traffic volume over the remaining concession period is reviewed at the end of each reporting period taking into consideration of the actual traffic volume in the recent periods, the current and future development of the transportation network and government policies related to the toll road operations, as well as forecasted economic growth in the region. The effects of changes in estimates are accounted for prospectively and reflected in the Group's share of results of infrastructure joint ventures should there be a material difference between the projected total traffic volume and the actual traffic volume. As at 31 December 2024, the carrying amount of interests in infrastructure joint ventures is HK$4,338,630,000 (2023: HK$7,218,894,000, included the carrying amount of several interest in infrastructure joint ventures reclassified to assets held for sale amounting to HK$2,850,043,000).

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Provision of ECL for loan receivables and amounts due from joint ventures and associates

Loan receivables and amount due from joint ventures and associates are assessed for ECL individually. The provision rates are based on internal credit ratings with reference to historical default rates, the fair value of the collateral pledged by the borrowers, and reasonable and supportable forward-looking macroeconomic information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed, changes in the forward-looking information and changes in the fair value of the collateral held are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL, the Group's loan receivables and amounts due from joint ventures and associates are disclosed in note 39.

### Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors are responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The Directors regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments and investment properties. Notes 39(c) and 17 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

## 5. REVENUE

### (a) Disaggregation of the Group's revenue from contracts with customers

| Segment | 2024 Property development and investment HK$'000 | 2024 Investment and asset management HK$'000 | 2024 Total HK$'000 | 2023 Property development and investment HK$'000 | 2023 Investment and asset management HK$'000 | 2023 Total HK$'000 |
|---|---|---|---|---|---|---|
| **Types of goods or services** | | | | | | |
| Property sales | **4,321,580** | **12,112** | **4,333,692** | 11,841,213 | 53,441 | 11,894,654 |
| Property management and service income | **944,606** | **15,268** | **959,874** | 958,814 | 3,733 | 962,547 |
| **Total** | **5,266,186** | **27,380** | **5,293,566** | 12,800,027 | 57,174 | 12,857,201 |
| **Geographical market** | | | | | | |
| Mainland China | **4,994,758** | **27,380** | **5,022,138** | 12,754,368 | 57,174 | 12,811,542 |
| Hong Kong | **271,428** | **–** | **271,428** | 45,659 | – | 45,659 |
| **Total** | **5,266,186** | **27,380** | **5,293,566** | 12,800,027 | 57,174 | 12,857,201 |
| **Timing of revenue recognition** | | | | | | |
| Goods recognised at a point in time | **4,321,580** | **12,112** | **4,333,692** | 11,841,213 | 53,441 | 11,894,654 |
| Services recognised overtime | **944,606** | **15,268** | **959,874** | 958,814 | 3,733 | 962,547 |
| **Total** | **5,266,186** | **27,380** | **5,293,566** | 12,800,027 | 57,174 | 12,857,201 |

## 5. REVENUE *(continued)*

### (a) Disaggregation of the Group's revenue from contracts with customers *(continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

| Segment | 2024 Property development and investment HK$'000 | 2024 Investment and asset management HK$'000 | 2024 Total HK$'000 | 2023 Property development and investment HK$'000 | 2023 Investment and asset management HK$'000 | 2023 Total HK$'000 |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | **5,266,186** | **27,380** | **5,293,566** | 12,800,027 | 57,174 | 12,857,201 |
| Rental income from commercial properties and other revenue | **233,245** | **10,100** | **243,345** | 200,909 | 17,238 | 218,147 |
| **Total revenue of the Group** (note 6) | **5,499,431** | **37,480** | **5,536,911** | 13,000,936 | 74,412 | 13,075,348 |

### (b) Total revenue of the Group

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Property sales and service income | **5,293,566** | 12,857,201 |
| Rental income from commercial properties and other revenue (note) | **243,345** | 218,147 |
| Total revenue of the Group | **5,536,911** | 13,075,348 |
| Group's share of revenue of property joint ventures and associates | **10,812,854** | 11,078,905 |
| Group's share of toll revenue of infrastructure joint ventures | **1,015,612** | 1,873,573 |
| Revenue of the Group and Group's share of revenue of joint ventures and associates | **17,365,377** | 26,027,826 |

Note: The rental related outgoings were insignificant to the Group.

## 5. REVENUE *(continued)*

### (c) Performance obligations for contracts with customers and revenue recognition policies

#### Property sales

For contracts entered into with customers on sale of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms and the legal environment in Mainland China and Hong Kong, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sale of residential properties is therefore recognised at a point in time when the control of completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has a present right to payment and collection of the consideration is probable.

The Group receives 30% to 100% of the contract value as deposits from customers when they sign the sale and purchase agreement while construction work of property is still ongoing. Certain customers who use mortgage loans provided by the banks and the remaining total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price. The related financial guarantee contracts issued to banks in favour of customers in respect of the mortgage loans are not recognised separately as the fair value of the guarantees is immaterial.

The Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer. The Group has applied the practical expedient in HKFRS 15 and has not considered the financing component of contracts which are expected to be completed within one year from the date of payment made by customers.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

#### Property management and service income

It mainly consists of property management services where the Group acts as principal and is primary responsible for providing the property management services to the property owners. The Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

## 5. REVENUE *(continued)*

### (d) Transaction price allocated to the remaining performance obligation for contracts with customers

Certain property sales contracts have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For property sales contracts with an original duration of over one year, the transaction price allocated to the remaining performance obligations from property sales (unsatisfied or partially unsatisfied) as at 31 December 2024 amounting to HK$3.4 billion (2023: HK$2.8 billion), including the amount received in advance in contract liabilities. Management expects that the amounts will be recognised beyond one year upon these property sales contracts were signed. The amounts disclosed above does not include unsatisfied performance obligation that were related to the Group's contracts with customers with an original duration of one year or less.

All property management and service income are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### (e) Leases

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Fixed lease payments | **226,688** | 193,754 |
| Variable lease payments that do not depend on an index or a rate | **16,657** | 16,779 |
| Total for the year | **243,345** | 210,533 |

## 6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who mainly are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations (including interests in joint ventures and associates) stated as below:

| | | |
|---|---|---|
| Property development and investment | – | development of properties for sale and for rental income and/or potential capital appreciation |
| Toll road | – | development, operation and management of toll roads |
| Investment and asset management | – | property development and investment, integrated with property fund, cultural, tourist and commercial businesses |

## 6. SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's revenue, (loss) profit, assets, liabilities and other information by operating and reportable segments for the years under review:

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Property development and investment HK$'000 | Toll road HK$'000 | Investment and asset management HK$'000 | Total HK$'000 | Property development and investment HK$'000 | Toll road HK$'000 | Investment and asset management HK$'000 | Total HK$'000 |
| Segment revenue | **5,499,431** | **–** | **37,480** | **5,536,911** | 13,000,936 | – | 74,412 | 13,075,348 |
| Segment (loss) profit | **(2,984,795)** | **1,811,313** | **(2,050,442)** | **(3,223,924)** | (2,137,716) | 563,096 | (2,073,944) | (3,648,564) |
| Segment assets (including interests in joint ventures and associates) | **46,656,622** | **4,468,757** | **6,023,059** | **57,148,438** | 56,532,993 | 7,853,630 | 8,281,972 | 72,668,595 |
| Segment liabilities | **(35,217,989)** | **(64,639)** | **(714,748)** | **(35,997,376)** | (43,298,320) | (942,238) | (871,494) | (45,112,052) |

### (a) Measurement

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3.

Segment (loss) profit represents profit or loss generated from each segment, which includes share of results of associates, share of results of joint ventures, net gains on disposals/written off of property, plant and equipment, impairment losses on loan receivables and amounts due from joint ventures, fair value losses on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, change in fair value of financial asset (liabilities) at FVTPL, net exchange losses, gains on buyback of senior notes, gains on disposal of interests in joint ventures, gains on disposal of subsidiaries, depreciation of property, plant and equipment and right-of-use assets, relevant interest income, finance costs and income tax credit (expenses) attributable to the relevant segment but without allocation of headquarters income and expenses.

Segment revenue comprises revenue from external customers. There was no inter-segment revenue.

Segment assets include property, plant and equipment, right-of-use assets, investment properties, interests in associates, interests in joint ventures, assets classified as held for sale, inventory of properties, amounts due from joint ventures and associates, amounts due from other non-controlling interests of subsidiaries, loan receivables, debtors, deposits and prepayments, prepaid income tax, financial asset at FVTPL, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

## 6. SEGMENT INFORMATION (continued)

### (a) Measurement (continued)

Segment liabilities include creditors and accrued charges, amounts due to joint ventures and associates, amounts due to other non-controlling interests of subsidiaries, contract liabilities, lease liabilities, income tax payable, bank and other borrowings, financial liabilities at FVTPL, liabilities associated with assets classified as held for sale and deferred tax liabilities which are directly attributable to the relevant reportable segment.

Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprise purchase of property, plant and equipment and capital contributions to joint ventures and associates directly attributable to the segment.

### (b) Reconciliation of total segment loss, total segment assets and total segment liabilities

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Total segment loss | **(3,223,924)** | (3,648,564) |
| Unallocated items: | | |
| Interest income | **7,253** | 4,832 |
| Corporate expenses | **(46,307)** | (51,780) |
| Finance costs | **(45,331)** | (65,035) |
| Consolidated loss for the year | **(3,308,309)** | (3,760,547) |
| Total segment assets | **57,148,438** | 72,668,595 |
| Unallocated assets: | | |
| Right-of-use assets | **4,186** | 9,210 |
| Deposits and prepayments | **82,558** | 66,632 |
| Bank balances and cash | **277,953** | 401,876 |
| Consolidated total assets | **57,513,135** | 73,146,313 |
| Total segment liabilities | **(35,997,376)** | (45,112,052) |
| Unallocated liabilities: | | |
| Accrued charges | **(9,923)** | (16,093) |
| Bank and other borrowings | **(600,907)** | (810,294) |
| Lease liabilities | **(4,750)** | (10,210) |
| Consolidated total liabilities | **(36,612,956)** | (45,948,649) |

## 6. SEGMENT INFORMATION (continued)

### (c) Other segment information

| | 2024 | | | | | 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Property development and investment HK$'000 | Toll road HK$'000 | Investment and asset management HK$'000 | Unallocated HK$'000 | Consolidated total HK$'000 | Property development and investment HK$'000 | Toll road HK$'000 | Investment and asset management HK$'000 | Unallocated HK$'000 | Consolidated total HK$'000 |
| **Amounts included in the measure of segment (loss) profit:** | | | | | | | | | | |
| Interest income | 67,876 | 3,034 | 314 | 7,253 | 78,477 | 196,835 | 15,734 | 4,732 | 4,832 | 222,133 |
| Gains on disposal of subsidiaries | 6,890 | 1,862,396 | – | – | 1,869,286 | – | – | – | – | – |
| Gains on disposal of interests in joint ventures | – | – | 17,414 | – | 17,414 | – | – | – | – | – |
| Net gains (losses) on disposals/ written off of property, plant and equipment | 599 | – | 4,813 | – | 5,412 | 787 | – | (97) | – | 690 |
| Impairment loss on loan receivables | – | – | (789,071) | – | (789,071) | – | – | (698,896) | – | (698,896) |
| Impairment loss on amounts due from joint ventures | (572,057) | – | (166,418) | – | (738,475) | (614,848) | – | – | – | (614,848) |
| Fair value losses on transfer of completed properties held for sale to investment properties | (331,197) | – | (7,382) | – | (338,579) | (138,709) | – | (25) | – | (138,734) |
| Change in fair value of investment properties | (327,743) | – | (99,270) | – | (427,013) | 81,176 | – | (23,764) | – | 57,412 |
| Depreciation of property, plant and equipment | (9,094) | (474) | (2,198) | – | (11,766) | (14,991) | (513) | (1,108) | – | (16,612) |
| Depreciation of right-of-use assets | (7,251) | (784) | – | (4,826) | (12,861) | (9,040) | (5,778) | – | (5,519) | (20,337) |
| Finance costs | (73,556) | (39,617) | (577,827) | (45,331) | (736,331) | (181,175) | (118,217) | (689,765) | (65,035) | (1,054,192) |
| Income tax credit (expenses) | 412,878 | (404,337) | 23,725 | – | 32,266 | (131,540) | (22,704) | (17,078) | – | (171,322) |
| Share of results of associates | – | – | (11,102) | – | (11,102) | – | – | 13,561 | – | 13,561 |
| Share of results of joint ventures | (248,470) | 456,771 | (240,626) | – | (32,325) | 88,282 | 788,750 | (592,790) | – | 284,242 |
| **Amounts included in the measure of segment assets:** | | | | | | | | | | |
| Right-of-use assets | 8,240 | 696 | – | 4,186 | 13,122 | 15,856 | 735 | – | 9,210 | 25,801 |
| Investment properties | 4,048,176 | – | 1,275,536 | – | 5,323,712 | 4,368,111 | – | 876,771 | – | 5,244,882 |
| Interests in associates | – | – | 979,661 | – | 979,661 | – | – | 1,025,706 | – | 1,025,706 |
| Interests in joint ventures | 7,209,081 | 4,338,630 | 970,806 | – | 12,518,517 | 9,008,261 | 4,368,851 | 1,355,391 | – | 14,732,503 |
| Financial assets at FVTPL | – | – | 551,560 | – | 551,560 | – | – | 579,707 | – | 579,707 |
| Assets classified as held for sale | – | – | – | – | – | – | 2,930,045 | – | – | 2,930,045 |
| Additions to non-current assets during the year | 39,580 | – | 1,307 | – | 40,887 | 45,880 | 417 | 7,980 | – | 54,277 |

### (d) Revenue from major products and services

The Group's revenue for the year mainly comprises sale of completed residential properties developed by the Group for sale purposes and property management service income. Details on the revenue by nature are set out in note 5.

### (e) Information about geographical areas

All of the Group's revenue is attributable to customers in Mainland China and Hong Kong. Details on the revenue by geographical areas are set out in note 5.

The Group's total non-current assets (excluding deferred tax assets and financial instruments) of HK$14,467,079,000 (2023: HK$16,351,664,000) are located in Mainland China. The remaining non-current assets of HK$4,421,919,000 (2023: HK$4,725,194,000) are substantially located in Hong Kong and Indonesia.

## 6. SEGMENT INFORMATION *(continued)*

### (f) Information about major customers

In view of the nature of the toll road business, there are no major customers. For the property business and investment and asset management business, there was no customer who accounted for over 10% of the total revenue generated from the relevant operating and reportable segments.

## 7. OTHER GAINS AND LOSSES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Net exchange losses | **(608,011)** | (662,409) |
| Change in fair value of financial asset at FVTPL | | |
| – relating to investment in an unlisted entity (note 25) | **(8,452)** | – |
| Change in fair value of financial liabilities at FVTPL | | |
| – relating to participation rights (note 25) | **28,990** | 51,345 |
| – relating to contingent consideration (note 19(c)) | **34,281** | – |
| – relating to sale loan with redemption right (note 25) | **(62,452)** | 66,297 |
| Gains on buyback of senior notes (note 29) | **590,967** | 605,697 |
| Net gains on disposals/written off of property, plant and equipment | **5,412** | 690 |
| Gains on disposal of interests in joint ventures (note 19(f)) | **17,414** | – |
| Impairment loss on loan receivables (note 39(b)(ii)) | **(789,071)** | (698,896) |
| Impairment loss on amounts due from joint ventures (note 39(b)(ii)) | **(738,475)** | (614,848) |
| Fair value losses on transfer of completed properties held for sale to investment properties (note 17) | **(338,579)** | (138,734) |
| Change in fair value of investment properties (note 17) | **(427,013)** | 57,412 |
| | **(2,294,989)** | (1,333,446) |

## 8. SHARE OF RESULTS OF JOINT VENTURES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Share of profits of infrastructure joint ventures before amortisation and taxation | **593,315** | 1,233,213 |
| Less share of: | | |
| Amortisation of toll road operation rights | **(108,177)** | (243,385) |
| Income tax expenses | **(28,367)** | (201,078) |
| | **456,771** | 788,750 |
| Share of loss of property and other joint ventures | **(489,096)** | (504,508) |
| | **(32,325)** | 284,242 |

## 9. FINANCE COSTS

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Interest on borrowings | **1,122,199** | 1,685,466 |
| Interest on lease liabilities | **1,059** | 1,914 |
| Other interest and finance costs | **105,723** | 108,135 |
| | **1,228,981** | 1,795,515 |
| Less: Capitalised in properties under development for sale | **(492,650)** | (741,323) |
| | **736,331** | 1,054,192 |

Borrowing costs on general borrowings capitalised during the year are calculated by applying a capitalisation rate of 6.33% (2023: 6.46%) per annum to expenditure on qualifying assets.

## 10. LOSS BEFORE TAXATION

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Loss before taxation has been arrived at after charging: | | |
| Depreciation of property, plant and equipment (note 15) | **12,019** | 17,247 |
| Depreciation of right-of-use assets (note 16) | **12,861** | 20,337 |
| | **24,880** | 37,584 |
| Less: Capitalised in properties under development for sale | **(253)** | (635) |
| | **24,627** | 36,949 |
| Salaries and other benefits | **700,544** | 738,903 |
| Provident fund scheme contributions, net of forfeited contributions of HK$377,000 (2023: HK$894,000) | **143,229** | 168,299 |
| Less: Capitalised in properties under development for sale | **(30,356)** | (59,328) |
| Total staff costs (excluding Directors' emoluments) | **813,417** | 847,874 |
| Audit fee | **4,647** | 5,290 |
| Cost of inventory of properties recognised as an expense (including write down of inventories amounting to HK$682,068,000 (2023: HK$890,996,000)) | **5,922,696** | 12,665,115 |
| and after crediting: | | |
| Bank interest income | **41,195** | 68,475 |

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### Directors' emoluments

| | Notes | Directors' fees HK$'000 | Salaries and allowances HK$'000 | Retirement scheme contributions HK$'000 | 2024 Total HK$'000 |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Zen Wei Peu, Derek | | – | 4,817 | 482 | 5,299 |
| Ko Yuk Bing | (a) | – | 4,127 | 110 | 4,237 |
| Fong Shiu Leung, Keter | (b) | – | 17,700 | 500 | 18,200 |
| Ng Fun Hung, Thomas | | – | 8,696 | 300 | 8,996 |
| **Non-executive Directors** | | | | | |
| Cai Xun | | 370 | – | – | 370 |
| Xu Enli | | 370 | – | – | 370 |
| **Independent Non-executive Directors** | | | | | |
| Lau Sai Yung | (c) | 305 | – | – | 305 |
| Wong Wai Ho | | 684 | – | – | 684 |
| Hui Grace Suk Han | | 537 | – | – | 537 |
| Cheung Hon Kit, Edwin | | 411 | – | – | 411 |
| Ho Tai Wai, David | (d) | 323 | – | – | 323 |
| | | 3,000 | 35,340 | 1,392 | 39,732 |

| | Notes | Directors' fees HK$'000 | Salaries and allowances HK$'000 | Retirement scheme contributions HK$'000 | 2023 Total HK$'000 |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Zen Wei Peu, Derek | | – | 4,817 | 482 | 5,299 |
| Ko Yuk Bing | | – | 15,777 | 658 | 16,435 |
| Fong Shiu Leung, Keter | (b) | – | 15,750 | 500 | 16,250 |
| Ng Fun Hung, Thomas | | – | 6,096 | 300 | 6,396 |
| **Non-executive Directors** | | | | | |
| Cai Xun | | 370 | – | – | 370 |
| Xu Enli | | 370 | – | – | 370 |
| **Independent Non-executive Directors** | | | | | |
| Lau Sai Yung | | 787 | – | – | 787 |
| Wong Wai Ho | | 776 | – | – | 776 |
| Hui Grace Suk Han | | 537 | – | – | 537 |
| Cheung Hon Kit, Edwin | (e) | 217 | – | – | 217 |
| Tse Chee On, Raymond | (f) | 306 | – | – | 306 |
| | | 3,363 | 42,440 | 1,940 | 47,743 |

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

### Directors' emoluments *(continued)*

Notes:

(a) Mr. Ko Yuk Bing retired from the positions of Deputy Chairman and Executive Director of the Company with effect from 29 February 2024.

(b) Mr. Fong Shiu Leung, Keter's emoluments disclosed above included those for services rendered by him as the Chief Executive Officer.

(c) Mr. Lau Sai Yung retired as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 21 May 2024.

(d) Mr. Ho Tai Wai, David was appointed as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 21 May 2024.

(e) Mr. Cheung Hon Kit, Edwin was appointed as an Independent Non-executive Director of the Company with effect from 1 June 2023.

(f) Mr. Tse Chee On, Raymond retired as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 24 May 2023.

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

The Independent Non-executive Directors' emoluments shown above were for their services as Directors of the Company.

There was no arrangement under which a Director or the Chief Executive Officer waived or agreed to waive any remuneration during the years.

Details of the emoluments of the five highest paid individuals of the Group included three (2023: four) individuals who are Executive Directors throughout the year and their emoluments are included above. For the remaining two (2023: one) highest paid individual as the staffs of the Group, the salaries and allowances and retirement benefit contributions for the year ended 31 December 2024 were HK$11,985,000 (2023: HK$4,785,000) and HK$475,000 (2023: HK$313,000), respectively.

During the years ended 31 December 2024 and 2023, no emoluments was paid by the Group to any of the Directors or five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

## 12. INCOME TAX (CREDIT) EXPENSES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Current tax: | | |
| Hong Kong profits tax | **8,441** | – |
| PRC enterprise income tax ("EIT") | **338,953** | 62,541 |
| PRC land appreciation tax ("LAT") | **(258,659)** | 43,912 |
| PRC withholding tax | **68,305** | 120,388 |
| | **157,040** | 226,841 |
| Deferred tax (note 30) | **(189,306)** | (55,519) |
| | **(32,266)** | 171,322 |

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits derived from Hong Kong.

EIT has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 10% to 25%. EIT for the year ended 31 December 2024 included the income tax expenses of HK$372,511,000 on the disposal of four expressway projects in Mainland China. Further details could be referred to note 42.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

The income tax (credit) expenses for the year is reconciled to loss before taxation as follows:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Loss before taxation | **(3,340,575)** | (3,589,225) |
| Tax at the applicable income tax rate of 25% (note) | **(835,144)** | (897,306) |
| LAT (reversal) provision | **(258,659)** | 43,912 |
| Tax effect of LAT | **64,665** | (10,978) |
| Tax effect of expenses not deductible for tax purpose | **902,987** | 888,166 |
| Tax effect of income not taxable for tax purpose | **(197,213)** | (260,469) |
| Tax effect of share of results of associates | **2,776** | (3,390) |
| Tax effect of share of results of joint ventures | **(54,103)** | (42,167) |
| Tax effect of tax losses not recognised | **450,568** | 481,818 |
| Tax effect of utilisation of tax losses previously not recognised | **(45,908)** | (19,510) |
| Deferred tax credit on undistributed earnings of PRC subsidiaries and joint ventures | **(36,478)** | (97,684) |
| PRC withholding tax | **68,305** | 120,388 |
| Effect of different tax rates of subsidiaries and joint ventures operating in other jurisdictions | **55,281** | (18,471) |
| Tax difference in gains on disposal of PRC subsidiaries | **(93,088)** | – |
| Others | **(56,255)** | (12,987) |
| Income tax (credit) expenses for the year | **(32,266)** | 171,322 |

Note: The domestic tax rate of major subsidiaries in the PRC is used for the reconciliation as it is where the operations of the Group are substantially based.

## 13. DIVIDENDS PAID

The Group has not paid any interim and final dividends both in 2024 and 2023.

The board of Directors (the "Board") has resolved not to recommend the payment of any final dividend in respect of 2024.

## 14. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Loss for the purposes of basic loss per share attributable to owners of the Company | **(4,121,870)** | (3,961,585) |

| | **2024 Number of shares '000** | 2023 Number of shares '000 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic loss per share | **749,337** | 749,337 |

No diluted loss per share for the years of 2024 and 2023 were presented as there were no dilutive potential ordinary shares in issue for both years.

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings HK$'000 | Leasehold improvements HK$'000 | Furniture, fixtures and equipment HK$'000 | Motor vehicles HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 1 January 2023 | 13,490 | 69,589 | 89,225 | 35,842 | 208,146 |
| Additions | – | 527 | 11,929 | 1,545 | 14,001 |
| Acquisition of subsidiaries | – | – | 17 | – | 17 |
| Disposals/written off | – | (66) | (3,427) | (4,668) | (8,161) |
| Exchange adjustments | (375) | (1,933) | (2,108) | (719) | (5,135) |
| At 31 December 2023 | 13,115 | 68,117 | 95,636 | 32,000 | 208,868 |
| Additions | **–** | **12** | **13,945** | **425** | **14,382** |
| Transfer in through debt restructuring arrangement | **–** | **–** | **11,491** | **–** | **11,491** |
| Acquisition of subsidiaries | **–** | **–** | **38** | **–** | **38** |
| Disposals/written off | **(5,936)** | **(2,607)** | **(3,941)** | **(3,378)** | **(15,862)** |
| Exchange adjustments | **(303)** | **(1,523)** | **(908)** | **(272)** | **(3,006)** |
| **At 31 December 2024** | **6,876** | **63,999** | **116,261** | **28,775** | **215,911** |
| Depreciation | | | | | |
| At 1 January 2023 | 8,275 | 55,878 | 61,523 | 29,421 | 155,097 |
| Charge for the year | 316 | 5,257 | 8,598 | 3,076 | 17,247 |
| Eliminated on disposals/written off | – | (66) | (2,896) | (4,528) | (7,490) |
| Exchange adjustments | (235) | (1,634) | (1,484) | (599) | (3,952) |
| At 31 December 2023 | 8,356 | 59,435 | 65,741 | 27,370 | 160,902 |
| Charge for the year | **134** | **845** | **9,512** | **1,528** | **12,019** |
| Eliminated on disposals/Written off | **(1,592)** | **(2,607)** | **(2,009)** | **(2,984)** | **(9,192)** |
| Exchange adjustments | **(252)** | **(1,238)** | **(158)** | **(156)** | **(1,804)** |
| **At 31 December 2024** | **6,646** | **56,435** | **73,086** | **25,758** | **161,925** |
| Carrying values | | | | | |
| **At 31 December 2024** | **230** | **7,564** | **43,175** | **3,017** | **53,986** |
| At 31 December 2023 | 4,759 | 8,682 | 29,895 | 4,630 | 47,966 |

## 15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

| | |
|---|---|
| Leasehold land and buildings | Over the term of the lease from 20 to 25 years |
| Leasehold improvements | Over the term of the lease or 5 years, whichever is shorter |
| Furniture, fixtures and equipment | 10%-25% |
| Motor vehicles | 12.5%-25% |

The Group's leasehold land and buildings are situated in the PRC.

The allocation of leasehold land and buildings elements cannot be made reliably, and the leasehold interests in land are accounted for as property, plant and equipment.

## 16. RIGHT-OF-USE ASSETS

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| **Leased properties** | | |
| Carrying amount as at 31 December | **13,122** | 25,801 |
| Depreciation charge for the year (note 10) | **12,861** | 20,337 |

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Expenses relating to short-term leases | – | 8,850 |
| Cash outflow for lease liabilities | **14,602** | 21,720 |
| Total cash outflow for leases | **14,602** | 30,570 |

For both years, the Group leases office premises for its operations. Lease contracts are entered into for fixed terms of 6 months to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

### Restrictions or covenants on leases

As at 31 December 2024, lease liabilities of HK$15,013,000 (2023: HK$28,785,000) are recognised with related right-of-use assets of HK$13,122,000 (2023: HK$25,801,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

## 17. INVESTMENT PROPERTIES

The Group leases out various office and commercial units under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 20 years, and the extension of lease period is subject to negotiation between the lessees and the Group. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of shopping mall contain variable lease payment that are based on percentage of sales and minimum annual lease payment that are fixed over the lease term.

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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Completed properties, at fair value** | | |
| At 1 January | **5,244,882** | 4,125,822 |
| Transfer in through debt restructuring arrangement (note 22) | **456,009** | – |
| Transfer from completed properties held for sale (note (a)) | **363,723** | 1,174,989 |
| Disposals | **(152,700)** | – |
| Change in fair value recognised in profit or loss (note (b)) | **(427,013)** | 57,412 |
| Exchange difference arising on translation to presentation currency | **(161,189)** | (113,341) |
| At 31 December | **5,323,712** | 5,244,882 |

Notes:

(a) The change in use of the properties were evidenced by the inception of lease contracts. The amounts included fair value losses of HK$338,579,000 (2023: HK$138,734,000) on transfer of completed properties held for sale to investment properties.

(b) It included unrealised fair value losses of HK$427,013,000 (2023: fair value gains of HK$57,412,000) relating to investment properties.

The investment properties are situated in Mainland China. The leasehold interests in land held by the Group as right-of-use assets to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of completed investment properties were determined by reference to valuations carried out by an independent firm of professional valuers not connected to the Group, who had recognised qualifications and relevant experience. The valuation report on these properties was signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors.

The valuation of the investment properties is arrived at, using the income capitalisation method, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The details of pledge of investment properties are disclosed in note 45.

## 17. INVESTMENT PROPERTIES *(continued)*

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used which involve certain assumptions of market conditions), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1, 2 and 3) based on the degree to which the inputs to the fair value measurements is observable.

| Completed investment properties held by the Group | Fair value<br>31 December 2024<br>HK$'000 | Fair value<br>31 December 2023<br>HK$'000 | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable inputs | Sensitivity |
|---|---|---|---|---|---|---|
| Commercial properties and shopping malls | **5,323,712** | 5,244,882 | Level 3 | Income capitalisation of the net income and made provisions for reversionary income potential | 1. Term yield<br>2024: 3.5% - 6%<br>(2023: 4% - 6%) | A significant increase in the term yield would result in a significant decrease in fair value, and vice versa |
| | | | | | 2. Reversionary yield<br>2024: 4% - 7%<br>(2023: 4.5% - 7%) | A significant increase in the reversionary yield would result in a significant decrease in fair value, and vice versa |
| | | | | | 3. Market monthly rental rate (RMB/sqm)<br>2024: RMB106 – RMB349<br>(2023: RMB111 - RMB351) | A significant increase in the market monthly rental rate would result in significant increase in fair value, and vice versa |

There are no transfers into or out of Level 3 in both years.

## 18. INTERESTS IN ASSOCIATES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Cost of unlisted investments | **809,576** | 809,576 |
| Share of post-acquisition gains | **238,804** | 249,906 |
| Exchange adjustments | **(68,719)** | (33,776) |
| | **979,661** | 1,025,706 |

Details of the Group's principal associate at 31 December 2024 and 31 December 2023 were as follows:

| Name of entity | Place of incorporation/ establishment | Proportion of equity interest of the Group | | Proportion of voting right of the Group | | Principal activity |
|---|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 | |
| 鄭州華首宏田置業有限公司 (“鄭州華首”) | PRC | **60%** | 60% | **60%** | 60% | Development and sale of properties |

The Group can exercise significant influence over the operating and financing activities of the associates.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs. The associate is accounted for using the equity method in these consolidated financial statements.

| | 鄭州華首 2024 HK$'000 | 鄭州華首 2023 HK$'000 |
|---|---|---|
| Current assets | **3,744,415** | 4,064,774 |
| Non-current assets | **31** | 32 |
| Current liabilities | **(2,114,360)** | (2,358,076) |

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| (Loss) profit and total comprehensive (expense) income for the year | **(18,500)** | 22,603 |
| The above (loss) profit for the year includes the following: | | |
| Depreciation and amortisation | **–** | (29) |
| Interest income | **410** | 137 |
| Income tax expenses | **(1,021)** | (30,950) |

## 18. INTERESTS IN ASSOCIATES *(continued)*

Reconciliation of the above summarised financial information to the carrying amount of interest in the material associate recognised in the consolidated financial statements:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Net assets of 鄭州華首 | **1,630,086** | 1,706,730 |
| Proportion of the Group's ownership interest | **60%** | 60% |
| Net assets shared by the Group | **978,052** | 1,024,038 |

## 19. INTERESTS IN JOINT VENTURES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Interests in infrastructure joint ventures | | |
| Cost of investments | **4,763,382** | 7,894,868 |
| Return of cost of investments (note (a)) | **(832,115)** | (2,832,678) |
| Share of post-acquisition profits, net of dividends received | **596,734** | 1,968,003 |
| Transfer to assets classified as held for sale (note 48) | **–** | (2,850,043) |
| Exchange adjustments | **(189,371)** | 188,701 |
| | **4,338,630** | 4,368,851 |
| Interests in property and other joint ventures | | |
| Cost of investments | **9,908,838** | 11,188,498 |
| Share of post-acquisition profits, net of dividends received | **(592,365)** | 139,845 |
| Unrealised profits (note (b)) | **(26,883)** | (109,648) |
| Exchange adjustments | **(1,109,703)** | (855,043) |
| | **8,179,887** | 10,363,652 |
| | **12,518,517** | 14,732,503 |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

Notes:

(a) Infrastructure joint ventures distribute dividend to the Group based on the proportion of registered capital held by the Group or distribute the cash surplus to the Group based on the agreed profit/cash sharing ratio for cash distribution, pursuant to the joint venture agreements. The actual amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures. Details of the distribution basis applied to the respective infrastructure joint ventures are set out in note 19.2.

(b) The unrealised profits related to the Group's attributable interest income from amounts due from certain joint ventures. The related interest expenses were capitalised in inventory of properties of the joint ventures which have not been realised at 31 December 2024 and 2023.

(c) In September 2019, the Group entered into conditional sale and purchase agreements with certain independent third parties to acquire 40% equity interest in PT Jasamarga Solo Ngawi ("SN JV") and PT Jasamarga Ngawi Kertosono Kediri ("NKK JV"), both are limited liability companies established in Indonesia. SN JV and NKK JV own concession rights of toll roads in Indonesia. The acquisition of SN JV includes contingent consideration arrangement, which is measured at FVTPL and the payment of such contingent consideration depends on the achievement of toll road tariff adjustment and receipt of cash compensation from the local government.

At 31 December 2024, the cash compensation from the local government was fully received by the Group and the fair value of consideration payable of HK$23,654,000 was determined by the final amount settled by the Group in January 2025. Accordingly, a fair value gain of HK$34,281,000 (2023: Nil) was recognised to profit or loss during the year.

Details of the fair value measurement of the contingent consideration are set out in note 39(c)(i).

(d) In April 2023, the concession period of Hebei Tangjin Expressway Company Limited ("Tangjin Expressway"), which was 45% held by the Group, was expired and terminated. The Group and joint venture partner of Tangjin Expressway have formed a settlement committee whereas the final distribution will be settled after an independent auditor's report is issued and approved.

(e) During the year ended 31 December 2024, the Group paid cash consideration to independent third parties or/and provided capital contribution in cash to certain joint ventures amounting to HK$26,467,000 (2023: HK$40,259,000) in aggregate to obtain the joint control of investees which are mainly engaging in property development in the PRC.

(f) In September 2024, the Group disposed of a joint venture Predaptive OD Limited with its subsidiary which are engaged in the designing and building of complete turn-key multi-sensory transformational immersive and interactive solutions, experiences, and attractions in the PRC. The cash consideration of GBP12,000,000 (equivalent to HK$115,880,000) was fully received. The disposal resulted in gains on disposal of interests in joint ventures amounting to HK$17,414,000.

(g) Included in carrying amounts of interests in joint ventures are impairment losses of HK$835,175,000 (2023: HK$598,761,000) of which HK$263,475,000 was recognised in profit or loss during the year.

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures

All infrastructure joint ventures are established and operating in the PRC and Indonesia, details of the Company's principal infrastructure joint ventures at 31 December 2024 and 31 December 2023 are as follows:

| Name of infrastructure joint venture | Registered capital/ paid-up capital | Proportion of registered capital held directly by the Group (note 1) | Principal activities |
|---|---|---|---|
| **Joint ventures in Indonesia** | | | |
| SN JV | IDR3,718,430,650,000 | 40% | Investment in and development, operation and management of Solo Ngawi Expressway in Indonesia |
| NKK JV | IDR1,664,540,240,000 | 40% | Investment in and development, operation and management of Ngawi Kertosono Kediri Expressway in Indonesia |
| MKTT JV | IDR1,410,700,000,000 | 45% | Investment in and development, operation and management of Medan-Kualanamu-Tebing Tinggi Expressway in Indonesia |
| SB JV | IDR4,178,664,400,000 | 39.77% | Investment in and development, operation and management of Semarang Batang Expressway in Indonesia |
| **Joint ventures in the PRC (disposed or expired)** | | | |
| Hebei Baofa Expressway Co., Ltd.* 河北保發高速公路有限公司 | RMB96,287,600 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Bazhou Dong Section) in Hebei, the PRC |
| Hebei Baofeng Expressway Co., Ltd.* 河北保豐高速公路有限公司 | RMB95,700,000 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Rongcheng – Xiongxian West Section) in Hebei, the PRC |
| Hebei Baohui Expressway Co., Ltd.* 河北保惠高速公路有限公司 | RMB96,007,600 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Bazhou Zhong Section) in Hebei, the PRC |
| Hebei Baojie Expressway Co., Ltd.* 河北保捷高速公路有限公司 | RMB97,262,000 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Xiongxian – Bazhou Section) in Hebei, the PRC |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures *(continued)*

| Name of infrastructure joint venture | Registered capital/ paid-up capital | Proportion of registered capital held directly by the Group (note 1) | Principal activities |
|---|---|---|---|
| **Joint ventures in the PRC (disposed or expired)** *(continued)* | | | |
| Hebei Baojin Expressway Co., Ltd.* 河北保津高速公路有限公司 | RMB96,843,600 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Xushui – Rongcheng Section) in Hebei, the PRC |
| Hebei Baoli Expressway Co., Ltd.* 河北保利高速公路有限公司 | RMB97,359,600 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Xiongxian East Section) in Hebei, the PRC |
| Hebei Baoming Expressway Co., Ltd.* 河北保明高速公路有限公司 | RMB90,030,400 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Bazhou – Tianjinjie Section) in Hebei, the PRC |
| Hebei Baosheng Expressway Co., Ltd.* 河北保昇高速公路有限公司 | RMB96,507,600 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Xiongxian Section) in Hebei, the PRC |
| Hebei Baoyi Expressway Co., Ltd.* 河北保怡高速公路有限公司 | RMB96,575,200 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Rongcheng Section) in Hebei, the PRC |
| Hebei Baoyu Expressway Co., Ltd.* 河北保裕高速公路有限公司 | RMB97,426,400 | 40% | Investment in and operation and management of Hebei Baojin Expressway (Bazhou West Section) in Hebei, the PRC |
| Hebei Tanghui Expressway Company Limited** 河北唐惠高速公路有限公司 | RMB287,324,000 | 45% | Investment in and operation and management of Hebei Tangjin Expressway (Chenzhuang – Fengnan Section) in Hebei, the PRC |
| Hebei Tangjin Expressway Company Limited** 河北唐津高速公路有限公司 | RMB250,300,000 | 45% | Investment in and operation and management of Hebei Tangjin Expressway (Fengnan – Jijinjie Section) in Hebei, the PRC |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures *(continued)*

| Name of infrastructure joint venture | Registered capital/ paid-up capital | Proportion of registered capital held directly by the Group (note 1) | Principal activities |
|---|---|---|---|
| **Joint ventures in the PRC (disposed or expired)** *(continued)* | | | |
| Hebei Tangrun Expressway Company Limited** 河北唐潤高速公路有限公司 | RMB172,524,000 | 45% | Investment in and operation and management of Hebei Tangjin Expressway (Shuangmiao – Chenzhuang Section) in Hebei, the PRC |
| Hunan Changyi (Baining) Expressway Co., Ltd.*** 湖南長益(白寧)高速公路有限公司 | RMB97,011,500 | 43.17% | Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Baining Section) in Hunan, the PRC |
| Hunan Changyi (Cangyi) Expressway Co., Ltd.*** 湖南長益(滄益)高速公路有限公司 | RMB98,985,400 | 43.17% | Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Cangyi Section) in Hunan, the PRC |
| Hunan Changyi Expressway Co., Ltd.*** 湖南長益高速公路有限公司 | RMB98,553,500 | 43.17% | Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Changbai Section) in Hunan, the PRC |
| Hunan Changyi (Hengcang) Expressway Co., Ltd.*** 湖南長益(衡滄)高速公路有限公司 | RMB101,695,200 | 43.17% | Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Hengcang Section) in Hunan, the PRC |
| Hunan Changyi (Ningheng) Expressway Co., Ltd.*** 湖南長益(寧衡)高速公路有限公司 | RMB98,458,100 | 43.17% | Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Ningheng Section) in Hunan, the PRC |
| Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd.*** 湖南長益(資江二橋)高速公路有限公司 | RMB78,328,300 | 43.17% | Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Zijiang No. 2 Bridge) in Hunan, the PRC |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures *(continued)*

| Name of infrastructure joint venture | Registered capital/ paid-up capital | Proportion of registered capital held directly by the Group (note 1) | Principal activities |
|---|---|---|---|
| **Joint ventures in the PRC (disposed or expired)** *(continued)* | | | |
| Jinzhong Longcheng Expressway Co., Ltd. ("Jinzhong Longcheng Expressway JV") ****<br>晉中龍城高速公路有限責任公司 | RMB1,497,000,000 | 45% | Investment in and development, operation and management of Longcheng Expressway in Shanxi, the PRC |
| Anhui Machao Expressway Co., Ltd. ("Anhui Machao Expressway JV")****<br>安徽省馬巢高速公路有限公司 | RMB575,000,000 | 49% | Investment in and development, operation and management of Machao Expressway in Anhui, the PRC |

* These joint ventures are collectively known as Hebei Baojin Expressway JV and disposed on 22 April 2024.

** These joint ventures are collectively known as Hebei Tangjin Expressway JV, the toll concession right of which were expired on 19 April 2023.

*** These joint ventures are collectively known as Hunan Changsha Expressway JV and disposed on 22 April 2024.

**** These joint ventures disposed on 22 April 2024. Details of the disposal are set out in note 42.

Notes:

1. At 31 December 2024, the interests in joint ventures are held by RKE, which is 75% (2023: 75%) held by the Group.

2. SN JV, NKK JV, MKTT JV, SB JV, Jinzhong Longcheng Expressway JV and Anhui Machao Expressway JV, where its profit/cash sharing ratios are same as the proportion of the registered capital held by the Group over the duration of the joint ventures. The profit/cash sharing ratios in other infrastructure joint ventures differ from the proportion of the registered capital held by the Group over the duration of the joint ventures. During the early stage of the other infrastructure joint ventures, the Group is entitled to higher profit/cash sharing ratios than the proportion of registered capital held by the Group as contained in the relevant joint venture agreements. Thereafter, until such time as specified in the joint venture agreements, the other ventures of the other infrastructure joint ventures are entitled to profit/cash sharing ratios higher than their respective proportion of registered capital held by them as contained in the joint venture agreements. Thereafter, the profit/cash sharing ratios of the other infrastructure joint ventures may be the same as the proportion of their registered capital or in accordance with a predetermined ratio stipulated in the joint venture agreements. For the year ended 31 December 2023 and up to 22 April 2024, the profit/cash sharing ratio entitled by the Group for Hebei Baojin Expressway JV, Hunan Changsha Expressway JV and Hebei Tangjin Expressway JV were 40%, 50% and 45%, respectively.

The above table lists the infrastructure joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures *(continued)*

### Summarised financial information of material infrastructure joint ventures

Summarised financial information in respect of the Group's material infrastructure joint ventures is set out below.

The summarised financial information below represents amounts shown in the infrastructure joint ventures' financial statements prepared in accordance with HKFRSs. The infrastructure joint ventures are accounted for using the equity method in these consolidated financial statements.

**At 31 December 2024**

| | SN JV HK$'000 | NKK JV HK$'000 | MKTT JV HK$'000 | SB JV HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property and equipment | 118 | 34,506 | 589 | 497 | 35,710 |
| Concession intangible assets | 5,371,501 | 2,519,192 | 2,907,678 | 8,439,094 | 19,237,465 |
| Other non-current assets | 802 | 1,042 | 597 | 953 | 3,394 |
| | 5,372,421 | 2,554,740 | 2,908,864 | 8,440,544 | 19,276,569 |
| **Current assets** | | | | | |
| Bank balances and cash | 28,752 | 46,397 | 106,370 | 160,626 | 342,145 |
| Restricted bank balance | 40,929 | 80,640 | 12,153 | 92,124 | 225,846 |
| Time deposit | – | – | 36,091 | – | 36,091 |
| Others | 4,147 | 1,712 | 1,058 | 42,576 | 49,493 |
| | 73,828 | 128,749 | 155,672 | 295,326 | 653,575 |
| **Current liabilities** | | | | | |
| Bank borrowings | 103,882 | 27,458 | 87,891 | 79,781 | 299,012 |
| Others | 83,673 | 46,978 | 24,854 | 58,019 | 213,524 |
| | 187,555 | 74,436 | 112,745 | 137,800 | 512,536 |
| **Non-current liabilities** | | | | | |
| Bank borrowings | 2,519,011 | 1,186,546 | 883,856 | 3,665,529 | 8,254,942 |
| Receipt in advance | – | – | 408 | – | 408 |
| Deferred taxation | 219,193 | 175,907 | 299,148 | 720,608 | 1,414,856 |
| Others | 22,095 | 15,119 | 161,377 | 68,197 | 266,788 |
| | 2,760,299 | 1,377,572 | 1,344,789 | 4,454,334 | 9,936,994 |
| **Net assets of joint ventures** | 2,498,395 | 1,231,481 | 1,607,002 | 4,143,736 | 9,480,614 |
| Proportion of the Group's interest | 40% | 40% | 45% | 39.77% | N/A |
| Net assets shared by the Group | 999,358 | 492,592 | 723,151 | 1,647,964 | 3,863,065 |
| Goodwill | – | – | – | 388,317 | 388,317 |
| **Carrying amount of the Group's interests in joint ventures** | 999,358 | 492,592 | 723,151 | 2,036,281 | 4,251,382 |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures *(continued)*

**Summarised financial information of material infrastructure joint ventures** *(continued)*

**For the year ended 31 December 2024**

| | SN JV HK$'000 | NKK JV HK$'000 | MKTT JV HK$'000 | SB JV HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| Toll revenue | 516,575 | 348,740 | 286,930 | 611,964 | 1,764,209 |
| Other income (expenses) | 552 | 1,419 | (193) | 1,529 | 3,307 |
| Toll operation expenses | (62,331) | (45,279) | (54,114) | (59,624) | (221,348) |
| Administrative expenses | (7,511) | (7,783) | (7,020) | (8,059) | (30,373) |
| Depreciation and amortisation charges | (38,102) | (22,104) | (32,413) | (56,099) | (148,718) |
| Finance costs (net) | (192,666) | (90,961) | (58,645) | (276,082) | (618,354) |
| Income tax credit (expenses) | 11,805 | 11,501 | (75,048) | 104,473 | 52,731 |
| Profit and total comprehensive income for the year | 228,322 | 195,533 | 59,497 | 318,102 | 801,454 |
| Dividends received from joint ventures during the year | 26,253 | 38,370 | 18,925 | 14,057 | 97,605 |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures *(continued)*

### Summarised financial information of material infrastructure joint ventures *(continued)*

At 31 December 2023

| | Hebei Baojin Expressway JV HK$'000 | Hebei Tangjin Expressway JV HK$'000 | Hunan Changsha Expressway JV HK$'000 | Jinzhong Longcheng Expressway JV HK$'000 | Anhui Machao Expressway JV HK$'000 | SN JV HK$'000 | NKK JV HK$'000 | MKTT JV HK$'000 | SB JV HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | | | | |
| Property and equipment | 35,464 | – | 31,805 | 57,699 | 68,525 | 110 | 13,320 | 735 | 848 | 208,506 |
| Concession intangible assets | 1,358,548 | – | 204,997 | 4,227,101 | 2,715,717 | 5,701,388 | 2,669,122 | 3,097,295 | 8,976,265 | 28,950,433 |
| Other non-current assets | – | – | – | – | – | 6,147 | 19,813 | 451 | 6,922 | 33,333 |
| | 1,394,012 | – | 236,802 | 4,284,800 | 2,784,242 | 5,707,645 | 2,702,255 | 3,098,481 | 8,984,035 | 29,192,272 |
| **Current assets** | | | | | | | | | | |
| Bank balances and cash | 737,276 | 254,033 | 237,777 | 650,276 | 112,079 | 67,658 | 95,698 | 113,585 | 73,292 | 2,341,674 |
| Restricted bank balance | – | – | – | – | – | 61,520 | 101,994 | 9,441 | 152,319 | 325,274 |
| Others | 38,937 | 2,594 | 45,294 | 36,607 | 9,159 | 3,256 | 1,247 | 1,221 | 51,907 | 190,222 |
| | 776,213 | 256,627 | 283,071 | 686,883 | 121,238 | 132,434 | 198,939 | 124,247 | 277,518 | 2,857,170 |
| **Current liabilities** | | | | | | | | | | |
| Bank borrowings | – | – | – | – | 143,956 | 73,385 | 14,548 | 53,219 | 156,677 | 441,785 |
| Others | 149,878 | 37,512 | 51,328 | 95,912 | 34,674 | 123,833 | 39,440 | 51,197 | 87,699 | 671,473 |
| | 149,878 | 37,512 | 51,328 | 95,912 | 178,630 | 197,218 | 53,988 | 104,416 | 244,376 | 1,113,258 |
| **Non-current liabilities** | | | | | | | | | | |
| Bank borrowings | – | – | – | 2,388,889 | 945,378 | 2,886,169 | 1,406,983 | 1,029,100 | 3,988,543 | 12,645,062 |
| Receipt in advance | 2,105 | – | 2,304 | 1,281 | 546 | – | – | 590 | – | 6,826 |
| Deferred taxation | 326,776 | – | 14,584 | 130,510 | 102,688 | 244,349 | 198,173 | 240,168 | 870,524 | 2,127,772 |
| Others | – | – | – | – | – | 27,077 | 39,083 | 163,468 | 50,759 | 280,387 |
| | 328,881 | – | 16,888 | 2,520,680 | 1,048,612 | 3,157,595 | 1,644,239 | 1,433,326 | 4,909,826 | 15,060,047 |
| **Net assets of joint ventures** | 1,691,466 | 219,115 | 451,657 | 2,355,091 | 1,678,238 | 2,485,266 | 1,202,967 | 1,684,986 | 4,107,351 | 15,876,137 |
| Proportion of the Group's interest | 40% | 45% | 43.17% | 45% | 49% | 40% | 40% | 45% | 39.77% | N/A |
| Net assets shared by the Group | 676,586 | 98,602 | 194,980 | 1,059,791 | 822,337 | 994,106 | 481,187 | 758,244 | 1,633,493 | 6,719,326 |
| Goodwill | – | – | – | – | – | – | – | – | 411,471 | 411,471 |
| Other adjustments (note) | 45,516 | (8,252) | 50,833 | – | – | – | – | – | – | 88,097 |
| **Carrying amount of the Group's interests in joint ventures** | 722,102 | 90,350 | 245,813 | 1,059,791 | 822,337 | 994,106 | 481,187 | 758,244 | 2,044,964 | 7,218,894 |

Note: Other adjustments mainly represent the accumulated differences of the Group's share of the net assets of the individual joint ventures based on the profit/cash sharing ratio of joint ventures during their respective operating periods and the Group's equity interests in the joint ventures.

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Infrastructure joint ventures *(continued)*

#### Summarised financial information of material infrastructure joint ventures *(continued)*

For the year ended 31 December 2023

| | Hebei Baojin Expressway JV HK$'000 | Hebei Tangjin Expressway JV HK$'000 | Hunan Changsha Expressway JV HK$'000 | Jinzhong Longcheng Expressway JV HK$'000 | Anhui Machao Expressway JV HK$'000 | SN JV HK$'000 | NKK JV HK$'000 | MKTT JV HK$'000 | SB JV HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Toll revenue (net of sales related tax) | 868,240 | 217,540 | 590,315 | 525,029 | 444,383 | 482,328 | 351,736 | 274,194 | 558,720 | 4,312,485 |
| Construction revenue | – | – | – | – | – | – | – | – | 36,502 | 36,502 |
| Total revenue | 868,240 | 217,540 | 590,315 | 525,029 | 444,383 | 482,328 | 351,736 | 274,194 | 595,222 | 4,348,987 |
| Construction costs | – | – | – | – | – | – | – | – | (36,502) | (36,502) |
| Other income (expenses) | 15,241 | 1,934 | 27,764 | 5,838 | 938 | 84,128 | (472) | 897 | 1,427 | 137,695 |
| Toll operation expenses | (184,893) | (75,924) | (43,164) | (97,799) | (31,739) | (61,379) | (46,172) | (52,296) | (71,655) | (665,021) |
| Administrative expenses | (37,577) | (26,569) | (31,756) | (12,910) | (10,078) | (7,017) | (7,742) | (7,440) | (8,118) | (149,207) |
| Depreciation and amortisation charges | (114,249) | (56,979) | (137,558) | (93,902) | (72,386) | (31,348) | (19,734) | (31,585) | (53,249) | (610,990) |
| Finance costs (net) | 13,251 | 6,409 | 252 | (72,584) | (51,455) | (215,781) | (99,713) | (66,663) | (293,004) | (779,288) |
| Income tax expenses | (135,226) | (16,411) | (88,644) | (58,021) | (72,908) | (55,205) | (39,139) | 53,304 | (29,506) | (441,756) |
| Profit and total comprehensive income for the year | 424,787 | 50,000 | 317,209 | 195,651 | 206,755 | 195,726 | 138,764 | 170,411 | 104,615 | 1,803,918 |
| Cash distribution received from joint ventures during the year | 74,782 | 190,426 | 101,596 | 73,838 | 60,530 | – | – | – | – | 501,172 |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Property joint ventures

Particulars of the Group's interests in principal property joint ventures as at 31 December 2024 and 31 December 2023 are as follows:

| Name of property joint venture | Place of incorporation/ establishment | Proportion of equity interest of the Group | | Proportion of voting right of the Group | | Principal activity |
|---|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 | |
| 上海象合雋置業有限公司 ("上海象合雋") | PRC | **45%** | 45% | **40%** (note) | 40% | Development and sale of properties |
| 上海雋廷房地產開發有限公司 ("上海雋廷") | PRC | **33%** | 33% | **20%** (note) | 20% | Development and sale of properties |
| 上海雋悦置業有限公司 ("上海雋悦") | PRC | **49%** | 49% | **40%** (note) | 40% | Development and sale of properties |
| 南京新勁聯房地產開發有限公司 ("南京新勁聯") | PRC | **25%** | 25% | **20%** (note) | 20% | Development and sale of properties |
| 南京僑勁房地產開發有限公司 ("南京僑勁") | PRC | **49%** | 49% | **40%** (note) | 40% | Development and sale of properties |
| 南京華勁房地產開發有限公司 ("南京華勁") | PRC | **49%** | 49% | **40%** (note) | 40% | Development and sale of properties |
| 礦勁地產(蘇州)有限公司 ("礦勁地產") | PRC | **45%** | 45% | **33%** (note) | 33% | Development and sale of properties |
| 蘇州勝悦房地產開發有限公司 ("蘇州勝悦") | PRC | **30%** | 30% | **20%** (note) | 20% | Development and sale of properties |
| 蘇州中交路勁地產有限公司 ("蘇州中交") | PRC | **49%** | 49% | **50%** | 50% | Development and sale of properties |
| Both Win Development Limited ("Both Win") | Hong Kong | **60%** | 60% | **60%** (note) | 60% | Investment holding |

Note: Although the Group has either more than or less than 50% voting rights for the companies, the board resolutions need the unanimous consent of the directors appointed by each joint venture partner and these companies are accounted for as joint ventures of the Group.

The above table lists the property joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Property joint ventures *(continued)*

### Summarised financial information of material property joint ventures

**At 31 December 2024**

| | 蘇州中交 HK$'000 | 上海象合雋 HK$'000 | 南京華勁 HK$'000 | 南京新勁聯 HK$'000 | 礦勁地產 HK$'000 | 上海雋廷 HK$'000 | 南京僑勁 HK$'000 | Both Win HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| Current assets | 932,887 | 3,697,812 | 1,404,155 | 1,975,291 | 3,083,559 | 5,406,829 | 1,165,871 | 2,328,788 | 19,995,192 |
| Non-current assets | – | 11 | 18 | 44 | 476 | 17 | – | – | 566 |
| Current liabilities | (33,139) | (2,831,814) | (55,394) | (441,893) | (313,944) | (477,196) | (220,731) | (1,402,257) | (5,776,368) |
| Non-current liabilities | – | – | – | – | (391,309) | – | – | – | (391,309) |
| The above amounts of assets and liabilities include the following: | | | | | | | | | |
| Cash and cash equivalents | 52,785 | 439,461 | 42,128 | 214,856 | 227,938 | 330,766 | 350,025 | 154,483 | 1,812,442 |
| Net assets of joint ventures | 899,748 | 866,009 | 1,348,779 | 1,533,442 | 2,378,782 | 4,929,650 | 945,140 | 926,531 | 13,828,081 |
| Proportion of the Group's interests | 49% | 45% | 49% | 25% | 45% | 33% | 49% | 60% | N/A |
| Carrying amount of the Group's interests in joint ventures | 440,877 | 389,704 | 660,902 | 383,361 | 1,070,452 | 1,626,785 | 463,119 | 555,919 | 5,591,119 |

**For the year ended 31 December 2024**

| | 蘇州中交 HK$'000 | 上海象合雋 HK$'000 | 南京華勁 HK$'000 | 南京新勁聯 HK$'000 | 礦勁地產 HK$'000 | 上海雋廷 HK$'000 | 南京僑勁 HK$'000 | Both Win HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| Profit (loss) and total comprehensive income (expense) for the year | 15,231 | 27,135 | 11,062 | (27,350) | 47,075 | 1,537,894 | (172,847) | (15,389) | 1,422,811 |
| The above profit (loss) for the year includes the following: | | | | | | | | | |
| Depreciation and amortisation | – | (4) | (25) | (19) | (177) | (24) | – | – | (249) |
| Interest income | 170 | 8,033 | 32,215 | 4,437 | 2,547 | 6,403 | 6,037 | 459 | 60,301 |
| Interest expense | – | – | – | – | – | – | (732) | – | (732) |
| Income tax expense | – | (9,129) | – | (49,162) | (19,414) | (512,941) | (16,617) | (7,529) | (614,792) |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Property joint ventures *(continued)*

#### Summarised financial information of material property joint ventures *(continued)*

At 31 December 2023

| | 上海雋悅 HK$'000 | 上海雋廷 HK$'000 | 南京華勁 HK$'000 | 礦勁地產 HK$'000 | 蘇州中交 HK$'000 | 南京僑勁 HK$'000 | 蘇州勝悅 HK$'000 | Both Win HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| Current assets | 966,692 | 15,483,511 | 1,463,460 | 4,541,129 | 982,127 | 1,351,886 | 2,961,483 | 1,380,311 | 29,130,599 |
| Non-current assets | 1,761 | 1,202 | 44 | 11,389 | – | – | – | 717,239 | 731,635 |
| Current liabilities | (142,115) | (11,933,059) | (77,941) | (1,680,036) | (65,771) | (197,083) | (291,393) | (1,122,532) | (15,509,930) |
| Non-current liabilities | – | – | – | (456,667) | – | – | – | – | (456,667) |
| The above amounts of assets and liabilities include the following: | | | | | | | | | |
| Cash and cash equivalents | 162,952 | 782,323 | 66,487 | 245,321 | 71,013 | 116,311 | 86,795 | 199,215 | 1,730,417 |
| Net assets of joint ventures | 826,338 | 3,551,654 | 1,385,563 | 2,415,815 | 916,356 | 1,154,803 | 2,670,090 | 975,018 | 13,895,637 |
| Proportion of the Group's interests | 49% | 33% | 49% | 45% | 49% | 49% | 30% | 60% | N/A |
| Carrying amount of the Group's interests in joint ventures | 404,906 | 1,172,046 | 678,926 | 1,087,117 | 449,014 | 565,853 | 801,027 | 585,011 | 5,743,900 |

For the year ended 31 December 2023

| | 上海雋悅 HK$'000 | 上海雋廷 HK$'000 | 南京華勁 HK$'000 | 礦勁地產 HK$'000 | 蘇州中交 HK$'000 | 南京僑勁 HK$'000 | 蘇州勝悅 HK$'000 | Both Win HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| Profit (loss) and total comprehensive income (expense) for the year | 91,267 | 9,292 | 14,479 | (16,299) | (40,956) | 47,865 | 14,293 | (15,285) | 104,656 |
| The above profit (loss) for the year includes the following: | | | | | | | | | |
| Depreciation and amortisation | (20) | (25) | (23) | (169) | – | – | – | – | (237) |
| Interest income | 15,360 | 19,688 | 494 | 3,913 | 194 | 10,739 | 1,880 | 856 | 53,124 |
| Interest expense | – | – | – | – | – | – | – | – | – |
| Income tax (expense) credit | (47,359) | (3,238) | (4,826) | 5,433 | (12,537) | (15,955) | (4,764) | (111,491) | (194,737) |

## 19. INTERESTS IN JOINT VENTURES *(continued)*

### Aggregate information of joint ventures that are not individually material

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| The Group's share of loss and total comprehensive expense for the year | (808,167) | (550,558) |

## 20. AMOUNTS DUE FROM JOINT VENTURES AND ASSOCIATES

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Current portion | **1,092,002** | 1,788,591 |
| Non-current portion | **2,716,752** | 3,944,670 |
| | **3,808,754** | 5,733,261 |
| Analysed into: | | |
| Interest bearing at fixed interest rate at 8% (2023: ranging from 4.75% to 10%) per annum | **104,788** | 2,994,572 |
| Interest-free | **3,703,966** | 2,738,689 |
| | **3,808,754** | 5,733,261 |

The amounts due from joint ventures and associates are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period based on the development and pre-sale status of the property projects of property joint ventures.

Details of impairment assessment for the years ended 31 December 2024 and 2023 are set out in note 39(b)(ii).

## 21. AMOUNTS DUE FROM OTHER NON-CONTROLLING INTERESTS OF SUBSIDIARIES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Current portion | **1,208,249** | 1,615,514 |
| Non-current portion | **–** | – |
| | **1,208,249** | 1,615,514 |
| Analysed into: | | |
| Interest bearing at fixed interest rate at 3.45% (2023: 3.85%) per annum | **87,616** | 277,667 |
| Interest bearing at floating interest rate at 3.10% (2023: Nil) based on Loan Prime Rate ("LPR") per annum | **346,796** | – |
| Interest-free | **773,837** | 1,337,847 |
| | **1,208,249** | 1,615,514 |

During the year ended 31 December 2024, amounts due from other non-controlling interests of subsidiaries amounting to HK$653,956,000 were settled by dividend contribution and capital reductions of subsidiaries.

The amounts due from other non-controlling interests of subsidiaries are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period.

No impairment loss has been recognised in both years. Details of impairment assessment for the year ended 31 December 2024 are set out in note 39(b)(ii).

## 22. LOAN RECEIVABLES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Fixed-rate loan receivables | **1,094,738** | 1,526,063 |
| Floating-rate loan receivables | **50,314** | 49,829 |
| Interest-free loan receivables | **627,974** | 1,549,016 |
| Total gross carrying amount of loan receivables | **1,773,026** | 3,124,908 |
| Less: Impairment loss on loan receivables (note 39(b)(ii)) | **(1,183,336)** | (1,202,777) |
| Less: Amounts classified as current assets | **(79,110)** | (79,289) |
| Amounts due over one year shown and classified as non-current assets | **510,580** | 1,842,842 |

## 22. LOAN RECEIVABLES *(continued)*

During the year ended 31 December 2024, the Group entered into a debt restructuring agreement with the sole shareholder of 廣州康誠鴻燊企業管理諮詢有限公司 ("康誠鴻燊") to settle loan from 康誠鴻燊 via the transfer of its entire equity interest in 康誠鴻燊 to the Group with nil consideration. At the completion date, excluding the loan due to the Group, 康誠鴻燊 had a net assets value of RMB366,316,000 (equivalent to HK$393,043,000) which approximates the carrying amount of the loan receivable (net of impairment loss) being derecognised. 康誠鴻燊 holds an investment property project in Guangzhou, the PRC. Upon completion, 康誠鴻燊 became a wholly-owned subsidiary of the Company.

The loan receivables are mainly denominated in RMB. As at 31 December 2024, the carrying amount of loan receivables amounting to HK$779,679,000 (2023: HK$1,975,188,000) are substantially either secured by properties of the borrowers or the equity interests in property companies. The Group is not permitted to sell or re-pledge the collaterals in the absence of default by the borrower. There have not been any significant changes in the quality of the collateral held for the loan receivables.

The Group renegotiated with certain borrowers to extend the maturity date for certain loan balances during the year ended 31 December 2024. No gain or loss was recognised in profit or loss for these non-substantial modifications.

Details of impairment assessment for the years ended 31 December 2024 and 2023 are set out in note 39(b)(ii).

The exposure of the Group's loan receivables to interest rate risks and the contractual maturity dates are as follows:

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Within one year | **79,110** | 79,289 |
| In more than one year but not more than two years | **206,234** | 1,294,634 |
| In more than two years but not more than five years | **270,832** | 388,059 |
| More than five years | **33,514** | 160,149 |
| | **589,690** | 1,922,131 |

The range of interest rates on the Group's loan receivables are as follows:

| | **2024** | 2023 |
|---|---|---|
| Fixed-rate loan receivables | **2.88% – 20%** | 2.88% – 24% |
| Floating-rate loan receivables | **2.83% – 5.76%** | 2.93% – 5.86% |

## 23. INVENTORY OF PROPERTIES

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Completed properties held for sale | **9,282,207** | 11,864,039 |
| Properties under development for sale (note) | **14,450,053** | 17,562,247 |
| | **23,732,260** | 29,426,286 |

Due to continuous deterioration of property market in Mainland China and Hong Kong, net realisable value of certain inventory of properties of the Group falls below their cost. As at 31 December 2024, allowance for inventory of properties amounted to HK$1,716,738,000 (2023: HK$1,088,889,000).

The carrying amounts of leasehold lands are measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2024 and 31 December 2023. Analysis of leasehold lands is as follows:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Leasehold Lands** | | |
| Carrying amount as at 31 December | **9,850,282** | 13,171,144 |
| Total cash outflow for the year | – | (2,963,422) |
| Additions for the year | – | 2,963,422 |

Note: Included in the amounts are properties under development for sale of HK$10,376,769,000 (2023: HK$15,083,296,000) which are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

## 24. DEBTORS, DEPOSITS AND PREPAYMENTS

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Aged analysis of trade debtors, presented based on invoice dates (note (a)): | | |
| Within 60 days | **81,882** | 109,545 |
| 61 to 90 days | **10,991** | 1,261 |
| More than 90 days | **46,020** | 106,812 |
| Trade debtors from contracts with customers derived from goods and services | **138,893** | 217,618 |
| Prepayment for land development cost (note (b)) | **536,481** | 555,556 |
| Deposits paid for acquisition of inventory of properties (note (c)) | **385,036** | 518,119 |
| Prepayment of value added tax and other taxes | **539,600** | 528,926 |
| Consideration receivable | **24,142** | 25,000 |
| Other receivables, deposits and prepayments | **774,828** | 792,149 |
| | **2,398,980** | 2,637,368 |

Notes:

(a) The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 to 90 days from the agreements. For most of the Group's property projects, consideration will be fully received prior to the delivery of the properties to the property purchasers. As at 1 January 2023, trade receivables from contracts with customers amounted to HK$154,797,000.

(b) At 31 December 2024, prepayment of land development cost of HK$536,481,000 (2023: HK$555,556,000) has been fully paid in prior years, pursuant to an agreement entered into with certain independent third parties who own certain pieces of industrial land in Jinan, the PRC. According to the agreement, if the Group cannot obtain the land through the public auction, the entire amount will be refunded in full along with a daily interest of 0.03% to be received as necessary. During the year ended 31 December 2024, the Group has been actively negotiating with the local government which supports to expedite the whole land development progress with the approval from relevant local authorities and put the land into public auction.

(c) The amount represents refundable deposits paid for acquisition of property development projects in Mainland China, which will be fully refunded if the Group cannot acquire the land/property projects successfully. Subsequent to the end of the reporting period, the amount of RMB6,209,000 (equivalent to HK$6,662,000) has been refunded.

In determining the recoverability of trade debtors, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited because the customer base is large and unrelated. The Directors consider that no credit loss provision is required at the end of the reporting period for trade debtors. Details of impairment assessment of trade and other receivables for the years ended 31 December 2024 and 2023 are set out in note 39(b)(ii).

## 25. FINANCIAL ASSETS/LIABILITIES AT FVTPL

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Financial assets at FVTPL: | | |
| Investment in a listed entity (note (a)) | **536** | 555 |
| Investment in an unlisted entity (note (a)) | **551,024** | 579,152 |
| | **551,560** | 579,707 |
| Analysed for reporting purposes as: | | |
| Non-current assets | **551,560** | 579,707 |
| Financial liabilities at FVTPL: | | |
| Contingent consideration (note 19(c)) | **23,654** | 60,155 |
| Participation rights designated as at FVTPL (note (b)) | **102,825** | 139,564 |
| Sale loan with redemption right designated as at FVTPL (note (c)) | **797,886** | 734,734 |
| | **924,365** | 934,453 |
| Analysed for reporting purposes as: | | |
| Current liabilities | **924,365** | 199,719 |
| Non-current liabilities | **–** | 734,734 |
| | **924,365** | 934,453 |

Notes:

(a) In May 2018, the Group made an investment of RMB190,000,000 in a subsidiary of an unlisted entity ("Entity A") independent of the Group engaging in providing co-working space in the PRC. In November 2021, Entity A was successfully listed on the Nasdaq Capital Market. The number of ordinary shares held by the Group at 31 December 2024 are 4,163. During the year ended 31 December 2024, a fair value loss amounting to Nil (2023: Nil) was recognised in profit or loss.

In December 2018 and January 2021, the Group acquired 250,251,751 and 498,000,000 trust units respectively, which represent a non-controlling interest in a unit trust (the "Entity B") with its underlying investment in a tourism related property development project in Yunnan, the PRC at a cash consideration of RMB260,000,000 and RMB499,826,000. The remaining trust units held by the Group at 31 December 2024 and 2023 are 699,400,000. The subject asset of the underlying project is a bare land in Yunnan, pending for development and seeking approval from the local government. During the year ended 31 December 2024, fair value loss amounting to HK$8,452,000 (2023: Nil) was recognised in profit or loss.

## 25. FINANCIAL ASSETS/LIABILITIES AT FVTPL *(continued)*

Notes: (continued)

(b) In November 2021, the Group and a subsidiary of a major shareholder of the Company (the "Investor") entered into a participation agreement (the "Participation Agreement") whereby RK Properties Holdings Limited ("RKP"), a wholly-owned subsidiary of the Company agreed to grant participation rights (the "Participation Rights") to the Investor to enjoy a pro rata portion of 32.5% of the economic interest attributable to RKP's 70% interest (or 22.75% attributable interest) in a residential property development project (the "Project") held through a project company (the "Project Co") in Guangzhou, the PRC. The total cash consideration (being the aggregate of the initial investment and additional pro rata investment) paid by the Investor was RMB227,754,000 ("Consideration").

Based on the Participation Agreement, the Investor has the right to surrender its rights to RKP at any time from and after 95% of the total saleable area of the Project has been sold and delivered or the third anniversary of the date on which RKP receives from the Investor the Consideration, whichever is the earlier. The Group shall redeem the Participation Rights equal to the relevant pro rata portion (i.e. the attributable economic interests of 22.75% of distribution or proceeds less any tax deductions and/or withholdings required by law which will receive from the Project Co). The Group designated the Participation Rights as a financial liability measured at fair value.

There is an unrealised fair value gain of HK$28,990,000 (2023: HK$51,345,000) relating to Participation Rights for the year ended 31 December 2024. The Participation Rights was fully settled in January 2025.

(c) On 6 October 2022, the Group entered into an investment agreement to dispose of 20% sale shares and sale loan in Rainbow Triumph Limited ("Rainbow Triumph") to a subsidiary of a major shareholder. The total consideration is HK$800,015,700, of which HK$15,700 is attributable to the sale shares and HK$800,000,000 is attributable to the sale loan with redemption rights. The Group designated the sale loan with redemption right as a financial liability measured at fair value. During the year ended 31 December 2024, a fair value loss amounting to HK$62,452,000 (2023: fair value gain of HK$66,297,000) was recognised in profit or loss.

In January 2025, the subsidiary of a major shareholder exercised the redemption rights in respect of HK$400,000,000 in principal amount of the sale loan. Following the repayment of the sale loan that was being redeemed in February 2025, the subsidiary of a major shareholder transferred 10% sale shares in Rainbow Triumph to the Group. The Group derecognised the remaining sale loan as a financial liability measured at fair value and recognised the remaining sale loan in equity. Details of the subsequent event are set out in note 51.

Details of the fair value measurement of the investments are set out in note 39(c)(i).

## 26. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments.

Pledged bank deposits of HK$421,169,000 (2023: HK$79,672,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and bank borrowings granted to the Group.

Included in bank balances and cash are restricted bank balances amounting to HK$1,211,992,000 (2023: HK$975,557,000) that are placed in designated bank accounts mainly for certain property development projects in accordance with the applicable regulatory and contractual requirements. These bank balances are not held for meeting short-term cash commitments and are, thus, excluded in cash and cash equivalents.

Bank balances carried interest at market rates which range from 0.13% to 5.24% (2023: 0.01% to 5.35%) per annum.

## 26. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH *(continued)*

The Group's pledged bank deposits and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| United States dollars | **359,326** | 456,376 |
| Hong Kong dollars | **400,597** | 369,506 |

## 27. SHARE CAPITAL

| | 2024<br>Number<br>of shares | 2023<br>Number<br>of shares | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|---|---|
| Authorised: | | | | |
| Ordinary shares of HK$0.1 each | **20,000,000,000** | 20,000,000,000 | **2,000,000** | 2,000,000 |
| 7.5% convertible preference shares of HK$0.1 each | **518,380** | 518,380 | **52** | 52 |
| Issued and fully paid: | | | | |
| Ordinary shares | | | | |
| At 1 January and 31 December | **749,336,566** | 749,336,566 | **74,934** | 74,934 |

No new share and no convertible preference share are issued in both years.

## 28. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 24 May 2023 (the "Adoption Date"). The purpose of the Scheme is to reward the participants who have contributed or will contribute to the Group and to encourage longer term commitment of grantees to the Group and to better align their interests with those of the shareholders, which can contribute towards enhancing the value of the Company and the shares of the Company (the "Share") for the benefit of the Company and its shareholders as a whole.

The participants of the Scheme include any directors or employees of the Group (including any person who is granted any option as an inducement to enter into any employment contract with the Group).

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and (if any) other share option scheme(s) of the Company and the awards to be granted under (if any) share award scheme(s) of the Company, is 74,933,656 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be refreshed with the approval of the shareholders of the Company in a general meeting. As of the date of this report, the total number of Shares available for issue under the Scheme is 74,933,656 Shares, representing 10% of the total number of Shares in issue.

## 28. SHARE OPTION SCHEME *(continued)*

The vesting period for the options granted under the Scheme shall not be less than 12 months. To ensure the practicability in fully attaining the purpose of the Scheme, the vesting period of 12-month may be shortened under certain circumstances: (a) at the discretion of the Board or the Remuneration Committee of the Company, in circumstances set out in the Scheme where a strict 12-month vesting requirement would not work or would not be fair to the grantees; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

The total number of Shares issued and to be issued in respect of all options and awards granted to each participant (excluding the options and the awards lapsed in accordance with terms of the share scheme(s) of the Company) in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue. Any grant of options to any director, chief executive or substantial shareholder of the Company or any of their respective associates shall be subject to the prior approval of the Independent Non-executive Directors of the Company ("INEDs") (excluding those INEDs who are the proposed grantees of the options in question). Any grant of options to an INED or a substantial shareholder of the Company or any of their respective associates in any 12-month period up to and including the date of grant must not exceed 0.1% of the Shares in issue on the grant date unless the same is approved by the shareholders in a general meeting.

Under the Scheme, the Board is authorised at any time within 10 years after the Adoption Date to grant options to any participants subject to the terms determined by the Board at its discretion include, among other things, (i) the vesting period, (ii) performance targets that must be achieved before the option can be exercised in whole or in part; (iii) the exercise period (must not be more than 10 years from the grant date) and (iv) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. The exercise price of the options is determined by the Board at the time of grant, and shall not be less than the highest of (a) the closing price of the Shares on the grant date; (b) the average closing price of the Shares for the 5 business days immediately preceding the grant date; and (c) the nominal value of the Shares. Each participant must pay HK$1 as consideration for the grant of options not later than 28 days after the grant date.

The Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

No share options have been granted under the Scheme since the Adoption Date.

## 29. BANK AND OTHER BORROWINGS

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| 2019 September guaranteed senior notes | (a) | **1,624,062** | 2,544,198 |
| 2020 March guaranteed senior notes | (b) | **1,270,263** | 1,555,895 |
| 2020 September guaranteed senior notes | (c) | **1,208,816** | 1,611,507 |
| 2021 January guaranteed senior notes | (d) | **3,428,064** | 3,962,064 |
| 2021 July guaranteed senior notes | (e) | **3,467,765** | 3,948,253 |
| Bank loans | (f) | **5,228,278** | 8,313,523 |
| Other loans | (g) | **–** | 682,566 |
| | | **16,227,248** | 22,618,006 |
| Secured | | **3,972,816** | 5,730,865 |
| Unsecured | | **12,254,432** | 16,887,141 |
| | | **16,227,248** | 22,618,006 |

The maturity of the above loans is as follows:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Senior notes repayable: | | |
| Within one year | **232,098** | 2,784,323 |
| More than one year but not exceeding two years | **–** | 3,106,957 |
| More than two years but not exceeding five years | **7,684,949** | 7,730,637 |
| More than five years | **3,081,923** | – |
| | **10,998,970** | 13,621,917 |
| Bank borrowings repayable: | | |
| Within one year or repayable on demand | **2,680,444** | 6,397,968 |
| More than one year but not exceeding two years | **640,778** | 244,768 |
| More than two years but not exceeding five years | **595,383** | 530,440 |
| More than five years | **1,311,673** | 1,140,347 |
| | **5,228,278** | 8,313,523 |
| Other loans repayable: | | |
| Within one year | **–** | 682,566 |

## 29. BANK AND OTHER BORROWINGS *(continued)*

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Total borrowings | **16,227,248** | 22,618,006 |
| Less: Amounts classified as current liabilities | **(2,912,542)** | (9,864,857) |
| Amounts due over one year shown and classified as non-current liabilities | **13,314,706** | 12,753,149 |

Notes:

(a) The 2019 September guaranteed senior notes with an outstanding principal amount of US$206,945,000 (2023: US$322,731,000) are listed on the Singapore Exchange Securities Trading Limited ("Singapore Exchange") and were issued in September 2019. The notes, bearing interest at a fixed rate of 6.7% per annum, maturity date extended from September 2024 to March 2028. The principal amount upon tender offers and early redemptions of US$115,786,000 (2023: US$36,100,000) resulted in a gain of HK$123,970,000 (2023: HK$135,134,000) was recognised in profit or loss during the year of 2024.

In March 2027, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US$18,281,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the Board (together with any new directors whose election by the Board was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of the Company) and a rating decline. Details are set out in the offering memorandum.

(b) The 2020 March guaranteed senior notes with an outstanding principal amount of US$161,845,000 (2023: US$196,966,000) are listed on the Singapore Exchange and were issued in March 2020. The notes, bearing interest at a fixed rate of 5.9% per annum, maturity date extended from March 2025 to September 2028. The principal amount upon tender offers and early redemptions of US$35,121,000 (2023: US$20,098,000) resulted in a gain of HK$67,980,000 (2023: HK$80,279,000) was recognised in profit or loss during the year of 2024.

In March 2027, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US$15,316,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the Board (together with any new directors whose election by the Board was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of the Company) and a rating decline. Details are set out in the offering memorandum.

## 29. BANK AND OTHER BORROWINGS *(continued)*

Notes: (continued)

(c) The 2020 September guaranteed senior notes with an outstanding principal amount of US$155,603,000 (2023: US$206,339,000) are listed on the Singapore Exchange and were issued in September 2020. The notes, bearing interest at a fixed rate of 6% per annum, maturity date extended from September 2025 to March 2029. The principal amount upon tender offers and early redemptions of US$50,736,000 (2023: US$96,549,000) resulted in a gain of HK$151,918,000 (2023: HK$390,284,000) was recognised in profit or loss during the year of 2024.

In March 2027 and September 2028, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US$14,623,000 and US$17,623,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the Board (together with any new directors whose election by the Board was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of the Company) and a rating decline. Details are set out in the offering memorandum.

(d) The 2021 January guaranteed senior notes with an outstanding principal amount of US$434,690,000 (2023: US$500,000,000) are listed on the Singapore Exchange and were issued in January 2021. The notes, bearing interest at a fixed rate of 5.2% per annum, maturity date extended from January 2026 to July 2029. The principal amount upon tender offers and early redemptions of US$65,310,000 (2023: Nil) resulted in a gain of HK$144,855,000 (2023: Nil) was recognised in profit or loss during the year of 2024.

In March 2027 and September 2028, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US$20,788,000 and US$23,788,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the Board (together with any new directors whose election by the Board was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of the Company) and a rating decline. Details are set out in the offering memorandum.

(e) The 2021 July guaranteed senior notes with an outstanding principal amount of US$441,595,000 (2023: US$500,000,000) are listed on the Singapore Exchange and were issued in July 2021. The notes, bearing interest at a fixed rate of 5.125% per annum, maturity date extended from July 2026 to January 2030. The principal amount upon tender offers and early redemptions of US$58,405,000 (2023: Nil) resulted in a gain of HK$102,244,000 (2023: Nil) was recognised in profit or loss during the year of 2024.

In March 2027 and September 2028, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US$21,163,000 and US$24,163,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the Board (together with any new directors whose election by the Board was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of the Company) and a rating decline. Details are set out in the offering memorandum.

## 29. BANK AND OTHER BORROWINGS *(continued)*

Notes: (continued)

(f) Bank loans with carrying amount of HK$3,346,592,000 (2023: HK$5,209,766,000) bear a floating interest rate based on PBOC or LPR plus a specified margin, ranging from 2.3% to 6.5% (2023: 2.3% to 6.5%) per annum. Bank loan with carrying amount of HK$626,225,000 (2023: Nil) bear interest at fixed rates of 3.8% to 6.5% per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either Hong Kong Interbank Offered Rate ("HIBOR") or Secured Overnight Financing Rate ("SOFR") (2023: HIBOR or SOFR) plus a specified margin, ranging from 6.61% to 8.47% (2023: 5.61% to 10.23%) per annum.

At 31 December 2024, in respect of bank loans with the aggregate carrying amount of HK$5,228,278,000 (2023: HK$8,313,523,000), the Group is required to comply with the financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding. The Group regularly monitored and communicated with the banks about its compliance with these covenants throughout the reporting period.

(g) At 31 December 2023, other loans with carrying amount of HK$682,566,000 bear interest at a fixed rate ranging from 9.7% to 15% per annum and mainly include amounts borrowed from certain trust companies.

(h) The Group classified the senior notes with an aggregate carrying amount of HK$10,766,872,000 (2023: HK$10,837,594,000) as non-current liabilities as at 31 December 2024. The senior notes have been classified as non-current liabilities on the basis that the management of the Group considered the Group has the unconditional right to defer settlement for at least twelve months after the reporting period as the events which will cause the Group's obligation to redeem had not been triggered as at 31 December 2024 and 2023.

The effective interest rate of the Group's fixed rate borrowings and variable rate borrowings ranged from 3.8% to 6.7% (2023: 5.125% to 15%) per annum and 2.3% to 8.47% (2023: 2.3% to 10.47%) per annum, respectively.

Details on the fair value disclosures of the guaranteed senior notes are set out in note 39(c)(iii).

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| United States dollars | **12,131,813** | 17,005,999 |
| Hong Kong dollars | **122,619** | 335,574 |

## 30. DEFERRED TAXATION

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

| | Tax losses HK$'000 | Unrealised profit in interests in joint ventures HK$'000 | Undistributed earnings of subsidiaries and joint ventures in the PRC HK$'000 | Change in fair value of investment properties HK$'000 | Interest capitalised on properties under development HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| At 1 January 2023 | (175,926) | (51,433) | 762,289 | 249,308 | 226,944 | 1,011,182 |
| Charge (credit) for the year | 75,036 | 12,395 | (97,684) | (103,222) | 57,956 | (55,519) |
| Transfer to liabilities associated with assets classified as held for sale (note 48) | – | – | (18,462) | – | – | (18,462) |
| Exchange adjustments | 4,447 | 1,236 | (19,655) | (5,320) | (7,933) | (27,225) |
| At 31 December 2023 | (96,443) | (37,802) | 626,488 | 140,766 | 276,967 | 909,976 |
| Charge (credit) for the year | **57,397** | **20,250** | **(36,478)** | **(184,852)** | **(45,623)** | **(189,306)** |
| Disposal of subsidiaries | **293** | **–** | **(24,966)** | **–** | **–** | **(24,673)** |
| Transfer from liabilities associated with assets classified as held for sale (note 48) | **–** | **–** | **18,462** | **–** | **–** | **18,462** |
| Transfer in through debt restructuring arrangement | **–** | **–** | **–** | **74,762** | **–** | **74,762** |
| Exchange adjustments | **1,896** | **798** | **(20,387)** | **(271)** | **(8,629)** | **(26,593)** |
| **At 31 December 2024** | **(36,857)** | **(16,754)** | **563,119** | **30,405** | **222,715** | **762,628** |

Note: Deferred tax has been provided for (i) tax losses; (ii) unrealised profit in interests in joint ventures; (iii) undistributed earnings of subsidiaries and joint ventures in the PRC; (iv) change in fair value of investment properties and (v) temporary differences between the carrying amount and the tax base of properties under development for sale, arising from the capitalisation of certain interest expenses in properties under development for sale at consolidation level.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Deferred tax assets | **(268,821)** | (134,245) |
| Deferred tax liabilities | **1,031,449** | 1,044,221 |
| | **762,628** | 909,976 |

## 30. DEFERRED TAXATION *(continued)*

At 31 December 2024, the Group has estimated unused tax losses of HK$5,285,945,000 (2023: HK$3,905,649,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$147,428,000 (2023: HK$385,772,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of HK$5,138,517,000 (2023: HK$3,519,877,000) due to the unpredictability of future taxable profit streams. Included in unrecognised tax losses are losses of HK$5,138,517,000 (2023: HK$3,519,877,000) that will expire within five years in PRC from the end of the reporting period. As at 31 December 2024 and 2023, no remaining tax losses will be carried forward indefinitely due to all tax losses has been used in respect of profits earned by a Hong Kong subsidiary in the year.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$3,798,283,000 (2023: HK$5,200,000,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 31. CREDITORS AND ACCRUED CHARGES

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Aged analysis of creditors presented based on invoice date: | | |
| Trade payables | | |
| Within 60 days | **315,469** | 355,202 |
| 61 to 90 days | **40,777** | 6,146 |
| More than 90 days | **780,723** | 988,938 |
| | **1,136,969** | 1,350,286 |
| Accrued construction costs | **1,885,507** | 2,918,137 |
| | **3,022,476** | 4,268,423 |
| Accrued taxes (other than EIT and LAT) | **227,583** | 246,839 |
| Consideration payable for the acquisition of joint ventures | **213,687** | 221,285 |
| Construction related deposits | **230,283** | 265,626 |
| Earnest deposit for purchase of properties | **265,201** | 85,404 |
| Other payables | **643,145** | 838,448 |
| | **4,602,375** | 5,926,025 |

## 32. AMOUNTS DUE TO JOINT VENTURES AND ASSOCIATES

At the end of the reporting period, except for the amounts due to joint ventures of HK$578,326,000 (2023: HK$1,005,137,000) which is interest-bearing at 1.5% (2023: 1.75% to 4.35%), all remaining amounts are unsecured and interest-free. All outstanding balances are either repayable on demand or due within one year from the end of reporting date.

During the year ended 31 December 2024, amounts due to joint ventures amounting to HK$15,157,000 and amounted to HK$957,987,000 have been settled by dividend declared by the joint ventures and capital reductions in joint ventures respectively as disclosed in note 40.

## 33. AMOUNTS DUE TO OTHER NON-CONTROLLING INTERESTS OF SUBSIDIARIES

As at 31 December 2024 and 2023, amounts due to other non-controlling interest of subsidiaries are interest-free, unsecured and either repayable on demand or due within one year.

## 34. CONTRACT LIABILITIES

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Sale of properties | **4,391,491** | 3,317,085 |

As at 1 January 2023, the contract liabilities amounted to HK$3,980,427,000. The contract liabilities of the Group are all expected to be settled within the Group's normal operating cycle and thus are classified as current liabilities.

The revenue recognised in the current year that was included in the contract liability balance at prior year end was HK$1,668,593,000 (2023: HK$3,673,236,000). No revenue is recognised in the current year which was related to the performance obligations satisfied in prior period.

Typical payment terms in respect of sale of properties, which impact on the amount of contract liabilities recognised are as follows:

The Group receives 30% to 100% of the contract value from customers when they sign the sale and purchase agreements while construction work of properties is still ongoing. For the customers who applied mortgage loans provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property.

## 35. LEASE LIABILITIES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| **The maturity of the lease liabilities payable is as follows:** | | |
| Within one year | **10,377** | 14,227 |
| More than one year but not exceeding two years | **3,304** | 10,197 |
| More than two years but not exceeding five years | **1,332** | 4,361 |
| | **15,013** | 28,785 |
| Less: Amount due for settlement within 12 months shown under current liabilities | **(10,377)** | (14,227) |
| Amount due for settlement after 12 months shown under non-current liabilities | **4,636** | 14,558 |

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Hong Kong dollars | **7,399** | 15,905 |

## 36. OWNERS OF PERPETUAL CAPITAL SECURITIES

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| 2017 February perpetual capital securities | (a) | **2,347,247** | 2,347,651 |
| 2017 June perpetual capital securities | (a) | **2,365,677** | 2,285,669 |
| 2019 November perpetual capital securities | (b) | **2,410,518** | 2,330,303 |
| | | **7,123,442** | 6,963,623 |

Notes:

(a) In February 2017 and June 2017, two wholly-owned subsidiaries of the Company issued US$300 million 7.95% senior guaranteed perpetual capital securities ("2017 February perpetual capital securities") and US$300 million 7% senior guaranteed perpetual capital securities ("2017 June perpetual capital securities") respectively at issue price of 100% of the principal amounts. The 2017 February perpetual capital securities with an outstanding principal amount of US$295,500,000 (2023: US$300,000,000) and the 2017 June perpetual capital securities with an outstanding principal amount of US$295,000,000 (2023: US$300,000,000) were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

## 36. OWNERS OF PERPETUAL CAPITAL SECURITIES *(continued)*

Notes: (continued)

(b) In November 2019, a wholly-owned subsidiary of the Company issued US$300 million 7.75% senior guaranteed fixed spread perpetual capital securities ("2019 November perpetual capital securities") at issue price of 100% of the principal amounts. The distribution rate is subject to reset at the first call date and each day falling every five calendar years after the first call date. The reset distribution rate is equal to the sum of 6.003% and the Treasury Rate as defined in the terms and conditions of the perpetual securities. The capital securities were listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

## 37. RETIREMENT BENEFIT PLANS

For the operations in Hong Kong, the Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees including Directors in Hong Kong. Under MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of the independent trustee. Both the Group and the employees contribute a fixed percent to the MPF Scheme based on their monthly salary in accordance with government regulations. The MPF Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be refunded to the Group. There were no forfeited contributions available to be refunded at the end of the reporting period.

For the operations in the PRC, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

## 38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include bank and other borrowings and lease liabilities disclosed in notes 29 and 35, and equity comprising issued capital and reserves, owners of perpetual capital securities and other non-controlling interests of subsidiaries.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group assesses the annual budget which incorporates the planned construction projects and takes into account the provision of funding. Based on the proposed annual budget, the management of the Group considers the cost of capital and the risks associated with the capital. The management of the Group also balances its overall capital structure through the payment of dividends, the issue of new share as well as new debts or the redemption of existing debts.

The management of the Group monitors the utilisation of bank and other borrowings and has procedures and policies in place and delegated teams to monitor the continuous compliance of covenant terms attached to the bank and other borrowings. At the same time, the teams would communicate with the agents and lenders of the relevant borrowings in respect of the Group's financial performance and position timely throughout the term of the borrowings and seek advice, consent or approval from these lenders in the case the need arises.

## 39. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| ***Financial assets*** | | |
| Financial assets at amortised cost | **11,975,262** | 16,789,876 |
| Financial assets at FVTPL | **551,560** | 579,707 |
| ***Financial liabilities*** | | |
| Financial liabilities at amortised cost | **26,850,423** | 36,000,066 |
| Financial liabilities at FVTPL | **924,365** | 934,453 |

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures these risks.

#### (i) Market risk

The Group's activities expose primarily to the financial risks of changes in foreign exchange rate and interest rates. In addition, the Group is exposed to price risk through its investments in financial assets and financial liabilities measured at FVTPL, which are further disclosed in note (c) Fair value of financial instruments.

**Foreign currency risk management**

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the respective group entities and therefore the Group is exposed to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2024 HK$'000** | 2023 HK$'000 | **2024 HK$'000** | 2023 HK$'000 |
| United States dollars | **359,326** | 478,258 | **12,131,813** | 17,005,999 |
| Hong Kong dollars | **403,692** | 372,999 | **948,441** | 1,147,002 |

*Foreign currency sensitivity analysis*

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit before tax where RMB strengthens against the relevant currencies. For a 5% weakening of RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the amounts below would be negative.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (i) Market risk *(continued)*

**Foreign currency risk management** *(continued)*

*Foreign currency sensitivity analysis (continued)*

| | Profit or loss | |
|---|---|---|
| | **2024** | 2023 |
| | **HK$'000** | HK$'000 |
| United States dollars | **588,624** | 826,387 |
| Hong Kong dollars | **27,237** | 38,700 |

**Interest rate risk management**

The Group is exposed to cash flow interest rate risk due to the fluctuation of SOFR, HIBOR, PBOC and LPR prescribed interest rates on bank balances, pledged bank deposits, amounts due from other non-controlling interests of subsidiaries, loan receivables and bank and other borrowings.

The Group's fair value interest rate risk relates primarily to loan receivables, amounts due from (to) joint ventures, amounts due from other non-controlling interests of subsidiaries, lease liabilities, and fixed-rate bank and other borrowings which carry interest at fixed interest rates.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Total interest income and expenses from financial assets and financial liabilities that are measured at amortised cost is as follows:

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (i) Market risk *(continued)*

**Interest rate risk management** *(continued)*

*Interest rate sensitivity*

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Financial assets at amortised cost** | | |
| – Interest income from bank deposits and amounts due from joint ventures and other non-controlling interests of subsidiaries and others | **78,477** | 222,133 |
| **Financial liabilities at amortised cost** | | |
| – Interest expense on financial liabilities not measured at FVTPL | **735,272** | 1,050,640 |

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2023: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group's bank balances and pledged bank deposits are excluded from sensitivity analysis as the Directors consider the exposure of cash flow interest rate risk arising from variable-rate bank balances and pledged bank deposits is insignificant.

If the interest rate had been 50 basis point (2023: 50 basis point) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease/increase by HK$13,759,000 (2023: HK$24,299,000) after capitalisation of additional finance costs of HK$9,206,000 (2023: HK$17,087,000) in properties under development for sale.

#### (ii) Credit risk and impairment management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the financial guarantees provided by the Group and the financial assets as disclosed in the consolidated statements of financial position. Other than the collateral to cover the credit risks of the loan receivables and financial guarantee contracts as detailed in note 22 and note 44, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on financial assets at amortised cost individually or collectively, where appropriate. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

**Trade debtors arising from contracts with customers**

The Group has no concentration of credit risk for the trade debtors as no single trade debtor is accounted for 5% of the total trade debtor balances of the Group at the end of the reporting period.

In addition, the Group performs impairment assessment under ECL model on trade debtor balances on a collective basis based on historical credit loss experience and the forward-looking macroeconomic information at the reporting date. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for trade debtors were insignificant and thus no loss allowance was recognised.

**Loan receivables**

The Group has designated team to assess the credit quality of the borrowers before an advance is made. The Group would generally require the borrowers to provide collaterals for the loans with material balances i.e. the properties owned by the borrowers or equity interests in the property companies. The Group also closely monitor the repayment status of the loan receivables and the status and conditions of the collaterals and request for credit enhancements if necessary. The Directors estimate the loss rates of loan receivables based on historical credit loss experience of the borrowers as well as the fair value of the collateral pledged by the borrowers to the loan receivables. Based on assessment under ECL model by the Directors, the ECL on loan receivables for the year ended 31 December 2024 was HK$789,071,000 (2023: HK$698,896,000). The Group has concentration of credit risks in loan receivables as 72% (2023: 64%) of the loan receivables was due from the three largest borrowers.

**Amounts due from joint ventures and associates**

The joint ventures and associates of the Group mainly engage in toll road operation and property development business in the PRC, Hong Kong and Indonesia. The Group regularly monitors the business performance, financial position and repayment status of the joint ventures and associates. The Group's credit risks in these balances are mitigated through the power to jointly control or has significant influence over the relevant activities of the investees. Based on assessment under ECL model by the Directors, the ECL on amounts due from joint ventures and associates for the year ended 31 December 2024 was HK$738,475,000 (2023: HK$614,848,000) due to high default risks of some investees. The Group has concentration of credit risks in amounts due from joint ventures and associates as 77% (2023: 52%) of the balances was due from the three largest borrowers within the property development business.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

**Amounts due from other non-controlling interests of subsidiaries**

The other non-controlling interests of subsidiaries of the Group mainly engage in property development business in the PRC. The Group regularly monitors the business performance, financial position and repayment status of the other non-controlling interests of subsidiaries. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for amounts due from other non-controlling interests of subsidiaries were insignificant in both years. The Group has concentration of credit risks in amounts due from other non-controlling interests of subsidiaries as 67% (2023: 66%) of the balances was due from the three largest borrowers within the property development business.

**Other receivables**

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for amounts due from other receivables and deposits were insignificant and thus no loss allowance was recognised in both years.

**Pledged bank deposits and bank balances**

The Group's credit risk on pledged bank deposits and bank balances is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong. The Group assessed 12m ECL for pledged bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits and bank balances for the years ended 31 December 2024 and 2023 is considered to be insignificant and no loss allowance was recognised.

**Financial guarantee contracts**

For the financial guarantee contracts provided by the Group to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties, the Group measured the loss allowance on financial guarantee contracts by reference to the historical default rate of the purchasers, the loss on default based on the current property value and the pre-sale deposits already received and the forward-looking information. The Directors considered that the loss allowances on financial guarantee contracts at 31 December 2024 and 31 December 2023 were insignificant to the Group. For properties which have been pre-sold, or for the completed properties that sold but the building ownership certificate not yet issued, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

| | Notes | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount 2024 HK$'000 | Gross carrying amount 2023 HK$'000 | ECL 2024 HK$'000 | ECL 2023 HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial assets at amortised costs** | | | | | | | | |
| Amounts due from joint ventures and associates | 20 | N/A | (note 1) | Lifetime ECL (not credit-impaired) | **5,061,329** | 6,341,483 | **1,252,575** | 608,222 |
| Amounts due from other non-controlling interests of subsidiaries | 21 | N/A | (note 1) | 12m ECL | **1,208,249** | 1,615,514 | **–** | – |
| Loan receivables | 22 | N/A | (note 1) | 12m ECL | **129,420** | 570,973 | **20,386** | 91,667 |
| | | | | Lifetime ECL (not credit-impaired) | **400,901** | 2,553,935 | **96,567** | 1,111,110 |
| | | | | Credit impaired | **1,242,705** | – | **1,066,383** | – |
| | | | | | **1,773,026** | 3,124,908 | **1,183,336** | 1,202,777 |
| Other debtors | 24 | N/A | (note 1) | 12m ECL | **1,534,936** | 1,741,483 | **–** | – |
| Trade debtors | 24 | N/A | (note 2) | Lifetime ECL (not credit-impaired) | **138,893** | 217,618 | **–** | – |
| Pledged bank deposits | 26 | Ranged from AA- to BBB | N/A | 12m ECL | **421,169** | 79,672 | **–** | – |
| Bank balances | 26 | Ranged from AA- to BBB- | N/A | 12m ECL | **4,272,852** | 5,478,773 | **–** | – |
| **Financial guarantee Contracts** | 44 | N/A | (note 3) | 12m ECL | **6,102,418** | 6,108,241 | **–** | – |

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

Notes:

1. For the purposes of internal credit risk management, the Group uses the financial performance of the joint ventures and associates including their profitability and net asset position to assess whether credit risk on amounts due from joint ventures and associates has been increased significantly since initial recognition. The Group assess whether credit risk on loans receivables has been increased significantly since initial recognition based on the settlement status of the loans principal and interest and whether the loan period has been extended during the year. For other debtors and amounts due from other non-controlling interests of subsidiaries, the Group considered there is insignificant credit risk for the debtors during the year.

2. For trade debtors, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group uses provision matrix to calculate ECL for the trade debtors. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

The following tables show reconciliation of loss allowances that have been recognised for amounts due from joint ventures and associates and loan receivables.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

**Amounts due from joint ventures and associates**

| | 12m ECL HK$'000 | Lifetime ECL (not credit-impaired) HK$'000 | Lifetime ECL (credit-impaired) HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 January 2023 | – | – | – | – |
| Changes due to financial instruments | | | | |
| – Impairment loss recognised | – | 609,467 | – | 609,467 |
| New financial assets originated or purchased | – | 5,381 | – | 5,381 |
| Exchange adjustments | – | (6,626) | – | (6,626) |
| At 31 December 2023 | – | 608,222 | – | 608,222 |
| Changes due to financial instruments | | | | |
| – Impairment loss recognised | **–** | **765,503** | **–** | **765,503** |
| – Impairment losses reversed | **–** | **(32,780)** | **–** | **(32,780)** |
| – Write-offs | **–** | **(56,407)** | **–** | **(56,407)** |
| New financial assets originated or purchased | **–** | **5,752** | **–** | **5,752** |
| Exchange adjustments | **–** | **(37,715)** | **–** | **(37,715)** |
| **At 31 December 2024** | **–** | **1,252,575** | **–** | **1,252,575** |

During the year ended 31 December 2024, changes in the loss allowance for amounts due from joint ventures and associates of HK$738,475,000 (2023: HK$614,848,000) were mainly due to the deterioration in external market indicators of credit risk.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

**Loan receivables**

| | 12m ECL HK$'000 | Lifetime ECL (not credit-impaired) HK$'000 | Lifetime ECL (credit-impaired) HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 January 2023 | 30,927 | 497,645 | – | 528,572 |
| Changes due to financial instruments | | | | |
| – Impairment loss recognised | 58,247 | 632,561 | – | 690,808 |
| New financial assets originated or purchased | 4,375 | 3,713 | – | 8,088 |
| Exchange adjustments | (1,882) | (22,809) | – | (24,691) |
| At 31 December 2023 | 91,667 | 1,111,110 | – | 1,202,777 |
| Changes due to financial instruments | | | | |
| – Transfer to credit-impaired | **–** | **(1,058,616)** | **1,058,616** | **–** |
| – Transfer to lifetime ECL | **(74,034)** | **74,034** | **–** | **–** |
| – Impairment loss recognised | **7,815** | **23,102** | **774,626** | **805,543** |
| – Impairment losses reversed | **(2,200)** | **(14,708)** | **–** | **(16,908)** |
| – Write-offs | **–** | **–** | **(747,743)** | **(747,743)** |
| New financial assets originated or purchased | **436** | **–** | **–** | **436** |
| Exchange adjustments | **(3,298)** | **(38,355)** | **(19,116)** | **(60,769)** |
| **At 31 December 2024** | **20,386** | **96,567** | **1,066,383** | **1,183,336** |

During the year ended 31 December 2024, changes in the loss allowance for loan receivables of HK$789,071,000 (2023: HK$698,896,000) were mainly due to some borrowers transferred to credit impaired.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (iii) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the management of the Group who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk to finance its existing financial obligations, future operating activities and capital expenditures by:

- maintaining adequate working capital and available banking facilities;
- continuously monitors the forecast and actual cash flows, including repatriation of dividends from the PRC to Hong Kong, the pre-sale and sales of inventory of properties;
- asset disposals; and
- seeking new debt financing at costs acceptable to the Group.

**Liquidity and interest risk tables**

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

# 39. FINANCIAL INSTRUMENTS (continued)

## (b) Financial risk management objectives and policies (continued)

### (iii) Liquidity risk management (continued)

**Liquidity and interest risk tables** (continued)

| | Weighted average effective interest rate % | On demand or less than 6 months HK$'000 | 6 – 12 months HK$'000 | 1 – 2 years HK$'000 | 2 – 5 years HK$'000 | Over 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | | |
| Creditors and accrued charges | – | 4,374,792 | – | – | – | – | 4,374,792 | 4,374,792 |
| Amounts due to joint ventures and associates | 0.02 | 5,387,562 | – | – | – | – | 5,387,562 | 5,386,445 |
| Bank and other borrowings | | | | | | | | |
| – fixed rate | 5.57 | 322,035 | 357,442 | 726,472 | 9,287,084 | 3,377,111 | 14,070,144 | 11,625,195 |
| – variable rate | 4.95 | 1,908,780 | 1,005,896 | 615,198 | 555,022 | 1,446,563 | 5,531,459 | 4,602,053 |
| Amounts due to other non-controlling interests of subsidiaries | – | 861,938 | – | – | – | – | 861,938 | 861,938 |
| Lease liabilities | 4.59 | 6,142 | 4,654 | 3,792 | 505 | – | 15,093 | 15,013 |
| Financial liabilities at FVTPL | – | 924,365 | – | – | – | – | 924,365 | 924,365 |
| Financial guarantee contracts | – | 6,102,418 | – | – | – | – | 6,102,418 | – |
| | | 19,888,032 | 1,367,992 | 1,345,462 | 9,842,611 | 4,823,674 | 37,267,771 | 27,789,801 |

| | Weighted average effective interest rate % | On demand or less than 6 months HK$'000 | 6 – 12 months HK$'000 | 1 – 2 years HK$'000 | 2 – 5 years HK$'000 | Over 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|---|---|
| 2023 | | | | | | | | |
| Creditors and accrued charges | – | 5,679,186 | – | – | – | – | 5,679,186 | 5,679,186 |
| Amounts due to joint ventures and associates | 0.13 | 6,257,954 | – | – | – | – | 6,257,954 | 6,250,067 |
| Bank and other borrowings | | | | | | | | |
| – fixed rate | 6.04 | 491,423 | 3,445,178 | 3,618,637 | 7,896,416 | – | 15,451,654 | 14,304,483 |
| – variable rate | 5.16 | 4,543,669 | 2,187,527 | 293,289 | 654,789 | 1,490,355 | 9,169,629 | 8,313,523 |
| Amounts due to other non-controlling interests of subsidiaries | – | 1,452,807 | – | – | – | – | 1,452,807 | 1,452,807 |
| Lease liabilities | 4.66 | 8,422 | 6,855 | 10,911 | 3,662 | – | 29,850 | 28,785 |
| Financial liabilities at FVTPL | – | 60,155 | 139,564 | 734,734 | – | – | 934,453 | 934,453 |
| Financial guarantee contracts | – | 6,108,241 | – | – | – | – | 6,108,241 | – |
| | | 24,601,857 | 5,779,124 | 4,657,571 | 8,554,867 | 1,490,355 | 45,083,774 | 36,963,304 |

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (iii) Liquidity risk management *(continued)*

**Liquidity and interest risk tables** *(continued)*

Bank loan with a repayment on demand clause is included in the "on demand or less than 6 months" time band in the above maturity analysis. The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include principal and interest payments computed using contractual rates. Taking into account the Group's financial position, the Directors did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans would be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

| | Less than 6 months HK$'000 | 6 – 12 months HK$'000 | 1 – 2 years HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|
| **At 31 December 2024** | **1,430,781** | **–** | **–** | **1,430,781** | **1,255,461** |
| At 31 December 2023 | 125,284 | – | – | 125,284 | 124,892 |

The amounts included above for financial guarantee contracts are the maximum amounts 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. Based on the expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (c) Fair value of financial instruments

#### Fair value measurements

**(i) Financial assets and financial liabilities measured at fair value on a recurring basis**

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2024

| | Notes | Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investment in a listed entity | (a) | **536** | **–** | **–** | **536** |
| Investment in an unlisted entity | (b) | **–** | **–** | **551,024** | **551,024** |
| | | **536** | **–** | **551,024** | **551,560** |
| **Financial liabilities** | | | | | |
| Contingent consideration | (c) | **–** | **–** | **23,654** | **23,654** |
| Participation rights designated as at FVTPL | (d) | **–** | **–** | **102,825** | **102,825** |
| Sale loan with redemption right as at FVTPL | (e) | **–** | **–** | **797,886** | **797,886** |
| | | **–** | **–** | **924,365** | **924,365** |

Fair value hierarchy as at 31 December 2023

| | Notes | Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investment in a listed entity | (a) | 555 | – | – | 555 |
| Investment in an unlisted entity | (b) | – | – | 579,152 | 579,152 |
| | | 555 | – | 579,152 | 579,707 |
| **Financial liabilities** | | | | | |
| Contingent consideration | (c) | – | – | 60,155 | 60,155 |
| Participation rights designated as at FVTPL | (d) | – | – | 139,564 | 139,564 |
| Sale loan with redemption right designated as at FVTPL | (e) | – | – | 734,734 | 734,734 |
| | | – | – | 934,453 | 934,453 |

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (c) Fair value of financial instruments *(continued)*

#### Fair value measurements *(continued)*

**(i) Financial assets and financial liabilities measured at fair value on a recurring basis** *(continued)*

(a) The Group owns 4,163 ordinary shares in Entity A mainly engaging in providing co-working space in the PRC. Entity A is listed on the Nasdaq Capital Market, with its shares traded in an active market. Therefore, the fair value of the investment is determined based on a published price quotation available on the Nasdaq Capital Market and was classified as Level 1 of the fair value hierarchy.

(b) It represents investment in an unlisted investment trust with the underlying investment in a tourism related property development project in Yunnan. Currently, the property project only has a land pending for development and seeking approval from the local government. It is grouped under Level 3 fair value measurement and its fair value is determined by an independent professional valuer based the market comparison approach of the land value. A significant increase in market value of the land would result in a significant increase in fair value of the unlisted investment trust, and vice versa.

(c) The contingent consideration is grouped into level 3 fair value measurement and the fair value is determined by the Directors based on probability of the adjustment to the toll road tariff chargeable under the Concession Agreement. A significant increase in toll tariff adjustment probability would result in a significant increase in the fair value, and vice versa.

(d) The participation rights is grouped into level 3 fair value measurement and the fair value is determined based on valuation provided by an independent professional valuer which is measured using discount cash flow analysis based on surrender price, distribution, discount rate. A significant increase in surrender value would result in a significant increase in fair value of the participation rights, and vice versa.

(e) The sale loan with redemption right is grouped into level 3 fair value measurement and the fair value is determined based on valuation provided by an independent professional valuer which is measured using Monte Carlo simulation based on the current property prices, China risk-free rate, the expected volatility of the property prices and expected return.

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1, Level 2 and Level 3.

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (c) Fair value of financial instruments *(continued)*

#### Fair value measurements *(continued)*

**(ii) Reconciliation of Level 3 fair value measurements**

| | Investment in an unlisted entity HK$'000 |
|---|---|
| **Financial assets at FVTPL** | |
| At 1 January 2023 | 595,700 |
| Change in fair value recognised in profit or loss (note 7) | – |
| Exchange difference arising on translation to presentation currency | (16,548) |
| At 31 December 2023 | 579,152 |
| Change in fair value recognised in profit or loss (note 7) | **(8,452)** |
| Exchange difference arising on translation to presentation currency | **(19,676)** |
| **At 31 December 2024** | **551,024** |

| | Sale loan with redemption right HK$'000 | Contingent consideration HK$'000 | Participation rights HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Financial liabilities at FVTPL** | | | | |
| At 1 January 2023 | – | 89,723 | 198,815 | 288,538 |
| Additions | 800,000 | – | – | 800,000 |
| Change in fair value recognised in profit or loss (note 7) | (66,297) | – | (51,345) | (117,642) |
| Settlement | – | (29,801) | (10,056) | (39,857) |
| Exchange difference arising on translation to presentation currency | 1,031 | 233 | 2,150 | 3,414 |
| At 31 December 2023 | 734,734 | 60,155 | 139,564 | 934,453 |
| Change in fair value recognised in profit or loss (note 7) | **62,452** | **(34,281)** | **(28,990)** | **(819)** |
| Settlement | **–** | **–** | **(12,205)** | **(12,205)** |
| Exchange difference arising on translation to presentation currency | **700** | **(2,220)** | **4,456** | **2,936** |
| **At 31 December 2024** | **797,886** | **23,654** | **102,825** | **924,365** |

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (c) Fair value of financial instruments *(continued)*

#### Fair value measurements *(continued)*

**(iii) Financial assets and financial liabilities not measured at fair value on a recurring basis (but fair value disclosures are required)**

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values as at 31 December 2024 and 31 December 2023, which are determined in accordance with generally accepted pricing models based on discounted cash flow, except for the following financial liabilities, for which their carrying amounts and fair values (reference to the quoted ask price available in an inactive market) are disclosed below:

| | **31 December 2024** | | 31 December 2023 | |
|---|---|---|---|---|
| | **Carrying amount HK$'000** | **Fair value HK$'000** | Carrying amount HK$'000 | Fair value HK$'000 |
| 2019 September guaranteed senior notes | **1,624,062** | **869,415** | 2,544,198 | 1,976,740 |
| 2020 March guaranteed senior notes | **1,270,263** | **622,651** | 1,555,895 | 832,305 |
| 2020 September guaranteed senior notes | **1,208,816** | **526,000** | 1,611,507 | 738,382 |
| 2021 January guaranteed senior notes | **3,428,064** | **1,435,612** | 3,962,064 | 1,014,201 |
| 2021 July guaranteed senior notes | **3,467,765** | **1,424,059** | 3,948,253 | 939,630 |

## 40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Balance at 1.1.2024 HK$'000 | Dividend distribution declared HK$'000 | Financing cash flows HK$'000 (note) | Financing cost incurred during the year HK$'000 | Acquisition of subsidiaries HK$'000 | Debt assignment arrangement HK$'000 | Change in fair value of financial liabilities at FVTPL HK$'000 | Gains on buyback of senior notes HK$'000 | Dividend contribution by joint ventures HK$'000 | Capital reduction in joint ventures HK$'000 | Settlement with amount due from non-controlling interests of subsidiaries HK$'000 | Settlement with amount due from joint ventures and associates HK$'000 | Exchange adjustment HK$'000 | Balance at 31.12.2024 HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank and other borrowings (note 29) | 22,618,006 | - | (6,846,560) | 1,211,397 | - | - | - | (590,967) | - | - | - | - | (164,628) | 16,227,248 |
| Amounts due to other non-controlling interests of subsidiaries (note 33) | 1,452,807 | - | (540,987) | - | - | - | - | - | - | - | - | - | (49,882) | 861,938 |
| Amounts due to joint ventures and associates (note 32) | 6,250,067 | - | 859,201 | 16,525 | (538,143) | 263,771 | - | - | (15,157) | (957,987) | - | (339,788) | (152,044) | 5,386,445 |
| Lease liabilities (note 35) | 28,785 | - | (14,602) | 1,059 | - | - | - | - | - | - | - | - | (229) | 15,013 |
| Participation rights designated as at FVTPL (note 25) | 139,564 | - | (12,205) | - | - | - | (28,990) | - | - | - | - | - | 4,456 | 102,825 |
| Sale loan with redemption right designated as at FVTPL (note 25) | 734,734 | - | - | - | - | - | 62,452 | - | - | - | - | - | 700 | 797,886 |
| Dividend distribution payable | - | 1,466,963 | (1,057,358) | - | - | - | - | - | - | - | (409,605) | - | - | - |
| | 31,223,963 | 1,466,963 | (7,612,511) | 1,228,981 | (538,143) | 263,771 | 33,462 | (590,967) | (15,157) | (957,987) | (409,605) | (339,788) | (361,627) | 23,391,355 |

## 40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(continued)*

| | Balance at 1.1.2023 HK$'000 | Dividend distribution declared HK$'000 | Financing cash flows HK$'000 (note) | Financing cost incurred during the year HK$'000 | Acquisition of subsidiaries HK$'000 | Change in fair value of financial liabilities at FVTPL HK$'000 | Gains on buyback of senior notes HK$'000 | Lease modification HK$'000 | Settlement with amount due from joint ventures and associates HK$'000 | Exchange adjustment HK$'000 | Balance at 31.12.2023 HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank and other borrowings (note 29) | 32,147,694 | – | (10,522,949) | 1,785,912 | – | – | (605,697) | – | – | (186,954) | 22,618,006 |
| Amounts due to other non-controlling interests of subsidiaries (note 33) | 1,505,136 | – | (10,223) | – | – | – | – | – | – | (42,106) | 1,452,807 |
| Amounts due to joint ventures and associates (note 32) | 4,919,384 | – | 1,897,917 | 6,051 | (149,200) | – | – | – | (287,341) | (136,744) | 6,250,067 |
| Lease liabilities (note 35) | 43,678 | – | (21,720) | 1,914 | – | – | – | 5,760 | – | (847) | 28,785 |
| Participation rights designated as at FVTPL (note 25) | 198,815 | – | (10,056) | – | – | (51,345) | – | – | – | 2,150 | 139,564 |
| Sale loan with redemption right designated as at FVTPL (note 25) | – | – | 800,000 | – | – | (66,297) | – | – | – | 1,031 | 734,734 |
| Dividend distribution payable | 274,617 | 38,889 | (305,878) | – | – | – | – | – | – | (7,628) | – |
| | 39,089,324 | 38,889 | (8,172,909) | 1,793,877 | (149,200) | (117,642) | (605,697) | 5,760 | (287,341) | (371,098) | 31,223,963 |

Note: The cash flows from bank and other borrowings, amounts due to other non-controlling interests of subsidiaries, amounts due to joint ventures and associates, lease liabilities, participation rights, sale loan with redemption right designated as at FVTPL and dividend distribution payable make up the net amount of additions and repayment from those related liabilities in the consolidated statement of cash flows.

## 41. ACQUISITION OF SUBSIDIARIES

**For the year ended 31 December 2024**

The Group elected to apply the optional concentration test in accordance with HKFRS 3 and concluded that inventory of properties are considered a group of similar identifiable assets of each subsidiary acquired. The Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business. In the event where the concentration test is not met, the Directors have performed a detail assessment of the acquired subsidiaries which are engaged in property development but without substantive process at the date of acquisition. Therefore, the acquired set of activities and assets is not a business and these transactions are accounted for as acquisition of assets and liabilities through acquisition of subsidiaries. Details of the acquisitions are as follows:

In October 2023, the Group entered into an equity transfer agreement with a joint venture partner of廣州雋宏房地產開發有限公司("廣州雋宏"), to acquire 49% equity interest in 廣州雋宏 from the joint venture partner at a total consideration of RMB222,637,000 (equivalent to HK$238,880,000). The consideration would be settled by a debt assignment arrangement where the Group would assume the debt of RMB245,835,000 (equivalent to HK$263,771,000) the other joint venture partner owed to廣州雋宏 and this amount would then be designated to offset the aforementioned consideration. The excess amount of RMB23,198,000 (equivalent to HK$24,891,000), would be required to settle to the Group before the completion of this acquisition. 廣州雋宏is engaged in the property development in Guangzhou, the PRC. Upon completion of this acquisition in February 2024, 廣州雋宏became a wholly-owned subsidiary of the Company.

## 41. ACQUISITION OF SUBSIDIARIES *(continued)*

**For the year ended 31 December 2024** *(continued)*

In October 2024, the Group entered into an equity transfer agreement with a joint venture partner of北京雋安房地產開發有限公司 ("北京雋安"), to acquire 49% equity interest in 北京雋安from the joint venture partner at a total consideration of RMB1, which was settled by cash. 北京雋安was a 51% joint venture of the Group engaging in the property development in Beijing, the PRC. Upon completion of the acquisition in October 2024, it becomes a wholly-owned subsidiary of the Company.

The aggregate net assets of the subsidiaries at the date of acquisition were as follow:

| | 2024<br>HK$'000 |
|---|---|
| Property, plant and equipment | 38 |
| Inventory of properties | 459,623 |
| Debtors, deposits and prepayments | 20,738 |
| Amounts due from group companies | 538,143 |
| Prepaid income tax | 36,569 |
| Bank balances and cash | 27,332 |
| Creditors and accrued charges | (180,894) |
| Amounts due to group companies | (199,362) |
| Contract liabilities | (51,390) |
| Income tax payable | (24,178) |
| | 626,619 |
| Satisfied by: | |
| Consideration with a debt assignment arrangement | 238,880 |
| Interests in joint ventures disposed of | 387,739 |
| | 626,619 |
| Net cash inflow arising on acquisition: | |
| Cash considerations received | 24,891 |
| Bank balances and cash acquired | 27,332 |
| | 52,223 |

## 41. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2023

In November 2022, the Group entered into a sale and purchase agreement to acquire the remaining 50% equity interest in 常州路勁雅居房地產開發有限公司("常州路勁雅居") from a joint venture partner at a total consideration of RMB25,000,000 (equivalent to HK$27,778,000), which was settled by debt assignment. 常州路勁雅居was a 50% joint venture of the Group engaging in the property development in Changzhou, the PRC. Upon completion of the acquisition in January 2023, it became a wholly-owned subsidiary of the Company.

The aggregate net assets of the subsidiary at the date of acquisition was as follows:

| | 2023<br>HK$'000 |
|---|---|
| Property, plant and equipment | 17 |
| Inventory of properties | 18,113 |
| Debtors, deposits and prepayments | 31,116 |
| Amounts due from the Group | 149,200 |
| Bank balances and cash | 2,328 |
| Creditors and accrued charges | (81,336) |
| Contract liabilities | (847) |
| Income tax payable | (32,549) |
| | 86,042 |
| Satisfied by: | |
| Interest in a joint venture disposed of | 86,042 |
| Net cash inflow arising on acquisition: | |
| Bank balances and cash acquired | 2,328 |

## 42. DISPOSAL OF SUBSIDIARIES

In November 2023, RKE (the "Seller"), an indirect subsidiary owned as to 75% by the Company, entered into a sale and purchase agreement with a subsidiary of China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司) (the "Purchaser"), pursuant to which the Seller agreed to sell and the Purchaser agreed to buy the entire issued share capital of Road King (China) Infrastructure Limited ("RKC") at a consideration of RMB4,411,800,000 (equivalent to HK$4,902,000,000). RKC is a wholly-owned subsidiary of the Seller incorporated under the laws of the British Virgin Islands with limited liability. RKC is an investment holding company and its subsidiaries (RKC and its subsidiaries collectively known as the "Disposal Group") are engaged in investment in, and development, operation and management of four expressway projects in Mainland China through holding interests in joint ventures with respective joint venture partners. Each joint venture has the right to operate the section of the expressway held by it during the concession period in accordance with the relevant joint venture contracts. During the year ended 31 December 2024, the disposal was completed and the consideration was received in full. The gain on the disposal transaction amounting to HK$1,862,396,000 was recognised in profit or loss during the year.

In August 2024, the Group entered into sale and purchase agreement with an independent third party to dispose 90.1% equity interests in 東莞市雋越投資發展有限公司 ("東莞雋越"), a non-wholly owned subsidiary of the Company, at a cash consideration of RMB14,140,000 (equivalent to HK$15,172,000). The subsidiary is engaging in property development in Dongguan, the PRC. The consideration was fully received in 2024 and the gain on disposal of the subsidiary amounting to HK$6,890,000 was recognised in profit or loss.

## 42. DISPOSAL OF SUBSIDIARIES *(continued)*

The aggregate net assets of the subsidiaries at the date of completion of the disposals were as follow:

| | 2024<br>HK$'000 |
|---|---|
| **Cash considerations** | **4,917,172** |
| **Analysis of assets and liabilities over which control were lost:** | |
| Interests in joint ventures | 2,983,989 |
| Deferred tax assets | 293 |
| Inventory of properties | 152,383 |
| Debtors, deposits and prepayments | 1,377 |
| Amount due from a joint venture | 79,991 |
| Bank balances and cash | 13 |
| Amounts due to group companies | (186,594) |
| Deferred tax liabilities | (24,966) |
| Net assets disposed of | 3,006,486 |
| **Gains on disposal of:** | |
| Cash considerations | 4,917,172 |
| Direct transaction costs and expenses | (41,400) |
| Net assets disposal of | (3,006,486) |
| **Gains on disposal of before taxation** | 1,869,286 |
| Income tax expenses | (372,511) |
| **Gains on disposal of, net of related income tax** | 1,496,775 |
| – attributable to owners of the Company | 1,123,469 |
| – attributable to other non-controlling interests of subsidiaries | 373,306 |
| **Net cash inflow arising on the disposal:** | |
| Cash received | 4,917,172 |
| Less: Bank balances and cash disposed of | (13) |
| Net cash proceeds on disposal of subsidiaries | 4,917,159 |
| Less: Direct transaction costs and expenses | (41,400) |
| Less: Income tax expenses | (372,511) |
| | 4,503,248 |

## 43. OPERATING LEASES

### As lessor

The maturity of the minimum lease payments receivable on leases is as follows:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Within one year | **164,601** | 184,561 |
| In the second year | **120,489** | 153,704 |
| In the third year | **96,781** | 122,204 |
| In the fourth year | **81,452** | 108,406 |
| In the fifth year | **59,133** | 92,073 |
| After five years | **262,283** | 373,931 |
| | **784,739** | 1,034,879 |

## 44. FINANCIAL GUARANTEE CONTRACTS

At 31 December 2024, the Group provided guarantees of HK$4,041,598,000 (2023: HK$3,725,830,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The Directors consider that the fair value of such guarantees on initial recognition was insignificant.

At 31 December 2024, the Group provided guarantees of HK$2,060,820,000 (2023: HK$2,382,411,000) to banks in connection with the banking facilities granted to joint ventures. The Directors consider that the fair value of such guarantees on initial recognition was insignificant as the joint ventures have strong net asset position and the default risk is low.

## 45. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 26, the Group's inventory of properties of HK$5,427,155,000 (2023: HK$5,062,515,000) and investment properties of HK$4,065,437,000 (2023: HK$2,892,326,000) were pledged to banks to secure the banking and other facilities granted to the Group.

As at 31 December 2024, the Group's borrowings with outstanding principal amount of HK$468,193,000 (2023: HK$2,223,247,000) were secured by the pledges of the equity shares of certain subsidiaries or/and joint ventures of the Company.

## 46. CAPITAL COMMITMENTS

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Capital injection into property joint ventures contracted for but not provided in the consolidated financial statements | **24,699** | 53,911 |
| The maturity of the commitments is as follows: | | |
| More than two years but not exceeding five years | **11,373** | 11,778 |
| More than five years | **13,326** | 42,133 |
| | **24,699** | 53,911 |

## 47. RELATED PARTY TRANSACTIONS

Other than set out in notes 20, 21, 25, 32, 33 and 44, the Group had transactions with the following related parties during the year:

| Related parties | Nature | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| Property and other joint ventures | Interest income | **1,182** | 129,275 |
| Other non-controlling interests of subsidiaries | Interest income | **16,541** | 9,818 |
| Property joint ventures | Interest expense | **6,004** | 6,051 |

### Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Short-term employment benefits | **102,589** | 108,200 |
| Post-employment benefits | **4,919** | 5,894 |
| | **107,508** | 114,094 |

The remuneration of Directors and key executives is determined with reference to the performance of individuals and market trends.

## 48. DISPOSAL GROUP HELD FOR SALE

On 20 December 2023, the shareholders of the Company resolved to dispose of all the shares in issue of the Disposal Group pursuant to the sale and purchase agreement dated on 17 November 2023. The assets attributable to the Disposal Group, which were expected to be sold within twelve months, had been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The operations of the Disposal Group were included in the Group's toll road segment for segment reporting purposes (see note 6). The net proceeds of disposal were expected to exceed the net carrying amount of the relevant assets and accordingly, no impairment loss had been recognised. The disposal was completed in April 2024. Details of the disposal are set out in note 42.

At 31 December 2023, the major classes of assets and liabilities of the Disposal Group classified as held for sale were as follows:

| | 2023<br>HK$'000 |
|---|---|
| Interests in joint ventures | 2,850,043 |
| Amount due from a joint venture | 79,991 |
| Bank balances and cash | 11 |
| Total assets classified as held for sale | 2,930,045 |
| Deferred tax liabilities | 18,462 |
| Total liabilities classified as held for sale | 18,462 |

## 49. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current asset** | | |
| Unlisted investments in subsidiaries | **12,977,713** | 13,439,143 |
| **Current assets** | | |
| Deposits and prepayments | **211** | 211 |
| Bank balances and cash | **7,859** | 138,612 |
| | **8,070** | 138,823 |
| **Total assets** | **12,985,783** | 13,577,966 |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to owners of the Company** | | |
| Share capital (note 27) | **74,934** | 74,934 |
| Reserves (note) | **8,968,960** | 6,368,219 |
| | **9,043,894** | 6,443,153 |
| **Current liabilities** | | |
| Creditors and accrued charges | **3,988** | 6,918 |
| Amounts due to subsidiaries | **3,937,901** | 7,003,003 |
| Bank borrowings | **–** | 124,892 |
| | **3,941,889** | 7,134,813 |
| **Total equity and liabilities** | **12,985,783** | 13,577,966 |

## 49. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

| | Share premium HK$'000 | Foreign currency translation reserve HK$'000 | Special reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2023 | 3,224,794 | 652,118 | 1,260,000 | 1,552,890 | 6,689,802 |
| Loss for the year | – | – | – | (135,786) | (135,786) |
| Exchange differences arising on translation to presentation currency | – | (185,797) | – | – | (185,797) |
| Total comprehensive expense for the year | – | (185,797) | – | (135,786) | (321,583) |
| Balance at 31 December 2023 | 3,224,794 | 466,321 | 1,260,000 | 1,417,104 | 6,368,219 |
| Profit for the year | **–** | **–** | **–** | **2,893,092** | **2,893,092** |
| Exchange differences arising on translation to presentation currency | **–** | **(292,351)** | **–** | **–** | **(292,351)** |
| Total comprehensive (expense) income for the year | **–** | **(292,351)** | **–** | **2,893,092** | **2,600,741** |
| **Balance at 31 December 2024** | **3,224,794** | **173,970** | **1,260,000** | **4,310,196** | **8,968,960** |

## 50. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2024 and 31 December 2023 are as follows, all of these are limited liability companies:

| Name of subsidiary | Place of incorporation/ establishment | Place of operation | Issued and fully paid ordinary share capital/paid registered capital | Proportion of amount paid/nominal value of issued ordinary share capital/registered capital held by the Company | | Principal activity |
|---|---|---|---|---|---|---|
| | | | | Directly % | Indirectly % | |
| ***Incorporated in the British Virgin Islands ("BVI")/Hong Kong/Bermuda*** | | | | | | |
| Kings Bless Limited | Hong Kong | Hong Kong | HK$1 | – | 75 | Investment holding |
| Kings Key Limited | Hong Kong | Hong Kong | HK$1 | – | 75 | Investment holding |
| Kings Ring Limited | Hong Kong | Hong Kong | HK$1 | – | 75 | Investment holding |
| Power Truth Development Limited | Hong Kong | Hong Kong | HK$1 | – | 100 | Development and sale of properties |
| RKE | Bermuda | Hong Kong | HK$66,666,668 | – | 75 | Investment holding |
| RKE International Limited | Hong Kong | Hong Kong | HK$1 | – | 75 | Investment holding |
| RK Investment and Asset Management Group Limited | Hong Kong | Hong Kong | HK$1 | – | 100 | Investment holding |
| RKI Overseas Finance 2017 (A) Limited | BVI | # | US$1 | 100 | – | Provision of financial services |
| RK Properties Holdings Limited | BVI | Hong Kong | US$1 | – | 100 | Investment holding |
| RK Properties Management Limited | Hong Kong | Hong Kong | HK$1 | – | 100 | Provision of management services |
| RK Properties (Overseas) Limited | BVI | Hong Kong | US$1 | – | 100 | Investment holding |
| RKP Overseas Finance 2016 (A) Limited | BVI | # | US$1 | 100 | – | Provision of financial services |
| RKPF Overseas 2019 (A) Limited | BVI | # | US$1 | – | 100 | Provision of financial services |
| RKPF Overseas 2019 (E) Limited | BVI | # | US$1 | – | 100 | Provision of financial services |
| RKPF Overseas 2020 (A) Limited | BVI | # | US$1 | – | 100 | Provision of financial services |
| Road King Infrastructure Management Limited | Hong Kong | Hong Kong | HK$2 | – | 100 | Provision of management services |
| Shine Precious Limited | BVI | # | US$1 | – | 100 | Investment holding |
| Sunco Property Holdings Company Limited | BVI | Hong Kong | US$250 | – | 94.74 | Investment holding |
| ***Registered as wholly foreign owned enterprises in the PRC*** | | | | | | |
| 常州宏曦管理顧問有限公司 | PRC | PRC | RMB1,520,000,000 | – | 100 | Investment holding |
| Changzhou Great Gallop Properties Developments Ltd. | PRC | PRC | US$153,245,300 | – | 100 | Development and sale of properties |

## 50. PRINCIPAL SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ establishment | Place of operation | Issued and fully paid ordinary share capital/paid registered capital | Proportion of amount paid/nominal value of issued ordinary share capital/registered capital held by the Company Directly % | Indirectly % | Principal activity |
|---|---|---|---|---|---|---|
| ***Registered as wholly foreign owned enterprises in the PRC** (continued)* | | | | | | |
| Changzhou Great Superior Properties Developments Ltd. | PRC | PRC | RMB612,220,000 | – | 100 | Development and sale of properties |
| 天津啟威企業管理有限公司 | PRC | PRC | RMB678,500,000 | – | 94.74 | Investment holding |
| Tianjin Sunco Binhai Land Co., Ltd. | PRC | PRC | RMB600,000,000 | – | 94.74 | Investment holding |
| 天津順祥企業管理有限公司 | PRC | PRC | RMB760,000,000 | – | 94.74 | Investment holding |
| ***Registered as sino-foreign equity joint venture enterprises in the PRC*** | | | | | | |
| 常州宏智房地產開發有限公司 | PRC | PRC | RMB500,000,000 | – | 100 | Development and sale of properties |
| 蘇州雋御地產有限公司 | PRC | PRC | RMB1,008,600,000 | – | 100 | Development and sale of properties |
| ***Registered as limited liability companies in the PRC*** | | | | | | |
| 天津順馳新地置業有限公司 | PRC | PRC | RMB1,000,000,000 | – | 94.74 | Development and sale of properties |
| 北京路勁雋御房地產開發有限公司 | PRC | PRC | RMB4,385,300,000 | – | 100 | Development and sale of properties |
| 常州宏曜房地產開發有限公司 | PRC | PRC | RMB650,000,000 (2023: RMB100,000,000) | – | 95 | Development and sale of properties |
| 深圳市盛世盈豐投資發展有限公司 | PRC | PRC | RMB50,000,000 | – | 100 | Development and sale of properties |
| 寧波甬鴻置業有限公司 | PRC | PRC | RMB710,000,000 | – | 100 | Development and sale of properties |
| 廣州雋順房地產開發有限公司 | PRC | PRC | RMB400,000,000 | – | 51 | Development and sale of properties |
| 廣州雋新房地產開發有限公司 | PRC | PRC | RMB400,000,000 | – | 70 | Development and sale of properties |
| 濟南雋盛房地產開發有限公司 | PRC | PRC | RMB1,420,000,000 | – | 100 | Development and sale of properties |
| 蘇州勁鼎房地產開發有限公司 | PRC | PRC | RMB600,000,000 | – | 51 | Development and sale of properties |

\# The subsidiaries of the Company are either investment holding or provision of financial services companies only and do not have any operations.

## 50. PRINCIPAL SUBSIDIARIES *(continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affect the results of the year or constituted a substantial portion of the net asset of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interest:

| Name of subsidiary | Place of Incorporation/ establishment | Proportion of ownership interests and voting rights held by non-controlling interest | | Profit allocated to non-controlling interest | | Accumulated non-controlling interest | |
|---|---|---|---|---|---|---|---|
| | | **2024** | 2023 | **2024 HK$'000** | 2023 HK$'000 | **2024 HK$'000** | 2023 HK$'000 |
| RKE | Bermuda | **25%** | 25% | **454,152** | 140,788 | **1,103,573** | 1,730,576 |

**At 31 December 2024**

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Current assets | **128,095** | 3,481,936 |
| Non-current assets | **4,340,626** | 4,371,423 |
| Current liabilities | **39,103** | 930,240 |
| Non-current liabilities | **15,328** | 816 |
| Equity attributable to owners of the Company | **3,310,717** | 5,191,727 |
| Non-controlling interest of RKE | **1,103,573** | 1,730,576 |

## 50. PRINCIPAL SUBSIDIARIES *(continued)*

**For the year ended 31 December 2024**

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Income | **2,367,943** | 822,855 |
| Expenses | **(551,335)** | (259,705) |
| Profit attributable to owners of the Company | **1,362,456** | 422,362 |
| Profit attributable to the non-controlling interest of RKE | **454,152** | 140,788 |
| Profit for the year | **1,816,608** | 563,150 |
| Other comprehensive expense attributable to owners of the Company | **(614,228)** | (40,825) |
| Other comprehensive expense attributable to non-controlling interest of RKE | **(204,742)** | (13,609) |
| Other comprehensive expense for the year | **(818,970)** | (54,434) |
| Total comprehensive income attributable to owners of the Company | **748,228** | 381,537 |
| Total comprehensive income attributable to non-controlling interest of RKE | **249,410** | 127,179 |
| Total comprehensive income for the year | **997,638** | 508,716 |

**For the year ended 31 December 2024**

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Net cash outflow from operating activities | **(514,597)** | (102,810) |
| Net cash inflow from investing activities | **100,638** | 476,163 |
| Net cash inflow (outflow) from financing activities | **19,557** | (507,330) |
| Net cash outflow | **(394,402)** | (133,977) |
| Dividends paid to non-controlling interest of RKE | **(1,017,230)** | – |

## 50. PRINCIPAL SUBSIDIARIES *(continued)*

None of the subsidiaries had any debt securities at the end of the year except for the following:

| | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|
| RKPF Overseas 2019 (A) Limited | **4,103,141** | 5,711,600 |
| RKPF Overseas 2020 (A) Limited | **6,895,829** | 7,910,317 |
| | **10,998,970** | 13,621,917 |

## 51. EVENTS AFTER THE END OF THE REPORTING PERIOD

As disclosed in note 25(c), on 24 January 2025, a subsidiary of a major shareholder exercised the redemption rights in respect of HK$400,000,000 in principal amount of the sale loan. Upon completion of the redemption on 28 February 2025, the Company's indirect shareholding interest in Rainbow Triumph increased from 80% to 90% and the remaining balance of the sale loan previously recognised as financial liability was transferred to equity.

## 52. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2024 amounted to HK$35,250,970,000 (2023: HK$41,744,326,000). The Group's net current assets at 31 December 2024 amounted to HK$12,314,259,000 (2023: HK$14,166,004,000).

# Financial Summary

## RESULTS

| | For the year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Revenue** | **5,536,911** | 13,075,348 | 17,155,976 | 24,677,949 | 24,196,103 |
| **(Loss) profit before taxation** | **(3,340,575)** | (3,589,225) | 1,098,173 | 4,274,226 | 4,733,502 |
| Income tax credit (expenses) | **32,266** | (171,322) | (639,561) | (2,289,737) | (1,949,906) |
| **(Loss) profit for the year** | **(3,308,309)** | (3,760,547) | 458,612 | 1,984,489 | 2,783,596 |
| **Attributable to:** | | | | | |
| Owners of the Company | **(4,121,870)** | (3,961,585) | (495,378) | 1,028,245 | 1,722,848 |
| Owners of perpetual capital securities | **540,452** | 532,676 | 536,907 | 527,775 | 527,775 |
| Non-controlling interests of subsidiaries | **273,109** | (331,638) | 417,083 | 428,469 | 532,973 |
| | **(3,308,309)** | (3,760,547) | 458,612 | 1,984,489 | 2,783,596 |

## ASSETS AND LIABILITIES

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Total assets | **57,513,135** | 73,146,313 | 90,002,373 | 108,235,731 | 103,280,887 |
| Total liabilities | **(36,612,956)** | (45,948,649) | (57,241,890) | (72,437,351) | (70,239,033) |
| | **20,900,179** | 27,197,664 | 32,760,483 | 35,798,380 | 33,041,854 |
| **Attributable to:** | | | | | |
| Owners of the Company | **10,815,447** | 15,695,656 | 20,246,414 | 22,337,418 | 20,927,845 |
| Owners of perpetual capital securities | **7,123,442** | 6,963,623 | 6,961,258 | 6,954,296 | 6,952,437 |
| Non-controlling interests of subsidiaries | **2,961,290** | 4,538,385 | 5,552,811 | 6,506,666 | 5,161,572 |
| | **20,900,179** | 27,197,664 | 32,760,483 | 35,798,380 | 33,041,854 |

Road King Infrastructure Limited