上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Stock Code : 363)

綠色健康 智創未來

SUSTAINABLE WELLNESS, INTELLIGENTLY CREATING TOMORROW

2024 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Ms. Leng Wei Qing *(Chairlady)*
Mr. Zhang Qian *(Chief Executive Officer)*
Mr. Yao Jia Yong
Mr. Xu You Li *(Deputy CEO)*

Independent Non-Executive Directors

Mr. Leung Pak To, Francis
Mr. Yuen Tin Fan, Francis

BOARD COMMITTEES

Executive Committee

Ms. Leng Wei Qing *(Committee Chairlady)*
Mr. Zhang Qian
Mr. Yao Jia Yong
Mr. Xu You Li

Audit Committee

Mr. Leung Pak To, Francis *(Committee Chairman)*
Mr. Yuen Tin Fan, Francis

Remuneration Committee

Mr. Leung Pak To, Francis
Mr. Yuen Tin Fan, Francis
Ms. Xu Hui Hua
Ms. Zhou Xu Bo

Nomination Committee

Mr. Leung Pak To, Francis
Mr. Yuen Tin Fan, Francis
Ms. Xu Hui Hua
Ms. Zhou Xu Bo

COMPANY SECRETARY

Mr. Yee Foo Hei

QUALIFIED ACCOUNTANT

Mr. Lee Kim Fung, Edward

AUTHORISED REPRESENTATIVES

Mr. Zhang Qian
Mr. Yee Foo Hei

REGISTERED OFFICE

26th Floor, Harcourt House,
39 Gloucester Road, Wanchai, Hong Kong
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Facsimile : (852) 2529 5067
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COMPANY STOCK CODE

Stock Exchange	:	363
Bloomberg	:	363 HK
Reuters	:	0363.HK
ADR	:	SGHIY

COMPANY WEBSITE

www.sihl.com.hk

AUDITOR

Deloitte Touche Tohmatsu
Republic Public Interest Entity Auditors

ADR DEPOSITORY BANK

The Bank of New York Mellon
BNY Mellon Shareowner Services
P.O. Box 358516,
Pittsburgh, PA 15252-8516, USA
Telephone : (1) 201 680 6825
Toll free (USA) : (1) 888 BNY ADRS
Website : www.bnymellon.com/shareowner
Email : shrrelations@bnymellon.com

INFORMATION FOR SHAREHOLDERS

SHAREHOLDER ENQUIRIES

Company Contact Details

Address	:	26th Floor, Harcourt House 39 Gloucester Road Wanchai, Hong Kong
Telephone	:	(852) 2529 5652
Facsimile	:	(852) 2529 5067
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Company Secretarial

Telephone	:	(852) 2876 2317
Facsimile	:	(852) 2863 0408
Email	:	csdept@sihl.com.hk

Investor Relations

Telephone	:	(852) 2821 3936
Facsimile	:	(852) 2529 5067
Email	:	ir@sihl.com.hk

Share Registrar

Tricor Investor Services Limited

Address	:	17th Floor, Far East Finance Centre 16 Harcourt Road Hong Kong
Telephone	:	(852) 2980 1333
Facsimile	:	(852) 2810 8185

Our Website

Press releases and other information of the Group can be found at our website: www.sihl.com.hk.

DIVIDEND

Proposed 2024 final dividend of HK52 cents per Share (2023: HK52 cents per Share) will be paid to Shareholders on or about Wednesday, 18 June 2025 subject to Shareholders' approval.

Subject to approval by Shareholders of the final dividend and together with the 2024 interim dividend of HK42 cents per Share (2023: HK42 cents per Share) paid during the year, total dividends for the year amounted to HK94 cents per Share (2023: HK94 cents per Share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed on Monday, 19 May 2025 and Tuesday, 20 May 2025, both days inclusive, during which period no transfer of Shares will be effected. As such, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's share registrar, Tricor Investor Services Limited by 4:30 p.m. on Friday, 16 May 2025.

For the purpose of determining Shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Friday, 6 June 2025, on which no transfer of Shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited by 4:30 p.m. on Thursday, 5 June 2025.

FINANCIAL CALENDAR

2024 interim results announced	29 August 2024
2024 final results announced	27 March 2025
Despatch of 2024 annual report	on or about 17 April 2025
2025 annual general meeting	27 May 2025
Ex-dividend date for 2024 final dividend	4 June 2025
Record date for 2024 final dividend	6 June 2025
Despatch of notice of 2024 final dividend	on or about 18 June 2025

CHAIRLADY'S STATEMENT

Leng Wei Qing
Chairlady

On behalf of the Board, I am pleased to report to our Shareholders the Group's results for the year 2024.

In 2024, the global economic environment was confronted by challenges and uncertainties with rising geopolitical tensions and growing complexities and variables in the development of the global economy and trade landscape. Despite this, the economies of mainland China and Hong Kong have demonstrated remarkable resilience and vitality. Under the leadership of the Board and the executive team, and concerted efforts from staff at all levels, the Group has adhered to the development philosophy of "seeking progress while maintaining stability and upholding core businesses while fostering innovation". In addition, the Group has responded to changes in the market, tackling challenges from all fronts. With its stringent internal control and constant observation of ESG social responsibilities, the Group has made a strong commitment to achieve quality development and to ensure stable performance and growth of its core businesses.

For the year ended 31 December 2024, the Group's audited revenue amounted to HK$28,918 million, representing a decrease of 11.6% over last year. Audited net profit decreased 18.0% year-on-year to HK$2,808 million.

The Board has recommended a final dividend for the year ended 31 December 2024 of HK52 cents per Share (2023: HK52 cents per Share), and together with an interim dividend of HK42 cents per Share (2023: HK42 cents per Share) paid during the year, total dividends for the year amounted to HK94 cents per Share (2023: HK94 cents per Share). The dividend payout ratio for the year is 36.4%.

During the year, the Group's core businesses remained stable. The infrastructure and environmental protection segment (comprising toll roads, bridge, water and clean energy businesses) recorded a profit of HK$2,629 million, representing a year-on-year increase of 13.3% due to the disposal of its relevant equity interest in the Hangzhou Bay Bridge, which resulted in a gain on disposal, net of tax, amounting of HK$863 million, and part of the cash consideration received was used to subscribe 158,284,000 units of the newly issued public infrastructure investment fund ("REIT") for the Hangzhou Bay Bridge. The Group has conformed with the direction of the national strategies. While focusing on its main businesses of water treatment and water utilization, the Group has striven to expand its market share, maintaining its leading position among the first-tier players in China's water and environmental protection industry.

The Group's comprehensive healthcare operations business made a profit contribution of HK$54.23 million during the year. As a key component of the Group's strategic presence in healthcare operations, Shanghai Pharmaceutical Group recorded revenue of RMB274,693 million in 2024, representing a year-on-year increase of 5.47%.

In the real estate sector, the Group faced significant challenges in 2024, recording a loss of HK$236 million, representing a turnaround from profit to loss compared with the previous year, mainly due to the significant decrease in the booked revenue from property delivery of SI Development during the year and a significant profit contribution recorded in the previous year resulted from the booked revenue from property delivery of the Shanghai Bay project in which the Company holds a 49% equity interest. Despite this, the Group remained committed to its strategic footprint in the Yangtze River Delta Economic Zone with Shanghai as the core, and responded actively to market changes while continuing to promote the stable development of its projects.

The consumer products business made a profit contribution of HK$643 million to the Group, representing a year-on-year increase of 71.8%. Nanyang Tobacco maintained its stable sales growth through technological innovation and market expansion, while Wing Fat Printing achieved higher growth in the tobacco-packaging business.

The toll road business has grown steadily while the environmental protection and clean energy businesses have been closely following national policies.

During the year, the overall traffic flow and toll revenue of the Group's three toll roads increased steadily. Since the smooth transition of pandemic control measures in 2023, the overall annual revenue and traffic flow during the year have increased compared to that of the previous year.

Our toll-road project companies continued to streamline their operations. The urban traffic and road environment have improved through the application of technology while personnel training and equipment maintenance were also strengthened. To further enhance traffic flow capacity, collection contests were modified, effectively helping to alleviate traffic pressure. During the year, meticulous plans were introduced to ensure steady traffic flow and road safety during major festivals and events. For major festivals such as the Spring Festival traffic season, Tomb-Sweeping Day, Labour Day, National Day, and other major events like the Two Sessions and the 7th Import Expo, systematic support plans were carefully developed and executed. Thorough inspections on potential hazards and centralized rectifications of roads, bridges, and ancillary facilities were conducted at an early stage to ensure safe, stable, smooth and orderly traffic flow.

Additionally, during the year the Hangzhou Bay Bridge issued the REIT to the public. Shanghai Jiyun sold its 23.0584% equity interest in the Hangzhou Bay Bridge for a final transaction price (after deducting necessary expenses) of RMB1,863,859,064.12. Part of the proceeds were used to subscribe and pay for the allotted 158,284,000 REIT units, accounting for approximately 15.8284% of the total fund units. The resulting net cash inflow was recovered in cash, helping the Group realize its investment returns. Through subscribing to REIT units, the liquidity and marketability of the related assets under the REIT have been strengthened, enabling the Group to secure capital gains by selling its fund units of the REIT in the securities market and/or to acquire cash returns through the receipt of cash distributions, hence enhancing its investment returns in the future.

The REIT was successfully listed on 26 December 2024, with the fund code 508036. The fund achieved the highest offline over-subscription record, the largest scale of offline subscription and the highest premium rate among public funds on highways during the past two years. Following the successful issuance of the REIT, Shanghai Jiyun no longer holds equity interest in the Hangzhou Bay Bridge but holds the fund units in the REIT instead. All equity interests of the Hangzhou Bay Bridge have been transferred to Ping An Securities.

During the year, China continued to promote its "dual carbon" goals with the introduction of favorable policies for the environmental protection industry. The Central Economic Work Conference highlighted the importance of concerted efforts in carbon reduction, pollution control, environmental enhancement and growth; the need to accelerate the comprehensive green transformation of economic and social development; and continuous improvement of the protection of blue skies, clean waters and a healthy earth. Additionally, the implementation of debt-alleviation measures is expected to substantially ease accounts receivable collection challenges in this sector, enhance corporate cash flow and create important development opportunities for the industry.

Against this backdrop, SIIC Environment is committed to driving corporate development through innovation, integrating new-generation information technology with water operations, strengthening the construction of smart water services, and continuing to raise the level of project construction and operation, with the intention to achieve quality improvement, cost reduction and efficiency enhancement, and to pursue a sustainable high-quality development path. Xicen water purification plant in Qingpu, the benchmark project for sewage treatment of SIIC Environment, was put into commercial operation in January 2025. Equipped with advanced water treatment technology, the new underground sewage treatment plant is among the plants with the highest effluent standards in China. While it is assured that the effluent quality meets discharge standards, the project also demonstrates continuous improvement in the level of resource utilization.

In November 2024, General Water of China was successfully listed as among the "Top 50 Environmental Enterprises in China by Revenue" (formerly known as "Top 50 Environmental Enterprises in China") for the 7th consecutive year. GWC Construction Co., Ltd., a subsidiary of General Water of China, was awarded AAA rating in terms of corporate creditworthiness, signifying a full advancement in its development within the environmental protection and water services sectors.

On 22 July 2024, Canvest Environmental and an offeror jointly announced that, subject to satisfaction of certain conditions precedent, the offeror would propose the privatization of the company to the shareholders of Canvest Environmental by way of a general offer, at a cancellation price of HK$4.90 per share. The privatization proposal will be subject to approval by the independent shareholders at the Cayman Islands Court Meeting and the extraordinary general meeting of the company.

As at the end of 2024, the waste-incineration projects of SUS Environment had a total daily capacity of 42,225 tonnes. The amount of household waste entering the plants for the year was 16,234,500 tonnes, representing a year-on-year increase of 9.7%. The amount of on-grid electricity sold was 5,637,659,700 kWh, representing a year-on-year increase of 11.9%. During the year, SUS Environment will adhere to its "one axis and two wings" strategy. On the basis of consolidating and expanding its existing core businesses, the company will actively cultivate and explore new businesses and develop international markets.

As at the end of 2024, the photovoltaic assets capacity of Shanghai Galaxy and Galaxy Energy, its subsidiary, reached 740 MW. The total amount of on-grid electricity sold during the year from their fifteen photovoltaic power stations was approximately 961,600,300 kWh. Affected by the severe sandy and dusty weather conditions resulting in a reduction in solar radiation, the volume of on-grid electricity sold during the year decreased by 11.0% over last year.

During the year, the State promulgated policies to actively develop non-fossil energy, increase the proportion of non-fossil energy consumption and accelerate the construction of new power systems. In addition, green low-carbon buildings will be extensively developed and green-transportation infrastructure will be constructed. The respective policies and guidelines are expected to accelerate the comprehensive green transformation of economic and social development, which are conducive to the further development of the industry. Shanghai Galaxy will capitalize on the policy advantages and make great efforts to explore investment opportunities in the field of green energy.

CHAIRLADY'S STATEMENT

Comprehensive healthcare operations business performing steadily, while creating continuous profit contributions to the Company

The Company holds a 40% equity interest in Shanghai Pharmaceutical Group through a 50-50 joint venture. Shanghai Pharmaceutical Group holds 19.348% of the A shares of Shanghai Pharmaceuticals Holding, dually listed in Shanghai and Hong Kong, and is the single-largest shareholder of its A shares. Shanghai Pharmaceuticals Holding's business operations continued in an orderly manner with steady and improving progress. This investment will continue to create profit contributions to the Group.

The real estate market is gently recovering, and the companies are striving to seek progress while maintaining stability

The year 2024 was crucial for the transformation and development of China's real estate market. The government has consistently introduced supportive policies aimed at fostering stable and healthy development of the real estate market. Nevertheless, under the interwoven impact of multiple domestic and international factors, the recovery of the market was slow as it takes time for the restoration of confidence. SI Development has been actively coping with such situation. Taking financial control as the key, the company adopted multiple measures, including reduction of costs and enhancement of efficiency to strengthen the fundamentals of its operating results. At the same time, the company relied on its major projects while focusing on resources and mitigating risks so as to lay a strong foundation for the stable and healthy development of the company. During the year, SI Urban Development ensured the timely construction of its key projects, strived to meet construction timelines of its entrusted construction projects and further optimized its construction plans.

Improving consumer products market along with stable business development

In 2024, the consumer products market as a whole showed a trend of moderate recovery. During the year, Nanyang Tobacco firmly implemented the development policy of "building a solid foundation while striving for continuous innovation". The company closely monitored market changes, proactively managed shipment schedules, made timely adjustments, and continued to expand both domestic and international markets. These efforts yielded sustainable results, and the general sales market steadily improved, which resulted in a steady year-on-year

rebound in both sales volume and sales revenue. Wing Fat Printing adhered to a philosophy of steady operation while leveraging its century-old resilience. The company maintained the stable development of overall business, with notable growth in its tobacco-packaging business.

PROSPECTS

Looking forward to 2025, the global economy is expected to continue to face great uncertainties and geopolitical impacts. Nevertheless, it is believed that opportunities and challenges always co-exist. The resilience of China's economy and policy support from the Government are expected to bring new development opportunities to all industries. Under the circumstances, the management of the Group will continue to implement established strategies, strengthen risk controls and adhere to reform and innovation while consolidating and enhancing its existing businesses. The Group will also focus on meticulous controls, streamline systems and further enhance management efficiency and precision. The management will also make considerable efforts to integrate the Group's resources and to improve its profitability, with a determination to achieve intelligent transformation and to drive the enterprise to a higher level of growth to maximize Shareholders' value.

For the infrastructure and environmental protection segments, it is anticipated that the Chinese Government will continue to proactively promote the "dual carbon" goals of achieving "carbon peaking and carbon neutrality". Increasing environmental policies are expected to be introduced to support green infrastructure and sustainable development, thereby expanding the industry's growth potential. SIIC Environment will continue to seek new opportunities in the field of environmental protection, promote the integration of financing activities and business operations, continue to focus on core economic zones and urban clusters, and increase investments in reclaimed water and industrial sewage treatment, while constructing additional high-standard and modern environmental protection projects to maintain its leading position among the first-tier players in China's water and environmental protection industry. The toll roads business segment will continue to enhance its operational efficiencies, advance the construction of safe and standardized systems, and accelerate the digital transformation of transportation infrastructure. Additionally, through investments in comprehensive healthcare operations and new business arenas, the Group's investments in pharmaceuticals and healthcare, environmental protection and green energy segments are expected to make new contributions to the Group.

CHAIRLADY'S STATEMENT

In the real estate business, the central Government introduced multiple policies in 2024 to promote the stabilization and recovery of the real estate market. Under the current market conditions, although some cities have shown signs of stabilization, the uncertainty in the overall market remains high, and the market is still in a period of adjustment. Looking forward to 2025, the policies of the real estate industry are expected to remain accommodative. We will closely monitor the implementation of the Government's industry policies and changes in market trends, promptly adjust our business strategies, optimize strategic layouts, revitalize existing assets, innovate financing methods and channels, accelerate cash collection, and enhance operational efficiency. At the same time, we will further strengthen overall risk control, cautiously address operational risks, and promote the healthy, stable and high-quality development of our real estate businesses.

With the increasing awareness of national health and the further strengthening of tobacco-control policies, Nanyang Tobacco may face growing challenges in the future. The company will diligently implement the development strategy of "laying a solid foundation while striving for continuous innovation", devote itself to technological innovation while striving to achieve breakthroughs by focusing on developing innovative products that are green and healthy, tar and harm-reducing, and novel and fashionable. In response to the new market environment, Nanyang Tobacco will accelerate the launch of mid-to-high-end new products and the expansion of overseas duty-free channels, aiming to break through in the market. Simultaneously, the company will infuse new concepts into existing product specifications to ensure that traditional tobacco brands remain fresh as ever. Furthermore, Nanyang Tobacco will promote the construction of digital platforms, strengthen the application of digital technologies within the enterprise, and enhance core competitiveness through intelligent manufacturing. By leveraging technological innovation and production capacity upgrades, the company will continuously improve its production quality, efficiency, and cost-control capabilities.

Amidst a highly uncertain, complex and changing macroeconomic environment, Wing Fat Printing will focus on providing meticulous service to its existing core customers, and cultivating and exploring new business opportunities in niche areas, including catering to the new QR code requirement of tobacco packaging customers and providing anti-counterfeiting and traceability packaging technology support to potential customers in the emerging biopharmaceutical market. The company strives to consolidate the stickiness of its existing customers through service upgrades and technological innovation and takes the lead to seize opportunities in emerging markets.

Finally, on behalf of the Board, I wish to thank our Shareholders and business partners for their continued patronage and steadfast support to the Group over the years and extend my sincere gratitude to our management team and staff members for their dedication and contributions in the development of our business.

Leng Wei Qing
Chairlady

Hong Kong, 27 March 2025

SIHL AT A GLANCE

Shanghai Industrial Holdings Limited ("SIHL", HKSE Stock Code: 363) was incorporated in Hong Kong in January 1996, and on 30 May of the same year was listed on the HKSE. SIHL is a constituent stock of the MSCI China Index and Hang Seng Composite Index, and an eligible stock of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. At the end of 2024, the company's total assets reached HK$168.5 billion.

SIHL is the largest overseas conglomerate enterprise of SIIC. As the flagship company in SIIC group, SIHL has been successful in leveraging its Shanghai advantage since listing, in terms of securing the best investment opportunities in mainland China with full support from the parent company.

Nearly 30 years' development, SIHL has become a conglomerate company with four core businesses: infrastructure and environmental protection (including toll roads, and environmental protection related business such as sewage treatment and solid waste treatment business), comprehensive healthcare operations, real estate and consumer products (including Nanyang Tobacco and Wing Fat Printing). SIHL will continue to adhere to reform and innovation, raise its governance standard in order to create favourable returns and value for shareholders.

GROUP BUSINESS STRUCTURE

As at 27 March 2025

SIIC

- **INFRASTRUCTURE AND ENVIRONMENTAL PROTECTION**
  - **TOLL ROADS**
    - 100% Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.
    - 100% Shanghai Luqiao Development Co., Ltd.
    - 100% Shanghai Shen-Yu Development Co., Ltd.
  - **WATER SERVICES / CLEAN ENERGY**
    - 49.25% SIIC Environment Holdings Ltd. (BHK SGX; 807 HKSE)
    - 45% General Water of China Co., Ltd.
    - 19.48% Canvest Environmental Protection Group Company Limited (1381 HKSE)
    - 14.17% Shanghai SUS Environment Co., Ltd.
- **COMPREHENSIVE HEALTHCARE OPERATIONS**
  - 20% Shanghai Pharmaceutical (Group) Co., Ltd.
    - 19.348% (A Shares) Shanghai Pharmaceuticals Holding Co., Ltd. (601607 SSE; 2607 HKSE)
- **REAL ESTATE**
  - 48.60% Shanghai Industrial Development Co., Ltd. (600748 SSE)
  - 43.12% Shanghai Industrial Urban Development Group Limited (563 HKSE)
- **CONSUMER PRODUCTS**
  - **TOBACCO**
    - 100% Nanyang Brothers Tobacco Company, Limited
  - **PRINTING**
    - 94.29% The Wing Fat Printing Company, Limited

BUSINESS REVIEW, DISCUSSION AND ANALYSIS

For the year ended 31 December 2024, the Group's audited revenue amounted to HK$28,918 million, representing a decrease of 11.6% over last year. Profit attributable to shareholders was HK$2,808 million, representing a year-on-year decrease of 18.0%. The decline in revenue was primarily due to a significant decrease in the booked revenue from property delivery of SI Development this year, and the reduction in profit was mainly due to the significant decrease in the booked revenue from property delivery of SI Development and a significant profit contribution resulted from the booked revenue from property delivery of the Shanghai Bay project in which the Company holds a 49% equity interest recorded in the previous year. The Group's four core businesses, infrastructure and environmental protection, comprehensive healthcare operations and consumer products, contributed profits of HK$2,629 million, HK$54.23 million and HK$643 million, respectively; however, the real estate business recorded a loss of HK$236 million.

During the year, the Group continued to adhere to the principles of "seeking progress while maintaining stability and upholding core businesses while fostering innovation". To further streamline its assets and business profile, the Group stepped up its efforts to upgrade and transform its core businesses, promote the integration of financing activities and business operations, and revitalize its asset portfolio. In addition, considerable efforts were made to strengthen its internal management, enhance risk control and to fulfill ESG social responsibilities, making every endeavor to achieve the high-quality development of the enterprise.

INFRASTRUCTURE AND ENVIRONMENTAL PROTECTION

During the year, the infrastructure and environmental protection business recorded a profit of HK$2,629 million, representing a year-on-year increase of 13.3%, accounted for approximately 85.1% of the Group's Net Business Profit, mainly due to the disposal of its relevant equity interest in the Hangzhou Bay Bridge, which resulted in a gain on disposal, net of tax, amounting of HK$863 million, and part of the cash consideration received was used to subscribe 158,284,000 units of the REIT. During the year, closely following the national strategies, the Group continued to capitalize on national policies and market opportunities, while focusing on its main business of water treatment and water utilization. The Group has also striven to expand its market share through increasing scale and efficiency, with a view to consolidating its leading position in China's water services and environmental protection industries.

Toll Roads/Bridge

During the year, the overall traffic flow and toll revenue of the Group's three toll roads and the Hangzhou Bay Bridge increased steadily. Since the smooth transition of pandemic-control measures in 2023, the overall revenue and traffic flow continued to increase during the year.

Our toll-road project companies continued to streamline operations, improve urban traffic through the application of technology, and further strengthen the overall improvement of the road environment. Personnel training and equipment maintenance were also enhanced, and collection contests were modified to further increase traffic flow capacity, effectively contributing to the easing of traffic pressure. In addition, meticulous plans were introduced to ensure steady traffic flow during major festivals and events, including the Spring Festival travel season, Tomb-Sweeping Day, Labour Day, National Day, and major events such as the Two Sessions and the 7th Import Expo. On these occasions, systematic support plans were deployed to ease traffic flow. Thorough inspections were carried out for potential hazards and to centralize rectification works, while roads, bridges, and ancillary facilities were rectified in advance to ensure safe, stable, smooth and orderly traffic flow.

During the year, Jing-Hu Expressway (Shanghai Section) continued to benefit from the effects of the "1+2+3" intelligent quality enhancement project. Trial runs for quasi-free flow tolling model at the Jiangqiao toll station were implemented, significantly helping to improve traffic efficiency during peak hours. Meticulous maintenance management of bridges, roads and ancillary facilities on the Hu-Yu Expressway (Shanghai Section) was carried out continuously, while the widening and alteration projects of the road sections were implemented according to schedule. The overall construction work to add the Xicen East entrance and exit to the road has completed 85%. This is expected to allow smooth traffic flow after the Huawei Qingpu R&D Center is put into use. Hu-Kun Expressway (Shanghai Section) continued to implement deployment work which is expected to enhance the transportation capacity of the city. During the year, the pilot project for intelligent station points was implemented while pilot projects on pre-transactions at the exit and the quasi-free flow at the entrance of the main-route toll station of the new bridge were completed. The trial runs for the self-service card-issuing pilot machines were also completed. The completion of these facilities have further enhanced the traffic capacity of the toll station and brought about an increasingly favorable traffic experiences for motorists. The Hangzhou Bay Bridge and the "two districts and one island" were generally running in a safe and orderly manner. The safety requirements for the bridge structure were under control while the network toll collection system operated smoothly.

The key operating figures of the respective toll roads under the Group for the year are as follows:

Toll Roads	Interest attributable to the Group	Net profit attributable to the Group	Change	Toll revenue	Change	Traffic flow (vehicle journey)	Change
Jing-Hu Expressway (Shanghai Section)	100%	HK$359 million	-18.9%	HK$590 million	+1.6%	42.19 million	+3.0%
Hu-Kun Expressway (Shanghai Section)	100%	HK$553 million	+4.5%	HK$933 million	+1.0%	75.98 million	+2.8%
Hu-Yu Expressway (Shanghai Section)	100%	HK$169 million	-35.3%	HK$506 million	-2.9%	36.52 million	-3.6%
Total		**HK$1,081 million**	**-12.3%**	**HK$2,029 million**	**+0.2%**	**154.69 million**	**+1.3%**

In addition, with the approval by the National Development and Reform Commission, the REIT was issued by the major shareholder of the Hangzhou Bay Bridge, with full support from all shareholders. In respect of this, Shanghai Jiyun sold its 23.0584% equity interest in the Hangzhou Bay Bridge for a final transaction price (after deducting necessary expenses) of RMB1,863,859,064.12. Part of the proceeds were used to subscribe and pay for the allotted 158,284,000 REIT units, accounting for approximately 15.8284% of the total fund units. The resulting net cash inflow was recovered in cash, which helped the Group realize its investment returns. Through subscribing for the REIT units, the liquidity and marketability of such underlying assets under the REIT have been improved, and this will allow the Group to increase its investment return over time by securing capital gains on disposal of its fund units in the securities market and/or to receiving cash returns via cash distributions.

The approval for the REIT was obtained from the China Securities Regulatory Commission and the offering was successfully completed by the end of 2024. With the completion of the fundraising and settlement of the REIT, the new fund was successfully listed on 26 December 2024, carrying the fund code 508036. The fund achieved the highest times of over-subscription offline, the largest scale of offline subscription and the highest premium rate among public funds on highways of the past two years. Upon the successful issuance of the REIT, Shanghai Jiyun no longer holds any equity interest in the Hangzhou Bay Bridge. Instead, it holds the fund units in the REIT. All equity interests of the Hangzhou Bay Bridge have been transferred to Ping An Securities. The fund units held by the Group were measured at fair value and their movement will be recorded in financial assets under other comprehensive income.

Water Services/Clean Energy

The water and solid waste businesses under the Group have experienced rapid growth, with their scale gradually expanding. We will continue to actively look for high-quality investment projects in the environmental protection area.

SIIC Environment

In 2024, SIIC Environment recorded an increase in revenue of 0.3% year-on-year to RMB7,596 million, and net profit attributable to shareholders increased by 0.2% year-on-year to RMB605 million. The slight increase in revenue and net profit was mainly driven by the steady increase in operational income (including financial income from service concession arrangements) and a significant reduction in financial expenses compared to the previous year. Despite a decline in construction income (including financial income from service concession arrangements during the construction period) due to a reduction in construction scale, the overall operational efficiency maintained a favorable growth trend. During the reporting year, SIIC Environment continued to promote the optimization of its financing structure and actively implemented management measures on exchange rate risks, hence effectively averting potential financial risks arising from fluctuations in the RMB exchange rate.

As at 31 December 2024, four new projects of SIIC Environment were added in Hubei Province, Shandong Province, Guangxi Zhuang Autonomous Region and Hunan Province, with a total designed daily capacity of 445,000 tonnes, which included the O&M sewage-treatment plant project in the Weicheng district, Weifang city, with a planned daily treatment capacity of 50,000 tonnes, the O&M sewage treatment plant phase II project in Daguansha of Beihai city, with a planned daily treatment capacity of 35,000 tonnes, the sewage-treatment plant phase III project in Hanxi, with a planned daily treatment capacity of 200,000 tonnes and the Chenzhou 2nd and 4th sewage-treatment franchising project, with a planned daily treatment capacity of 160,000 tonnes. In addition, two projects with a total planned daily capacity of 75,000 tonnes secured upgrading and expansion during the year, and four expansion projects with a total planned daily capacity of 190,000 tonnes were completed and commenced commercial operation.

In 2024, China's economy continued to recover, with the annual GDP up 5% year-on-year. China continued to promote its "dual carbon" goals, as emphasized by the Central Economic Work Conference, which highlighted the coordinated efforts of carbon reduction, pollution control, greenery expansion and growth while accelerating the comprehensive green transformation of economic and social development, and protecting blue skies, blue water, and clean earth. Favorable policies for the environmental protection industry have continued to be introduced. Additionally, the introduction of debt alleviation policies will significantly mitigate the accounts receivable collection issues in the environmental protection industry, improve corporate cash flow, and bring important development opportunities to the industry. Against this backdrop, SIIC Environment is committed to driving corporate development through innovation, integrating new-generation information technology with water operations, strengthening the construction of smart water services, continuously improving project construction and operation levels, achieving quality improvement, cost reduction and efficiency enhancement, and pursuing a sustainable high-quality development path. Xicen water purification plant in Qingpu, the benchmark project for sewage treatment of SIIC Environment, has been put into commercial operation in January 2025. Equipped with advanced water treatment technology, it is one of the underground sewage treatment plants with the highest effluent standards in China. While it is assured that the effluent quality meets discharge standards, the project also demonstrates continuous improvement in the level of resource utilization.

SIIC Environment will align with the direction of green, low-carbon, and high-quality development, capitalize on the industry development opportunities brought by national policies, and promote the steady growth of its core businesses. The company is actively developing the benchmark projects under the "One Mountain and One Water" initiative, which achieved synergistic effects in pollution reduction and carbon emission cuts, and contributed to the realization of "carbon peaking and carbon neutrality" goals. In addition, the company will continue to explore market opportunities, respond to the "Belt and Road" initiative, step up its efforts to expand into emerging markets, including countries in Southeast Asia, and continue promoting technological innovations to enhance corporate development, solidifying the competitive edge of the company.

General Water of China

For the year ended 31 December 2024, General Water of China operated a total of 19 water-supply plants and 18 sewage treatment plants with a combined daily capacity of 4,348,100 tonnes. The daily capacity of water generation is 3,237,300 tonnes and the daily capacity of sewage treatment is 1,110,800 tonnes. The company operates two reservoirs with a total storage capacity of 182,000,000 tonnes and a pipe network of 8,713.57 kilometers. During the year, the company recorded revenue of HK$1,942 million, representing a year-on-year decrease of 6.5%. Net profit amounted to HK$279 million, representing a year-on-year increase of 5.2%.

During the year, General Water of China secured seven new projects with a total investment value of approximately RMB957 million and a daily water treatment capacity of approximately 521,000 tonnes. These new projects include: (1) the TOT project of No. 1 sewage treatment plant in Huyi District of Xi'an; (2) the technical improvement of reclaimed water treatment project in Shaxi, Huzhou; (3) the O&M commissioning project of an industrial sewage treatment plant in Bengbu High-Tech Zone Electroplating Industrial Park; (4) the phase II O&M project of a sewage treatment plant in Hedong, Xiangtan City; (5) the water plant project in Huaishang, Bengbu; (6) the reclaimed water-treatment project of the sewage treatment plant in Laoting Economic Development Zone; and (7) the capacity expansion, upgrading and alteration project of Jiangyuan plant.

In March 2024, General Water of China put into commercial operation the PPP project for clean emission technology alteration for the sewage treatment plant in the new district of eastern Huzhou. In the same month, the company signed its first TOT investment and co-operation project for the Huyi district sewage treatment plant, representing its first development project successfully implemented in Huyi District, Xi'an, Shaanxi Province, and marking a new milestone for the company in the fulfillment of the national strategy of ecological protection and high-quality development in the Yellow River Basin. In June, the Wuhuashan Reservoir in Suifenhe was affected by continuous heavy rainfall, leading to the opening of the reservoir for the first time this year to release flood water for the safe passage of the flood season. The operation successfully blocked and stored the flood water and gave rise to an increase in power generation year-on-year. The reclaimed water and waste water zero discharge resource utilization project of Xinjiang Xinye Energy Chemical Co., Ltd. smoothly entered the commissioning phase. With a total investment of RMB165 million, the construction of the project commenced in June. It effectively addresses the challenges of industrial sewage treatment and recycled water reuse within the plant area, thus achieving energy saving, emission reduction and resource recycling.

In November 2024, General Water of China was successfully listed in the "Top 50 Environmental Enterprises in China by Revenue" (formerly known as "Top 50 Environmental Enterprises in China") for the 7th consecutive year. Zhonghuan Construction Company, an enterprise under General Water of China, was awarded AAA rating in terms of corporate creditworthiness, signifying a full advancement in its development within the environmental protection and water services sectors.

Canvest Environmental

In 2024, the total revenue from continuing operations of Canvest Environmental dropped by 15.4% year-on-year to HK$4,198 million, mainly due to the significant decrease in construction revenue generated from project construction as most of the company's waste-to-energy projects have been put into operation. Its net profit for the year decreased by 13.8% to HK$880 million as compared to the previous year, mainly attributable to a decline in construction revenue during the year. Net profit fell less than revenue, reflecting the fact that project operating revenue and environmental hygiene service income with higher gross profit margins have offset part of the decrease in construction revenue.

As at 31 December 2024, Canvest Environmental secured a total of 35 waste-to-energy projects spanning 12 provinces and 25 cities with a total daily municipal solid waste processing capacity of 52,540 tonnes. Among such projects, a total of 32 waste-to-energy projects have commenced operation, with a daily municipal solid waste processing capacity of 42,490 tonnes. During the year, 17,015,646 tonnes of waste were innocuously treated, representing a year-on-year increase of 2.4%, and 6,533,172,000 kWh of green energy were generated, representing a year-on-year increase of 5.1%.

On 22 July 2024, Canvest Environmental and an offeror jointly announced that, subject to satisfaction of certain conditions precedent, the offeror would propose the privatization of the company to the shareholders of Canvest Environmental by way of a general offer, at a cancellation price of HK$4.90 per share. The privatization proposal will be subject to approval by the independent shareholders at the Cayman Islands Court Meeting and the extraordinary general meeting of the company.

SUS Environment

As at the end of 2024, the operation projects of waste incineration controlled by SUS Environment cumulatively had a total daily capacity of 42,225 tonnes. The completed amount of total waste entering the plants for the year was 16,234,500 tonnes, representing a year-on-year increase of 9.7%. The amount of on-grid electricity sold was 5,637,659,700 kWh, representing a year-on-year increase of 11.9%.

In terms of domestic market development, three waste-incineration projects were secured by the company in 2024, with a total daily capacity of 3,900 tonnes. For the equipment-sales sector, the company was awarded nine new equipment-turnkey projects and four equipment-supply projects, with a total daily capacity of 5,050 tonnes; the company accelerated the construction progress of its nine waste-to-energy projects under construction, with a total daily capacity of 6,050 tonnes. In terms of overseas market development, four household waste-incineration projects were implemented, with a total daily capacity of 6,500 tonnes. In terms of new business, the total steam supply for the whole year was 410,000 tonnes, the heating supply capacity was 1,176,000 GJ, and the total amount of newly signed contracts for gas/heating supply amounted to RMB161,360,000. The company will adhere to its "one axis and two wings" strategy. On the basis of continuously consolidating and expanding its existing core businesses, the company will actively cultivate and explore new businesses and develop international markets.

Overview of the geographic distribution of the water development projects under the Group as at 31 December 2024 are as follows:

Note: Please refer to the 2024 annual report of SIIC Environment for an overview of its water development projects as at 31 December 2024.

Anhui

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
1	30,000	2	400,000
		3	1,282,800

Fujian

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
3	50,000	1	2,696,500

Guangdong

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
14	1,180,000	1	150,000
1	50,000		

Guangxi

Total no. of projects	Daily capacity (tonnes)
6	380,000

Heilongjiang

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
62	3,989,450	1	20,000
2	610,000	1	285,000
3	120,000		
3	1,250		

Henan

Total no. of projects	Daily capacity (tonnes)
7	240,000
2	40,000
4	1,100

Hubei

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
11	1,160,000	1	950,000
5	430,000		

Hunan

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
9	450,000	1	200,000
4	520,000	1	495,000

Inner Mongolia

Total no. of projects	Daily capacity (tonnes)
1	40,000

Jiangsu

Total no. of projects	Daily capacity (tonnes)
13	390,000
1	3,000
1	20,000

Jiangxi

Total no. of projects	Daily capacity (tonnes)
17	251,500

Jilin

Total no. of projects	Daily capacity (tonnes)
7	122,500

Liaoning

Total no. of projects	Daily capacity (tonnes)
9	385,000

Macau

Total no. of projects	Daily capacity (tonnes)
3	89,685
1	34,500

Ningxia Hui Autonomous Region

Total no. of projects	Daily capacity (tonnes)
4	225,000

Shaanxi

Total no. of projects	Daily capacity (tonnes)
1	60,000

Shandong

Total no. of projects	Daily capacity (tonnes)
13	715,000
4	420,000
1	38,500
1	300

Shanghai

Total no. of projects	Daily capacity (tonnes)
10	490,000
1	3,800

Shanxi

Total no. of projects	Daily capacity (tonnes)
1	55,000

Sichuan

Total no. of projects	Daily capacity (tonnes)
3	37,500

Xinjiang

Total no. of projects	Daily capacity (tonnes)
1	5,800

Zhejiang

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
19	833,000	3	275,000
1	30,000	2	224,500
1	1,100		

COMPREHENSIVE HEALTHCARE OPERATIONS

Comprehensive healthcare operations business recorded a profit of HK$54.23 million for the year, accounting for approximately 1.8% of the Group's Net Business Profit. During the year, Shanghai Pharmaceutical recorded revenue of RMB274,693 million, representing a year-on-year increase of 5.5%. The net profit amounted to RMB870 million, representing a year-on-year decrease of 11.98%, primarily due to the year-on-year decrease of RMB254 million in the net gain from the asset disposal of non-listed business (expropriation of real estate by the government). Shanghai Pharmaceutical Group currently holds 19.348% of the A shares of Shanghai Pharmaceuticals Holding, a company dually listed in Shanghai and Hong Kong, and is the single largest shareholder of its A shares. During the year, the income from non-listed business was mainly derived from real estate expropriation projects.

NEW BUSINESS ARENA

As at the end of 2024, the photovoltaic asset capacity of Shanghai Galaxy and Galaxy Energy, its subsidiary, reached 740 MW. The total amount of on-grid electricity sold during the year from their 15 photovoltaic power stations was approximately 961,600,300 kWh. Affected by the severe sandy and dusty weather conditions causing reduction in solar radiation, the volume of on-grid electricity sold decreased by 11.04% over last year, mainly due to: (1) extreme weather conditions and increased rainfall in the northwest region leading to reduced radiation; (2) the drastic increase in the installation of photovoltaic and wind power facilities across various provinces, prompting the restriction of power generation to ensure the safety of the grid system; (3) the increase in unplanned power outage losses due to main transformer failures at individual power stations. The photovoltaic team continued to strengthen its works related to macro policies, industry developments, researches on capital markets and acquisitions of projects.

During the year, the State has promulgated policies to actively develop non-fossil energy, increase the proportion of non-fossil energy consumption and accelerate the construction of new power systems, vigorously develop green low-carbon buildings, construct green transportation infrastructure, etc. The relevant policies and guidance will accelerate the comprehensive green transformation of economic and social development, which will be conducive to the development of the industry.

REAL ESTATE

In 2024, the real estate business recorded a loss of HK$236 million, representing a turnaround from profit to loss compared with last year, and accounting for approximately -7.7% of the Group's Net Business Profit. The decrease was mainly due to the significant decrease in the booked revenue from property delivery of SI Development and a significant profit contribution recorded in the previous year resulted from the booked revenue from property delivery of the Shanghai Bay project in which the Company holds a 49% equity interest.

SI Development

SI Development upheld its principle of seeking progress while maintaining stability and has been committed to the goal of "integrating financing with operations and pursuing innovative development". Continuously based on its strategic footprint in key regions such as the Yangtze River Delta Economic Zone with Shanghai as the core, the company pooled competitive resources, strengthened its internal management and explored external developments. In the real estate market, the year 2024 was crucial for the transformation and development of the market in China. In view of the continuous downturn of the overall industry, the central Government and local governments of all levels have continuously introduced a series of supportive policies aimed at ensuring the stable and healthy development of the real estate market. Nonetheless, due to a number of domestic and international factors, the recovery was slow since it takes time for the restoration of confidence. Under such circumstances, the company has taken initiatives to respond to market conditions. On one hand, taking financial control as the key, the company took multiple measures to overcome the situation, reducing costs and enhancing efficiency to strengthen and protect the fundamentals of its operating results, as well as endeavoring to promote the de-stocking of inventory. On the other hand, efforts were made to focus on resource utilization and risk mitigation so as to lay a strong foundation for the stable and healthy development of the company.

For the year under review, SI Development recorded revenue of RMB2,494 million, representing a year-on-year decrease of 74.7%, mainly due to a significant decrease in the booked revenue from property delivery during the year and a relatively large amount of one-off gain recorded last year. Net loss amounted to RMB291 million, representing a turnaround from profit to loss year-on-year. During the year, the company continued to strengthen its internal control management in order to address industry challenges. Contract sales of real estate projects for the year exceeded RMB716 million with a gross floor area of approximately 41,000 square meters. The contracted projects included parking spaces in Shanghai Bay (Phase 4 and Phase 5) in Qingpu, Shanghai, Belle Rive in Qingpu, Shanghai, Sea Palace in Quanzhou and the commercial buildings and club houses of Territory Shanghai in Jing'an, Shanghai. Property sales booked during the year amounted to RMB532 million. Properties delivered mainly included Belle Rive in Qingpu, Shanghai and Territory Shanghai in Jing'an, Shanghai. Rental income for the year was approximately HK$366 million. During the year, a total of six projects were under construction, consisting of a combined area of approximately 91,800 square meters, and one project was completed, covering an area of approximately 19,500 square meters.

During the year, SI Development implemented rectifications for significant risk matters, and thoroughly reviewed the existing corporate governance structure, in order to strengthen its corporate governance. SIIC Longchuang, a former subsidiary of SI Development, was petitioned by a creditor for bankruptcy during the year. This matter has been adjudicated by the court, and an administrator has been appointed. The management rights of SIIC Longchuang were transferred to the administrator on 31 December 2024, and SI Development will no longer consolidate the accounts of SIIC Longchuang.

SI Urban Development

SI Urban Development recorded revenue of HK$12,440 million in 2024, representing an increase of 56.4% over the previous year. Loss attributable to shareholders for the year amounted to HK$331 million, mainly due to the decrease in projects with higher gross profit margins among those delivered during the year compared with last year, the reduction of sales unit prices in response to market conditions and the recognition of certain impairment losses on property projects during the year. Profit attributable to shareholders for the previous year amounted to HK$495 million. The gross floor area of the delivered projects during the year was approximately 381,000 square meters, and the projects mainly included Originally in Xi'an, Summitopia in Tianjin, Ocean One in Shanghai, Cloud Vision in Shanghai and Felicity Mansion in Yantai, etc. The rental income for the year was approximately HK$794 million. The contract sales reached RMB3,933 million, with a gross floor area of approximately 184,000 square meters. The projects mainly included Summitopia in Tianjin, Originally in Xi'an, Ocean One in Shanghai, Qiyuan in Xi'an and Felicity Mansion in Yantai. A total of nine projects were under construction during the year, covering an area of 1,933,000 square meters.

Set out below is a summary of the major property development projects of the Group as at 31 December 2024:

Major Development Properties

	City	Projects of SI Development	Type of property	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Kaifu District, Changsha	Fengsheng Building	Residential and commercial	90%	5,468	70,566	–	32,542	Completed
2	Chenghua District, Chengdu	Hi-Shanghai	Residential and commercial	100%	61,506	254,885	153	201,309	Completed
3	Beibei District, Chongqing	Hi-Shanghai	Residential and commercial	100%	30,845	74,935	70	60,408	Completed
4	Yuhang District, Hangzhou	Hi-Shanghai (Phase I)	Residential and commercial	85%	74,864	230,484	–	150,579	Completed
5	Yuhang District, Hangzhou	Hi-Shanghai (Phase II)	Residential and commercial	85%	59,640	198,203	–	140,236	Completed
6	Wuxing District, Huzhou	Hurun Commercial Plaza	Commercial	100%	13,661	27,322	–	–	Under Planning
7	Wuxing District, Huzhou	SIIC Tianlan Bay	Residential and commercial	100%	115,647	193,292	26	129,081	Completed
8	Wuxing District, Huzhou	SIIC Yungjing Bay	Residential	100%	68,471	207,906	597	152,824	Completed
9	Shilaoren National Tourist Resort, Qingdao	International Beer City	Composite	100%	227,675	806,339	–	417,319	Completed
10	Fengze District, Quanzhou	Sea Palace	Residential and commercial	100%	170,133	1,064,099	4,032	168,396	2017 to 2025, in phases
11	Baoshan District, Shanghai	Era of Elites (Phase I)	Residential	100%	26,600	73,798	294	41,593	Completed
12	Baoshan District, Shanghai	Era of Elites (Phase II)	Residential	100%	32,130	86,692	173	49,852	Completed
13	Baoshan District, Shanghai	Wusong Innovation City Updated Unit 15 Lot 03-02	Residential and commercial	100%	14,412	53,369	–	–	2026
14	Hongkou District, Shanghai	North Bund Lot No. 90	Commercial	100%	12,725	156,943	–	–	2029
15	Hongkou District, Shanghai	North Bund Lot No. 91	Commercial and office	50%	34,585 (including underground area)	453,958	–	–	2030
16	Jiading District, Shanghai	Sea Garden	Residential and commercial	100%	58,949	163,351	203	88,017	Completed
17	Jiading District, Shanghai	Essence of Shanghai	Residential and commercial	100%	32,991	75,559	174	41,150	Completed
18	Jing'an District, Shanghai	Territory Shanghai	Residential	100%	32,512	114,737	2,795	89,563	Completed
19	Qingpu District, Shanghai	Belle Rive	Villa	51%	315,073	59,577	5,440	31,425	Completed
20	Qingpu District, Shanghai	Shanghai Bay	Residential	51%	808,572	631,199	26,234	360,482	Completed
21	Qingpu District, Shanghai	He Villa/Sea County	Residential	51%	162,708	121,683	–	85,246	Completed

	City	Projects of SI Development (continued)	Type of property	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
22	Qingpu District, Shanghai	Zhujiajiao Lot 20-03[3]	Public facilities	51%	10,842	17,745	–	–	2029
23	Qingpu District, Shanghai	Zhujiajiao Lot 20-05[3]	Residential	51%	282,500	288,516	–	–	2029
24	Qingpu District, Shanghai	Zhujiajiao Hu-Bin Primary School	Public facilities	51%	23,609	18,909	–	–	2025
25	Wuzhong District, Suzhou	The Metropolis	Residential	100%	4,081	126,881	1,568	1,568	Completed
Sub-total					**2,680,199**	**5,570,948**			

	City	Projects of SI Urban Development	Type of property	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Chaoyang District, Beijing	Youngman Point	Residential and commercial	100%	112,700	348,664	–	258,814	Completed
2	Haidian District, Beijing	West Diaoyutai • Emperor Seal	Residential	97.5%	42,541	250,930	–	220,503	Completed
3	Jiulongpo District, Chongqing	Top City	Residential, commercial and office	100%	120,014	786,233	–	376,424	Completed
4	Baoshan District, Shanghai	Shangtou Baoxu	Residential	71.3%	118,880	306,167	–	234,004	Completed
5	Minhang District, Shanghai	Urban Cradle	Residential and commercial	53.1%	943,000	1,226,298	–	822,103	Completed
6	Minhang District, Shanghai	Shanghai Jing City (including "晶秀坊")	Residential and commercial	59%	301,908	772,885	439	601,716	Completed
7	Minhang District, Shanghai	TODTOWN	Residential, commercial, hotel, office and apartment office	20.7%	117,825	605,000	7,279	84,952	2020 to 2030, in phases
8	Minhang District, Shanghai	Contemporary Splendour Villa • Courtyard Villa	Residential	100%	120,512	191,636	–	67,286	Completed
9	Minhang District, Shanghai	Uplaza Xinhonghui	Residential and commercial	90%	89,432	289,271	–	150,294	Completed
10	Minhang District, Shanghai	Uplaza Meilong Lane	Commercial and office	80%	20,572	60,195	1,689	9,020	Completed
11	Minhang District, Shanghai	Utime Xinzhuang	Rental housing	29.5%	47,435	126,702	–	–	Completed
12	Minhang District, Shanghai	Cheng Kai Chuanxinqu	Rental housing	59%	47,383	115,799	–	–	Completed
13	Pudong New District, Shanghai	Ocean Times	Residential and commercial	80%	119,545	439,971	6,370	8,853	2025 to 2026, in phases
14	Qingpu District, Shanghai	Cloud Vision	Residential	59%	30,052	65,085	3,545	39,672	Completed
15	Qingpu District, Shanghai	Ocean One	Residential	47.2%	41,961	156,533	17,251	77,556	Completed
16	Songjiang District, Shanghai	Shanghai Youth City	Commercial and office	100%	57,944	212,130	–	139,840	Completed

	City	Projects of SI Urban Development (continued)	Type of property	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
17	Xuhui District, Shanghai	Utime Xuhui	Rental housing	59%	17,161	44,927	–	–	Completed
18	Xuhui District, Shanghai	Guilin Road Aerospace project	Scientific research and design and residential leasing	21.2%	91,160	590,165	–	–	2025 to 2026, in phases
19	Heping District, Shenyang	Shenyang U Center	Commercial, office and serviced apartment	100%	22,651	228,768	–	71,600	Completed
20	Futian District, Shenzhen	China Phoenix Tower	Residential, commercial and office	91%	11,038	106,190	–	78,343	Completed
21	Hedong District, Tianjian	Summitopia	Residential and commercial	100%	42,146	118,094	30,446	86,304	2024 to 2025, in phases
22	Nankai District, Tianjian	Laochengxiang	Residential, commercial and office	100%	244,252	752,883	–	582,737	Completed
23	Yangtze New District, Wuhan	Xiang Kai Chang Long	Residential and commercial	28.9%	257,600	452,000	4,454	29,454	2024 to 2027, in phases
24	Binghu District, Wuxi	Urban Development International Center	Commercial, hotel, office and serviced apartment	59%	24,041	193,368	1,664	43,564	Completed
25	Chanba Ecotope, Xi'an	Originally	Residential, commercial and hotel	100%	2,101,967	3,899,867	34,302	2,815,173	2008 to 2025, in phases
26	Chanba Ecotope, Xi'an	Qiyuan	Residential	100%	51,208	102,418	21,164	23,663	2024 to 2025, in phases
27	Zhifu District, Yantai	Felicity Mansion	Residential and commercial	100%	77,681	159,100	19,784	64,542	2022 to 2025, in phases
Sub-total					**5,272,609**	**12,601,279**			

	City	Projects of the Company	Type of property	Interest attributable to the Company	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Qingpu District, Shanghai	Belle Rive	Villa	49%	315,073	59,577	5,440	31,425	Completed
2	Qingpu District, Shanghai	Shanghai Bay	Residential	49%	808,572	631,199	26,234	360,482	Completed
3	Qingpu District, Shanghai	He Villa/Sea County	Residential	49%	162,708	121,683	–	85,246	Completed
4	Qingpu District, Shanghai	Zhujiajiao Lot 20-03[3]	Public facilities	49%	10,842	17,745	–	–	2029
5	Qingpu District, Shanghai	Zhujiajiao Lot 20-05[3]	Residential	49%	282,500	288,516	–	–	2029
6	Qingpu District, Shanghai	Zhujiajiao Hu-Bin Primary School	Public facilities	49%	23,609	18,909	–	–	2025
Sub-total					**1,603,304**[1]	**1,137,629**[1]			
Total					**9,556,112**[1]	**19,309,856**[1]			

Major Future Development Projects

	City	Projects of SI Development	Project type	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Expected date of completion
1	Baoshan District, Shanghai	Wusong Innovation City Updated Unit 15 Lot 04-02	Office and scientific research	100%	26,359	105,436	Under Planning

Major Investment Properties

	City	Projects of SI Development	Project type	Interest attributable to SI Development	Total GPA for investment properties (square meters)
1	Wenjiang District, Chengdu	Orchard Forest	Commercial	100%	769
2	Qingdao Economic Development Zone	Dali Plaza	Commercial	76%	21,495
3	Laoshan District, Qingdao	Shanghai Industrial Investment Centre	Office	100%	31,060
4	Fengze District, Quanzhou	Sea Palace (Phase I of Linghai Yuan)	Commercial	100%	713
5	Baoshan District, Shanghai	Era of Elities	Serviced apartment and commercial	100%	18,132
6	Changning District, Shanghai	Super Ocean Finance Center	Office	100%	2,321
7	Changning District, Shanghai	United 88	Office Commercial Parking lot	100% 100% 100%	43,237 25,494 28,457
8	Hongkou District, Shanghai	Gao Yang Commercial Centre	Office	100%	13,463
9	Huangpu District, Shanghai	Golden Bell Plaza	Office Office Parking lot	100% 90% 90%	12,270 40,186 4,870
10	Huangpu District, Shanghai	Huangpu Estate	Commercial	100%	20,918
11	Huangpu District, Shanghai	No. 108 Haichao Road	Commercial	100%	474
12	Jiading District, Shanghai	Sea Garden	Serviced apartment and commercial	100%	37,121
13	Jiading District, Shanghai	Essence of Shanghai	Commercial	100%	14,489
14	Jing'an District, Shanghai	Territory Shanghai	Commercial Parking lot	100% 100%	1,455 31 units
15	Pudong New District, Shanghai	No. 1111 Shangchuan Road	Industrial	100%	40,208
16	Pudong New District, Shanghai	Huashen Building	Office	100%	344
17	Xuhui District, Shanghai	Shanghai Industrial Investment Building	Office Office Parking lot	100% 74% 74%	10,089 14,130 8,692
18	Xuhui District, Shanghai	Yonglong Building	Office	100%	798
19	Yangpu District, Shanghai	Hi-Shanghai	Commercial Parking Lot	100% 100%	22,027 22,000
Sub-total					**435,212**

	City	Projects of SI Urban Development	Project type	Interest attributable to SI Urban Development	Total GPA for investment properties (square meters)
1	Chaoyang District, Beijing	Youngman Point	Commercial[2] and office	100%	24,931[1]
2	Jiulongpo District, Chongqing	Top City	Commercial[2], office and parking lot	100%	317,405[1]
3	Changning District, Shanghai	ShanghaiMart	Exhibition hall, trade mart, office and parking lot	51%	284,651
4	Minhang District, Shanghai	Block A of Urban Cradle	Commercial[2] and office	53.1%	58,556[1]
5	Minhang District, Shanghai	Utime Xinzhuang	Commercial and affordable rental housing	29.5%	126,702[1]
6	Minhang District, Shanghai	Cheng Kai Chuanxinqu	Commercial and affordable rental housing	59%	115,799[1]
7	Minhang District, Shanghai	Uplaza Xinhonghui	Commercial[2]	90%	9,777[1]
8	Songjiang District, Shanghai	Shanghai Youth City	Commercial[2]	100%	17,665[1]
9	Xuhui District, Shanghai	Urban Development International Tower	Office and parking lot	59%	45,239
10	Xuhui District, Shanghai	YOYO Tower	Commercial[2]	59%	13,839
11	Xuhui District, Shanghai	Utime Xuhui	Commercial and affordable rental housing	59%	44,927[1]
12	Heping District, Shenyang	Shenyang U Center	Commercial[2] and office	100%	100,155[1]
13	Futian District, Shenzhen	China Phoenix Tower	Office	91%	1,048[1]
14	Chanba Ecotope, Xi'an	Originally	Commercial[2]	100%	28,402[1]
15	Shanghai, Tianjin and Kunshan	Others	Commercial[2], office and parking lot	–	66,030
Sub-total					**1,255,126[1]**
Total					**1,690,338[1]**

Notes:
1. Such total GFAs are duplicate figures, which have been included in the Major Development Properties table.
2. Mainly includes shopping malls.
3. According to the planning adjustment of Shanghai Qingpu District Planning and Natural Resources Bureau, SI Development's original land reserve "Zhujiajiao Lot D2, Qingpu District, Shanghai" was changed to "Zhujiajiao Lots 20-03 and 20-05, Qingpu District, Shanghai". The purpose of Lot 20-30 is for public facilities, and Lot 20-05 is for residential development and construction. The total amount of residential development and construction in the original plan remains unchanged.

CONSUMER PRODUCTS

The consumer products business made a profit contribution of HK$643 million to the Group, representing an increase of 71.8% over the previous year and accounting for approximately 20.8% of the Group's Net Business Profit. In 2024, the macroeconomic environment was complex and ever-changing, while opportunities and challenges co-existed in the consumer products market, demonstrating a trend of moderate recovery as a whole. During the year, Nanyang Tobacco firmly implemented the development policy of "laying a solid foundation, striving for continuous innovation". In addition, the company closely monitored market changes, proactively managed shipment schedules, made timely adjustments, and continued to expand both domestic and international markets. These efforts yielded sustainable results, and the general sales market steadily improved, which resulted in a steady year-on-year rebound in both the sales volume and sales revenue. Meanwhile, during the year. Wing Fat Printing adhered to a philosophy of steady operation, and its annual performance has shown steady improvement, thanks to multiple positive factors such as improved asset operating efficiency, a good recovery in tobacco packaging business, and internal tapping of potential and increasing efficiency.

Tobacco

In 2024, as the global tobacco control environment became increasingly stringent, and the tobacco control policies in the industry continued to tighten, the competition for traditional tobacco products in both international and domestic markets tended to be more intensified. During the year, Nanyang Tobacco has made a strong commitment to technological innovation, while striving to achieve breakthroughs by focusing on developing innovative products that are green and healthy, tar-reducing and harm-reducing, and novel and fashionable. In response to the new market environment, the company has embarked on changes to develop new product specifications to meet market demands while infusing new concepts into existing product specifications to ensure that traditional tobacco brands remain fresh as ever. The company has steadily promoted the construction of digital platforms, and enhanced its core competitiveness through smart manufacturing. By leveraging technological innovation and capacity upgrades, Nanyang Tobacco has continuously improved production quality, efficiency, and cost control capabilities.

In 2024, the sales volume in Hong Kong's domestic duty-paid market decreased compared to the previous year due to the Hong Kong government's further increase in tobacco tax. However, the duty-free and export markets were generally able to maintain the sales levels recorded in the second half of last year. In addition, as Hong Kong and mainland China gradually resumed full customs clearance in February last year, the visitors flow rate has not yet returned to pre-pandemic levels. Furthermore, the export market for the previous year still needed time to de-stock the inventory accumulated among distributors. Nanyang Tobacco recorded revenue of HK$2,182 million for the year, representing a year-on-year increase of 20.2%; net profit amounted to HK$560 million, representing a year-on-year increase of 86.0%.

The duty-paid market in Hong Kong and Macau recorded a year-on-year decline of 23.7% in sales, mainly due to the significant increase in tobacco tax in the Hong Kong market for two consecutive years. Sales from Mainland market showed a slight year-on-year decline of 2.5% during the year. Relevant national departments have imposed higher compliance requirements on the mainland market, leading to a shift in promotion and marketing strategies and increased challenges in marketing efforts. In the duty-free markets in the mainland, Hong Kong and Macau and overseas, a year-on-year decline by 20.5% in sales was recorded during the year. In the face of fewer domestic outbound tourists than expected, tightened customs policies and downsizing of shops in the core channel of "Mainland Duty Free", Nanyang Tobacco has gradually changed its marketing strategy after discussions with duty-free companies, while focusing on mid-to-high-end products and phasing out low-end products to adapt to significant changes in the duty-free market. In the export and ship-tobacco markets, a year-on-year increase by 89.7% in sales was recorded during the year. The inventory pressure caused by the pandemic has gradually been released, leading to a relatively significant rebound in sales.

Nanyang Tobacco is committed to developing its production projects in Malaysia, actively expanding its international markets and implementing the operation of overseas production bases to increase the scale of its operations in overseas business. The Malaysia project, which commenced production last year, has achieved mass production in 2024, with a year-on-year increase in annual sales of 344.9%.

During the year, Nanyang Tobacco, in compliance with the requirements of the relevant national authority, has followed the unified application of cigarette QR codes. This initiative not only enabled product traceability and anti-counterfeiting but also optimized the company's intelligent warehouse control and real-time monitoring. It improved precision management across raw material procurement, production planning, warehouse management, and logistics transportation, thus achieving efficient and integrated production line management. Additionally, Nanyang Tobacco launched a new production line project for lipstick cigarette packaging during the year. Through technological product innovation as well as support and upgrades in production capacity, the company continued to improve production quality, efficiency, and cost-effectiveness.

Printing

Wing Fat Printing recorded a turnover of HK$1,584 million for 2024, representing an increase by 2.3% over the previous year. The increase was mainly attributable to the better growth contribution from the tobacco packaging business. The company achieved a net profit of HK$95.18 million for the year, representing a year-on-year increase of 12.1%, mainly benefiting from enhancing overall gross profit resulting from optimized business structure, significant cost reduction and efficiency improvement in core factories, and improved outcomes of asset management. In addition, the continuously strong US dollars also contributed to the improvement in overall gross profit margins during the year.

Amid a complex and everchanging macroeconomic environment, Wing Fat Printing treasures the valuable orders from its core customers and is committed to comprehensively enhancing product delivery capabilities and quality service assurance. In addition to increasing its revenue, the core enterprises have focused on improving quality and efficiency, as well as the conversion of R&D innovation, efficiency and benefits. For the year under review, the company has promoted organizational adjustments and personnel optimization, along with cooperative work for cross-regional business integration and development among subsidiaries in a top-down manner.

Looking forward, Wing Fat Printing will continue to seize the opportunity of the State's vigorous promotion of consumption, promote development through organizational optimization and operation system reform, and improve performance by focusing on market development and strengthening the management of loss-making enterprises. The company will continue to consolidate its strong asset structure and operational efficiency, safeguard the bottom line of risk control and make unremitting efforts to write a new chapter for the century-old Wing Fat Printing.

FINANCIAL REVIEW

KEY FIGURES

	2024	2023	Change %
Results			
Revenue (HK$'000)	28,917,697	32,697,955	-11.6
Profit attributable to owners of the Company (HK$'000)	2,807,653	3,423,695	-18.0
Earnings per share – basic (HK$)	2.582	3.149	-18.0
Dividend per share (HK cents)	94	94	
– Interim (paid)	42	42	
– Final (proposed)	52	52	
Dividend payout ratio	36.4%	30%	
Interest cover (note (a))	4.4 times	5.5 times	

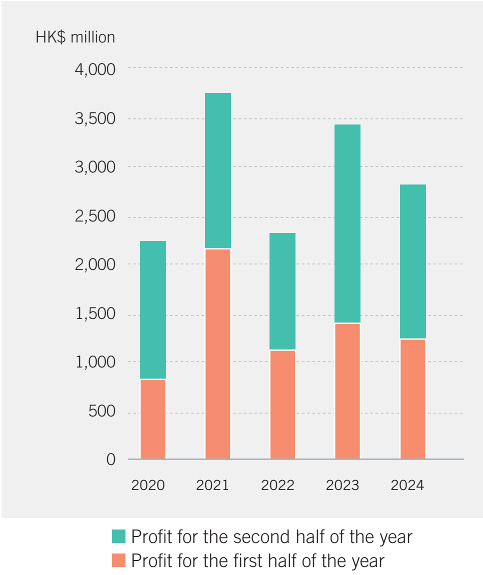
	2024	2023	Change %
Financial Position			
Total assets (HK$'000)	168,512,693	179,311,612	-6.0
Equity attributable to owners of the Company (HK$'000)	47,570,505	46,603,040	2.1
Net assets per share (HK$)	43.75	42.86	2.1
Net debt ratio (note (b))	65.12%	66.30%	
Gearing ratio (note (c))	43.18%	43.11%	
Number of shares in issue (shares)	1,087,211,600	1,087,211,600	

Note (a): (profit before taxation, interest expenses, depreciation and amortization)/interest expenses
Note (b): (interest-bearing loans – cash)/equity attributable to owners of the Company
Note (c): interest-bearing loans/(equity attributable to owners of the Company + non-controlling interests + interest-bearing loans)

I ANALYSIS OF FINANCIAL RESULTS

1 Profit attributable to owners of the Company

For the year ended 31 December 2024, the Group recorded a profit attributable to owners of the Company of HK$2,807.65 million, a decrease of HK$616.04 million or approximately 18.0% as compared to 2023.



2 Profit Contribution from Each Business

The profit contributed by each business in the Group for the year 2024 and the comparative figures last year was summarized as follows:

	2024 HK$'000	2023 HK$'000	Change %
Infrastructure and Environmental Protection	2,628,994	2,320,827	13.3
Real Estate	(236,358)	838,886	N/A
Consumer Products	643,368	374,553	71.8
Comprehensive Healthcare Operations	54,233	79,712	-32.0
	3,090,237	3,613,978	-14.5

Net profit from the infrastructure and environmental protection business for the year amounted to approximately HK$2,628.99 million, accounting for 85.1% of Net Business Profit, and representing a year-on-year increase of 13.3%. The increase was mainly attributable to the net gain from the disposal of interest in Hangzhou Bay Bridge Company of HK$862.84 million, which was partially offset by lower year-on-year profit contribution from the water services and clean energy business.

The real estate business recorded a net loss of approximately HK$236.36 million, accounting for a negative 7.7% of the Net Business Profit, and representing a turnaround from a net profit of HK$838.89 million in 2023 to a loss. During the year, the significant decrease in booked revenue upon delivery of properties of SI Development leading to a significant decrease in sales revenue, resulting in a turnaround from the profit of last year to a loss, coupled with the profit from the gain on disposal of the project company related to the land lot No.89, North Bund recorded last year. The revenue of the Shanghai Bay project, in which the Company held a direct interest of 49%, was booked last year and its share of the project's profit amounted to HK462.61 million. During the year, SIHL shares about HK$200 million fair value loss from the significant fair value loss of investment properties of SI Urban Development.

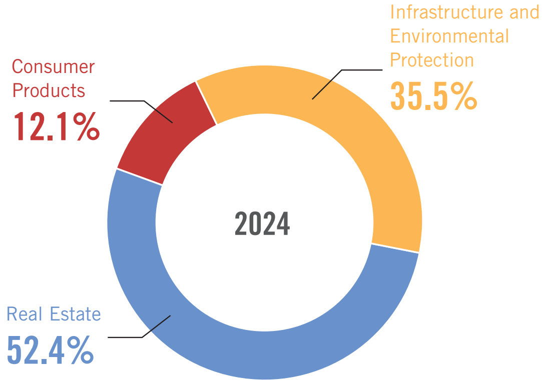
The consumer products business recorded a net profit of HK$643.37 million for the year, accounting for 20.8% of the Net Business Profit, and representing a significant year-on-year increase of 71.8%. The cigarette sales of Nanyang Tobacco increased by 20.2% year-on-year, which was mainly due to the gradual recovery of cigarette sales after the outbreak of the pandemic, resulting in both sales and profit increased simultaneously. Sales of Wing Fat Printing increased by 2.3% year-on-year due to the rebound in sales of the tobacco packaging business. Driven by sales of Nanyang Tobacco, sales of the printed packaging and can packaging business recovered significantly. The overall gross profit margin increased by 2.1 percentage points year-on-year due to the recovery in sales of the tobacco packaging business and its increased proportion in the business structure, resulting in corresponding increase in net profit.

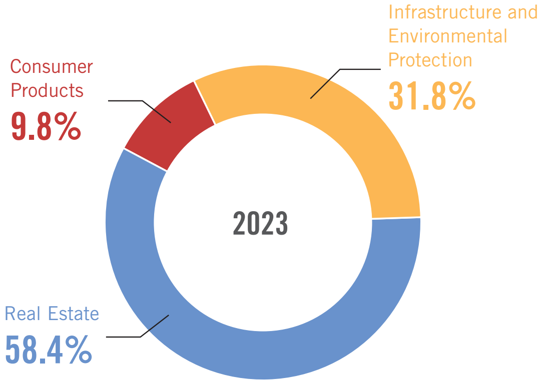
The comprehensive healthcare operations recorded a net profit of HK$54.23 million for the year, accounting for 1.8% of the Net Business Profit, and representing a year-on-year decrease of 32.0%, which was attributable to the decrease in profit attributable as a result of a year-on-year reduction in profit due to the net gain from the asset disposal of non-listed business (expropriation of real estate by the government) of Shanghai Pharmaceutical Group last year.

3 Revenue

The Group's revenue by principal activities for the year 2024 and the comparatives of last year was summarized as follows:

	2024 HK$'000	2023 HK$'000	Change %
Infrastructure and Environmental Protection	10,262,620	10,398,628	-1.3
Real Estate	15,152,043	19,096,395	-20.7
Consumer Products	3,503,034	3,202,932	9.4
	28,917,697	32,697,955	-11.6





Revenue for the year ended 31 December 2024 amounted to approximately HK$28,917.70 million, representing a decrease of 11.6% as compared to last year, which was mainly due to the decrease in booked revenue upon delivery of properties of the real estate business as compared to last year, which was partially offset by the gradual recovery in cigarette sales of the consumer products business after the outbreak of the pandemic.

4 Profit before Taxation

(1) Gross profit margin

Compared to 2023, the overall gross profit margin for the year decreased by 11.8 percentage points, mainly due to increase in the proportion of revenue from property projects with relatively lower gross profit margins booked from the real estate business than last year.

(2) Other income, gains and losses

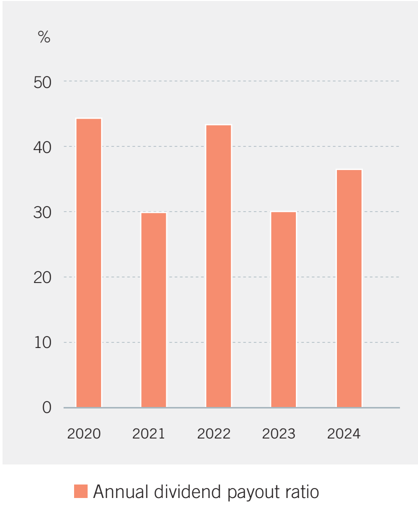
Other income, gains and losses for the year recorded a net loss mainly due to the impairment of certain real estate projects during the year.

(3) Gain on disposal of interests in associates/a joint venture/subsidiaries and liquidation of a subsidiary

Gain on disposal for the year was mainly attributable to the disposal of interests in associates, Ningbo Hangzhou Bay Bridge Development Co., Ltd. and SIIC Elderly Care Investment Co., Ltd., whereas gain for last year was mainly attributable to the disposal of the project company related to the land lot No.89, North Bund.

5 Dividend

The Board of Directors of the Group has proposed to declare a final dividend of HK52 cents (2023: HK52 cents) per share, together with an interim dividend of HK42 cents (2023: HK42 cents) per share, the total dividend amounted to HK94 cents (2023: HK94 cents) per share for 2024. Annual dividend payout ratio is 36.4% (2023: 30%).

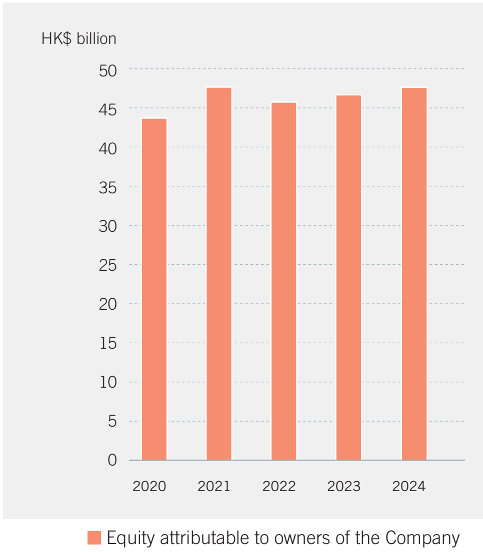


II FINANCIAL POSITION OF THE GROUP

1 Capital and Equity attributable to owners of the Company

The Company had a total of 1,087,211,600 shares in issue as at 31 December 2024, there is no change compared with 1,087,211,600 shares as at the end of 2023.

Equity attributable to owners of the Company reached HK$47,570.51 million as at 31 December 2024, and was attributable to the net profit for the year after deducting the dividend actually paid during the year.



2 Indebtedness

(1) Borrowings

As at 31 December 2024, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK$59,492.16 million (31 December 2023: HK$58,686.93 million), of which 65.6% (31 December 2023: 77.5%) was unsecured credit facilities. The proportions of US dollars and other currencies, Renminbi and HK dollars of total borrowings were 1%, 93% and 6% (31 December 2023: 6%, 84% and 10%) respectively.

(2) Pledge of assets

The following assets were pledged by the Group to banks to secure banking facilities granted by these banks to the Group:

(a) investment properties with an aggregate carrying value of HK$17,007,157,000 (31 December 2023: HK$10,459,444,000);

(b) property, plant and equipment with an aggregate carrying value of HK$582,653,000 (31 December 2023: HK$636,424,000);

(c) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK$18,416,934,000 (31 December 2023: HK$16,437,625,000);

(d) properties under development held for sale with an aggregate carrying value of HK$8,338,620,000 (31 December 2023: HK$12,924,145,000);

(e) properties held for sale with an aggregate carrying value of HK$91,394,000 (31 December 2023: HK$129,973,000);

(f) trade receivables with an aggregate carrying value of HK$410,334,000 (31 December 2023: HK$187,245,000);

(g) bank deposits with an aggregate carrying value of HK$211,619,000 (31 December 2023: HK$183,023,000);

(h) equity interests of subsidiaries with an aggregate carrying value of HK$nil (31 December 2023: HK$286,029,000); and

(i) land use rights with an aggregate carrying value of HK$467,000 (31 December 2023: HK$610,000).

(3) Contingent liabilities

As at 31 December 2024, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers, associates and joint ventures amounted to approximately HK$1,232.28 million, HK$231.02 million and HK$1,889.17 million (31 December 2023: HK$3,841.43 million, HK$468.54 million and HK$1,898.68 million) respectively.

3 Commitments

As at 31 December 2024, the Group had capital commitments mainly contracted for business developments and investments in fixed assets of HK$3,338.45 million (31 December 2023: HK$8,219.73 million). The Group had sufficient internal resources and/or through loan markets for the finance of its capital expenditures.

4 Bank Balances and Short-term Investments

As at 31 December 2024, bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) and short-term investments held by the Group amounted to HK$28,513.96 million (31 December 2023: HK$27,790.82 million) and HK$225.53 million (31 December 2023: HK$242.53 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances (including pledged bank deposits and bank deposits and cash and cash equivalents) were 2%, 86% and 12% (31 December 2023: 2%, 86% and 12%) respectively. Short-term investments mainly consisted of investments such as Hong Kong and PRC listed shares.

While having sufficient working capital and a healthy interest coverage ratio, the Group is monitoring the market situation and respective funding requirements on a regular basis for business development, and will seek opportunities to optimize its capital structure should the need arises.

III MANAGEMENT POLICIES FOR FINANCIAL RISK

1 Currency Risk

The Group mainly operates in China and the Hong Kong Special Administrative Region and the exposure in exchange rate risks mainly arise from fluctuations in the US dollar, Singapore dollar, HK dollar and Renminbi exchange rates. The management monitors foreign currency exposure and will also consider hedging significant foreign currency exposures and adopting suitable measures where necessary.

2 Interest Rate Risk

The Group's fair value and cash flow interest rate risks mainly relate to fixed and variable rates borrowings. In order to exercise prudent management against interest rates risks, the Group continues to review market trends against its business operations and financial position in order to arrange the most effective interest rate risk management tools.

3 Price Risk

The Group's price risks are mainly concentrated on equity instruments quoted in the HKSE and the Shanghai Stock Exchange. The management strictly monitors this exposure by maintaining a portfolio of investments with different levels of risks. In addition, a special team has been appointed by the management to monitor price risks and hedging against such risk exposures will be made should the need arises.

4 Credit Risk

The Group's principal financial assets are receivables under service concession arrangements, contract assets, pledged bank deposits, bank deposits, cash and cash equivalents, securities and debt investments and trade and other receivables. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables and expected credit loss. An allowance for impairment and expected credit loss are made according to the Group's accounting policy or where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

With respect to the credit risk of the Group's treasury operations, all pledged bank deposits, bank deposits, cash and cash equivalents, securities and debt investments of the Group must be placed and entered into with sound and reputable financial institutions. Strict requirements and restrictions in relation to the outstanding amount and credit ratings on securities and debt investments to be held are followed in order to minimize the Group's credit risk exposures.

CORPORATE GOVERNANCE REPORT

The Board continued to enhance the Company's corporate governance standards, recognizing that good corporate governance is essential to elevate management standards and operational efficiency. It is believed that the interests of Shareholders and stakeholders can be safeguarded through well-established and constant improvement of internal control and risk management systems of the Group. This will ensure effective control, assessment and monitoring of risks of the Company's key business segments, creating long-term value for all stakeholders.

CORPORATE GOVERNANCE STRUCTURE

Different functional committees and administrative units have been established to ensure that the principles of good governance are observed and that corporate governance measures formulated by the Board are properly implemented. In accordance with the requirements for the Corporate Governance Code, the Company consistently oversaw the risk management and internal control systems of the Company and relevant subsidiaries during the year to ensure the effectiveness and appropriateness of the systems, in addition to internal audits annually conducted for subsidiaries within the Group. The scope of such reviews covered financial, operational and compliance controls.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the principals set out in the Corporate Governance Code for the year ended 31 December 2024. Details of the principles and practices of governance of the Company and all major work and relevant changes during the year are set out in this report.

STRATEGIC OBJECTIVES AND BUSINESS MODEL

In accordance with its work plans, the Group has strategically positioned itself as a Hong Kong based company that counts on the support of mainland China. Through effective allocation of resources outside the Mainland as well as integration of capital and business operations, the Group has successfully turned itself into an enterprise that has built its foundation on four core areas of business, including infrastructure and environmental protection, comprehensive healthcare operations, real estate and consumer products. Capitalizing on future development opportunities in China, the Group strives to become an integrated investment red-chip window company that will constantly create value for its Shareholders. Based on its own resources and the internal and external factors of development, the Company will expand its infrastructure and environmental protection business, enlarge its investment in comprehensive healthcare operations business where opportunities arise and continue to pursue the steady development of its real estate business as well as to enhance the growth of its consumer products business in the future. Committed to the promotion of high-quality corporate development, the Company has maintained a corporate culture in which the leadership team and the employees of the Group have demonstrated mutual commitment. This not only reflects the values, philosophy and visions of the corporation, but sets the direction for the achievement of the Group's strategic objectives and business strategies.

BOARD OF DIRECTORS

The Board represents the highest level of authority in the management structure of the Company. It is mainly responsible for formulating the Group's long-term business development strategies and operational direction, monitoring the Group's business and financial performance, formulating and reviewing the Group's corporate governance policies and day-to-day operations, as well as leading and supervising the management to ensure thorough implementation of the Board's decisions and effective performance of their duties.

Composition of the Board

As of the date of this report, the Board of Directors of the Company consists of six members as below:

Name of Directors	Executive position in the Board	Years of service in the Group
Executive Directors		
Leng Wei Qing	Chairlady	1 year
Zhang Qian	Chief Executive Officer	1.75 years
Yao Jia Yong	–	1 year
Xu You Li	Deputy CEO, Chief Financial Officer	0.75 years
Independent Non-Executive Directors		
Leung Pak To, Francis	–	29 years
Yuen Tin Fan, Francis	–	8.75 years

Notes: Prof. Woo Chia-Wei, the former Independent Non-Executive Director, passed away on 2 March 2025.

The members of the Board comprise professionals from different areas who have served in relevant PRC government authorities, enterprises in mainland China and Hong Kong and financial institutions, all of whom have extensive experience in corporate and financial administration, project management, asset management and international business, and they have made significant contributions to the Board.

A Board Diversity Policy has been formulated by the Company to establish the approach to diversity in respect of the Board. The Company will ensure that the Board has the appropriate balance of skills, experience and diversity of views and perspectives that are required to support the execution of its strategic objectives and business model. All board appointments will be based on meritocracy, and will be considered against objective criteria, having due regard to the benefits of diversity on the Board, with a range of perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contributions that the selected candidates are expected to bring to the Board.

The Group also values the diverse talents and experience of its employees and uses a meritocracy approach, to bring in a wide range of talents from different backgrounds, cultures, talents and genders to generate more innovative ideas and impetus to the enterprises. As of 31 December 2024, the Group had 19,561 employees (including senior management), with a gender ratio of 58:42 (Male: Female), achieving a reasonable balance of gender diversity among employees.

No member of the Board is materially related to one another in terms of financial, business and family aspects. Brief biographical details of the Directors are set out on pages 52 to 53 of this Annual Report. In all corporate communication channels as well as the websites of the Company and the Stock Exchange, the composition of the Board according to the categories and duties of the Directors are disclosed.

Ms. Leng Wei Qing and Mr. Zhang Qian are the Chairlady and Chief Executive Officer of the Company respectively. Interpretation of the Responsibilities between the Chairman and the Chief Executive Officer have been adopted for the distinction between the two positions.

Independent Non-Executive Directors

Currently, the Company has two Independent Non-Executive Directors. They have the same fiduciary duties as those of the Executive Directors. The number of Independent Non-Executive Directors accounts for one-third of the Board members. Both Independent Non-Executive Directors have the relevant financial expertise required and one of them has served the Company for more than nine years. All Independent Non-Executive Directors are also members of the respective Audit Committee, Remuneration Committee and Nomination Committee. Confirmation from each Independent Non-Executive Director concerning his independence according to Rule 3.13 of the Listing Rules has been received and they are considered as independent. During the year, the Chairlady has met with the Independent Non-Executive Directors without the presence of Executive Directors.

Due to the passing away of Prof. Woo Chia-Wei, the former Independent Non-Executive Director, on 2 March 2025, the Company is temporarily unable to meet the requirements under Rule 3.10 of the Listing Rules that the Board must include at least three independent non-executive directors. To comply with the requirements of the Listing Rules, the Company will use its best endeavour to identify a suitable candidate to fill the vacancy of an independent non-executive director as soon as practicable and in any event within three months after 2 March 2025.

Changes in Directors

For the year ended 31 December 2024 and up to the date of this report, the changes of the Board members are as follows:

- On 30 April 2024, Mr. Shen Xiao Chu resigned as an Executive Director and the Chairman of the Company due to the reason of age.
- On 30 April 2024, being nominated by the Nomination Committee of the Company:
  - Ms. Leng Wei Qing was appointed as an Executive Director and the Chairlady of the Company;
  - Mr. Zhang Qian was appointed as the Chief Executive Officer of the Company; and
  - Mr. Yao Jia Yong was appointed as an Executive Director of the Company.
- On 30 April 2024, Mr. Shu Dong resigned as an Executive Director of the Company due to deployment of work arrangement.
- On 8 August 2024, being nominated by the Nomination Committee of the Company, Mr. Xu You Li was appointed as an Executive Director, a Deputy CEO and the Chief Financial Officer of the Company.
- Prof. Woo Chia-Wei, the former Independent Non-Executive Director of the Company, passed away on 2 March 2025.

The relevant resolutions have been considered and approved by all Directors and relevant disclosures have been made in the announcements in compliance with the requirements of the Listing Rules.

The above Directors appointed during the year, namely Ms. Leng Wei Qing, Mr. Yao Jia Yong and Mr. Xu You Li, have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 30 April 2024, 30 April 2024 and 6 August 2024 respectively before their appointment became effective, and confirmed that they understood their obligations as Directors.

Terms of the Directors

According to the Directors' service agreements entered into between the Company and the existing four Executive Directors respectively, any party may terminate the agreement by giving to the other party prior written notice. In addition, the Company also issued appointment letters for two Independent Non-Executive Directors, specifying an appointment term of three years, subject to renewal upon expiry.

At the 2024 annual general meeting, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis retired by rotation and each of them were re-elected in accordance with the Company's articles of association by separate resolutions. The two Independent Non-Executive Directors who have served the Company for more than nine years were re-elected, and the Company has stated in the Shareholders' circular that the Board has assessed their independence and the reasons for considering their re-election. Meanwhile, Ms. Leng Wei Qing, Mr. Zhang Qian and Mr. Yao Jia Yong were re-elected and continued to act as Directors in accordance with the Company's articles of association and the Corporate Governance Code at that meeting.

At the upcoming 2025 annual general meeting, Mr. Zhang Qian and Mr. Yuen Tin Fan, Francis shall retire by rotation in accordance with the articles of association of the Company. Both of them, being eligible, have offered themselves for re-election.

Meanwhile, Mr. Xu You Li shall retire at the meeting and offer himself for re-election by Shareholders in accordance with the Company's articles of association and the Corporate Governance Code. His biographical detail is set out in the circular to Shareholders dispatched together with this Annual Report, so as to enable Shareholders to make an informed decision on their election.

Responsibilities of Directors

The Directors are dedicated to their duties diligently, and have taken an active participation in the Company's affairs to make valuable contribution to the business development of the Company. The Company has established the Procedures for Directors to Seek Professional Advice, and the Directors (also refers to board committee members) may seek independent professional advice according to such agreed procedures at the expense of the Company, to assist them perform their duties.

Every year, the Company also arranged liabilities insurance for directors and senior officers of the Company and its subsidiaries, providing certain protection for any legal liabilities risks they may have involved in the discharge of their duties as well as to possible legal claims made against the respective companies as a result.

Board Independence

The Company is committed to maintaining the independence of the Board and regularly reviews the implementation of its policies to constantly enhance its effectiveness.

Currently, there are two Independent Non-Executive Directors among the six Directors of the Company, which meets the requirement of having at least one-third of all Board members under the Listing Rules. However, the Company does not meet the requirements under Rule 3.10 of the Listing Rule that the Board must include at least three independent non-executive directors. Following the passing away of Prof. Woo Chia-Wei, the former Independent Non-Executive Director, on 2 March 2025, the Audit Committee under the Board only consists of two members (both of whom are Independent Non-Executive Directors), therefore, the position of a member of the Audit Committee, the chairman of the Nomination Committee and the Remuneration Committee are vacant. During the year, each Independent Non-Executive Director is required to issue a letter of confirmation to the Company regarding his independence and such independence applies to immediate family members. The Nomination Committee of the Company also reviews the independence of the Independent Non-Executive Directors in its annual review of the structure, size and composition of the Board.

None of the Independent Non-Executive Directors currently holds any Shares. No equity-based remuneration with performance-related elements is paid to the Independent Non-Executive Directors. The fees paid by the Company to the Independent Non-Executive Directors are determined by reference to the industry benchmark which will be approved by the Shareholders at the annual general meetings authorizing the Board (through its Remuneration Committee) to review the same from time to time. In this Annual Report, the Company has disclosed that there is no material relationship between the Board members in terms of financial, business and family matters. At the same time, each Director is required to disclose to the Company annually the positions he holds in public companies which are listed in Hong Kong or overseas as well as other major appointments so that the Company can assess the time he can devote to his duties as a Director.

At Board meetings, each Director is required to declare his interest, if any, in matters to be considered by the Board. The Independent Non-Executive Directors have many years of experience in corporate finance and management expertise and are able to make independent judgements and give constructive advice on the affairs of the Company. The Company will reimburse the Directors for any reasonable expenses incurred by them in the conduct of the business of the Company or in the discharge of their duties as Directors or for any professional consultation required. During the year, when a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board at board meetings which the Board has determined to be material, the matter will be dealt with by a physical meeting. Directors who, and whose close associates, have material interest in any transaction to be considered, shall abstain from voting at that board meeting, and the related Director will not be counted on the quorum for attending the meeting.

Proceedings at Directors' Meetings

The schedule for convening regular meetings of the Board (also refers to board committees) for the whole year will be set at the end of the preceding year. The Board will convene at least four regular meetings a year. Save for non-regular meetings, notices of meeting and relevant materials will be given 14 days and 3 days before the date of the regular meetings of the Board (also refers to board committees) respectively. The Company Secretary will confirm with the Directors if any matters are required to be included in the agenda for regular meetings when they are sent out.

Meeting minutes are kept with the Company Secretary, copies of which will be sent to each Director for perusal and records. All matters considered and resolved at the meetings, including any concerns raised by the Directors or dissenting views expressed will be recorded in the minutes. Board papers and related materials are open for review at any time by all Directors.

In 2024, 32 board meetings were held by the Company (28 of which were in the form of written resolutions). Please refer to the Business Review, Discussion and Analysis of this Annual Report for material decisions made by the Board during the year. The attendance of individual Directors and committee members in 2024 is set out below:

	Meetings held in 2024					
	Meetings attended/Meetings held					
	Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Number of meetings held in the year	**32**	**8**	**4**	**3**	**3**	**1**
Executive Directors						
Leng Wei Qing[2]	24/25	7/7	–	–	–	1/1
Zhang Qian	32/32	8/8	–	–	–	1/1
Yao Jia Yong[3]	25/25	7/7	–	–	–	1/1
Xu You Li[4]	15/15	5/5	–	–	–	N/A
Shen Xiao Chu[5]	7/7	1/1	–	–	–	N/A
Shu Dong[6]	7/7	–	–	–	–	N/A
Independent Non-Executive Directors						
Leung Pak To, Francis	32/32	–	4/4	3/3	3/3	1/1
Yuen Tin Fan, Francis	29/32	–	4/4	3/3	3/3	0/1
Woo Chia-Wei[7]	31/32	–	4/4	3/3	3/3	1/1
Committee Members						
Xu Hui Hua	–	–	–	3/3	3/3	–
Zhou Xu Bo	–	–	–	3/3	3/3	–
Attendance	**97.6%**	**100%**	**100%**	**100%**	**100%**	**83.3%**

Notes:
1. The attendance is accounted for by reference to the number of board meetings held during the tenure of each respective Director.
2. Appointed on 30 April 2024.
3. Appointed on 30 April 2024.
4. Appointed on 8 August 2024.
5. Resigned on 30 April 2024.
6. Resigned on 30 April 2024.
7. Passed away on 2 March 2025.

Securities Transactions by Directors

The Company has established its own Code for Securities Transactions by Directors or Relevant Employees, which was set on terms no less exacting than the required standards set out in the Model Code. Having made enquiries with all Directors and the relevant employees of the Company, each of them has confirmed that they have fully complied with the requirements of the Model Code and the code of the Company during 2024.

Directors' Training

Based on the Directors' training records, the trainings received by each Director for the year ended 31 December 2024 is summarized as follows:

	Continuing professional development category
Name of Directors	To participate in training covering business, industries, corporate governance, regulatory development and other related topics. To read newspapers, publications and updated information about economics, commerce, directors' duties, etc.
Executive Directors	
Leng Wei Qing	✓
Zhang Qian	✓
Yao Jia Yong	✓
Xu You Li	✓
Independent Non-Executive Directors	
Leung Pak To, Francis	✓
Yuen Tin Fan, Francis	✓
Woo Chia-Wei [Note]	✓

Note: Passed away on 2 March 2025.

Functions of Corporate Governance

The Board is responsible for performing corporate governance duties to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuing professional development of Directors and senior management; to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Group's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the year, the Company also provided corporate governance guidelines and information from time to time to the Board members and member companies according to the latest laws and regulations, and ensured compliance with the relevant provisions of corporate governance by our member companies. Furthermore, the Company has prepared the 2023 Environmental, Social and Governance Report during the year and will prepare the 2024 Environmental, Social and Governance Report according to relevant requirements of the Listing Rules.

DELEGATION BY THE BOARD

Board Committees

Currently, four committees have been established under the Board, namely the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee. All committees are responsible to the Board, and shall report to the Board on the decisions or recommendations they made. The terms of reference of the Company's Audit Committee, Remuneration Committee and Nomination Committee have been published on the Company's website and the Stock Exchange's website.

Executive Committee

Being a decision-making administrative body under the Board, the Executive Committee is primarily responsible for taking charge of the Company's day-to-day operations, ensuring proper execution of the resolutions passed by the Board and at the general meetings, reviewing major business activities and investments, and reporting to the Board.

For the year ended 31 December 2024 and up to the date of this report, changes of the Executive Committee are as follows:

- Mr. Shen Xiao Chu resigned as the chairman of the Executive Committee on 30 April 2024. On the same date, Ms. Leng Wei Qing was appointed as the chairlady of the Executive Committee.

- On 30 April 2024, Mr. Yao Jia Yong was appointed as a member of the Executive Committee.

- On 8 August 2024, Mr. Xu You Li was appointed as a member of the Executive Committee.

All members of the Executive Committee are Executive Directors. Following the said changes and as of the date of this report, members of the committee included Ms. Leng Wei Qing, Mr. Zhang Qian, Mr. Yao Jia Yong and Mr. Xu You Li. Ms. Leng Wei Qing is the chairlady of the committee.

Major Work Done by the Executive Committee

In 2024, all matters considered by the Executive Committee were resolved by written resolutions.

Audit Committee

The Audit Committee is mainly responsible for reviewing accounting policies and practices adopted by the Group. The committee also reviews matters relating to financial reporting as well as risk management and internal control, selects, appoints and dismisses external auditor and monitors the Company's relationship with the auditor. It also reviews the independence and objectivity of the external auditor and the effectiveness of the audit process, the nature and scope of audit services and related audit fees payable to the auditor, and reports to and makes recommendations to the Board for decision-making. The Company has arrangements for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the financial reporting, risk management and internal control.

For the year ended 31 December 2024 and up to the date of this report, changes of the Audit Committee are as follows:

- Prof. Woo Chia-Wei, a former member of the Audit Committee, passed away on 2 March 2025.

Following the said changes and as of the date of this report, the members of the Audit Committee included Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis. Mr. Leung Pak To, Francis is the chairman of the committee. The Company Secretary acts as the committee secretary.

Due to the passing away of Prof. Woo, the Company is temporarily unable to meet the requirements under Rule 3.21 of the Listing Rules that the Audit Committee must comprise a minimum of three members. To comply with the requirements of the Listing Rules, the Company will use its best endeavour to identify a suitable candidate to fill the vacancy of a member of the Audit Committee as soon as practicable and in any event within three months after 2 March 2025.

Major Work Done by the Audit Committee

In 2024, the Audit Committee held four meetings, one of which was in the form of written resolutions. The matters considered at the meetings included review of the Group's annual and half-year results, review of the Company's financial reporting, risk management and internal control systems, review of internal audit and report of recommendations for reforms and follow-up from independent advisory institutions, non-audit services, resources and staff training for accounting, internal audit, financial reporting functions and those relating to ESG performance and reporting, etc., appointment of external auditor for the coming year as well as agreed approval process for non-audit services. During the year, not less than one meeting (including video conference) was held in the absence of Executive Directors for the Audit Committee to meet with the auditor.

Remuneration Committee

The Remuneration Committee is mainly responsible for reviewing the remuneration policy and structure of the Company as a whole and monitoring the effective implementation of such policies. The committee also makes recommendations to the Board on the establishment of formal and transparent procedures for setting the remuneration policies and structure with regard to the Directors and senior management. The committee will determine the remuneration of Directors and senior management in accordance with corporate strategies and goals set up by the Board, and none of the Directors will determine his own remuneration.

For the year ended 31 December 2024 and up to the date of this report, changes of the Remuneration Committee are as follows:

- Prof. Woo Chia-Wei, the former chairman of the Remuneration Committee, passed away on 2 March 2025.

Following the said changes and as of the date of this report, the members of the Remuneration Committee included two Independent Non-Executive Directors, namely, Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis, as well as representatives from the management, namely Ms. Xu Hui Hua and Ms. Zhou Xu Bo. The chairman of the committee is temporarily vacant, while the Company Secretary acts as the committee secretary.

Due to the passing away of Prof. Woo, the Company is temporarily unable to meet the requirements under Rule 3.25 of the Listing Rules that the Remuneration Committee must be chaired by an independent non-executive director and comprise a majority of independent non-executive directors. To comply with the requirements of the Listing Rules, the Company will use its best endeavour to identify a suitable candidate to fill the vacancy of the chairman of the Remuneration Committee as soon as practicable and in any event within three months after 2 March 2025.

Major Work Done by the Remuneration Committee

In 2024, the Remuneration Committee held three meetings, two of which were in the form of written resolutions. The matters considered included distribution and payment of discretionary bonuses to the Directors, proposed adjustments for the remuneration of Directors and senior management and service agreement for Directors, etc.

During the year, according to the Company's performance appraisal mechanism, salaries of the employees were reviewed taking into account the Company's results performance, individual performance of the staff and the trend of the industry average to ensure a reasonable and competitive compensation package for its employees.

Determination of Directors' Remuneration

The remuneration of the Directors was determined with reference to the operating results of the Company, industry benchmarks and dedication of time by the Directors and their job responsibilities. The Company is committed to enhancing the remuneration management mechanism for leadership members in order to attract and retain talent, motivate performance and provide a fair and market competitive remuneration package. The current remuneration structure for Executive Directors holding executive positions is based on a package of annual base salary, annual performance-based salary and incentive income. Other Directors, including Independent Non-Executive Directors, receive director's fees by reference to industry benchmark.

Nomination Committee

The Nomination Committee is mainly responsible for setting transparent procedures of appointing new directors and director succession plans and making recommendations to the Board for candidates of new directors or for filling casual vacancies of the Board. The Company has formulated its Nomination Policy, which aims to lay down the nomination procedures for new members of the Board to ensure that the Board consists of members who are balanced in skill, experience and diversity in perspectives and satisfy the business requirements of the Company.

In selecting new directors or filling casual vacancies, the Nomination Committee will consider the candidate's professional qualification and skill, integrity and reputation, achievement and experience in the industry in which the Company operates, as well as his time commitment. The committee will nominate candidates it considers appropriate with reference to the standards of the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, racial, professional experience, skills, knowledge and lengths of service, etc.

According to the nomination procedures of the Nomination Policy, a committee meeting will be convened and Board members will be invited to nominate candidates, while candidates recommended by senior management or controlling shareholder of the Company will also be considered. Suitable candidates will then be submitted to the Board for consideration and approval. Directors appointed by the Board will retire and are eligible for re-election at the forthcoming general meeting after their appointment. A circular containing information of the Directors to be re-elected as required by Rule 13.51(2) of the Listing Rules will be sent to Shareholders for their reference in relation to their voting.

For the year ended 31 December 2024 and up to the date of this report, changes of the Nomination Committee are as follows:

- Prof. Woo Chia-Wei, former chairman of the Nomination Committee, passed away on 2 March 2025.

Following the said changes and as of the date of this report, the members of the Nomination Committee included two Independent Non-Executive Directors, namely Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis, as well as representatives from the management, namely Ms. Xu Hui Hua and Ms. Zhou Xu Bo. The chairman of the committee is temporarily vacant, while the Company Secretary acts as the committee secretary.

Due to the passing away of Prof. Woo, the Company is temporarily unable to meet the requirements under Rule 3.27A of the Listing Rules that the Nomination Committee must be chaired by the chairman of the board or an independent non-executive director and comprise a majority of independent non-executive directors and at least one director of different gender. To comply with the requirements of the Listing Rules, the Company will use its best endeavour to identify a suitable candidate to fill the vacancy of the chairman of the Nomination Committee as soon as practicable and in any event within three months after 2 March 2025.

Major Work Done by the Nomination Committee

In 2024, the Nomination Committee held three meetings in the form of written resolutions. The matters considered included review of the structure, size and composition of the Board, evaluation of independence of Independent Non-Executive Directors and nomination of Directors, etc., and review of the composition of the Board in accordance with the Board Diversity Policy. As the members of the Board come with different professional perspectives, and in terms of the background of our controlling Shareholder and operation model of the Company, the committee is of the view that the Board basically demonstrates a diversified composition and structure, and that the current structure, size and composition of the Board (including skills, knowledge and experience) are appropriate and adequate.

EXECUTIVE MANAGEMENT

Management Executives

The duties of the Executive Committee as authorized by the Board are delegated to the management executives under the committee and will be performed by the respective functional departments. As of the date of this report, members of the management executives included Mr. Zhang Qian, Mr. Xu You Li, Mr. Lou Jun, Mr. Gu Feng and Ms. Xu Hui Hua. The functional departments of the Company included administration, company secretarial, corporate communications, finance, human resources, internal audit, investment operations, legal and the Shanghai regional head office.

Investment Appraisal Committee

The Company has established an Investment Appraisal Committee to evaluate the viability of its investment projects from different perspectives based on their expertise. Professional views are given by various functional departments in accordance with the Company's overall business investment strategies. After studying carefully the key project elements, such as industry background, organizational structure, business development plans, return on investment, financial and legal risk issues, the committee will form independent professional opinion and submit its recommendations and reports to the management executives for consideration. Such appraisals will then be submitted to the Executive Committee for approval according to procedures governing corporate investment decision making processes. The Investment Appraisal Committee mainly comprises representatives from respective functional departments at the Hong Kong headquarters and the Shanghai regional office. Current members of the committee are the Head of the Investment Operations Department, the Company Secretary and Chief Legal and Compliance Officer, the Head of the Finance Department and representative(s) from the Shanghai regional office. During the year, the Investment Appraisal Committee conducted appraisals on four projects.

COMPANY SECRETARY

The Company Secretary is mainly responsible for sound information communication among the members of the Board and the compliance of the policies and procedures of the Board and all applicable rules and regulations. The Company Secretary maintains a close relationship with each Director and the management and provides assistance and advice to the members of the Board when necessary. During the year, the Company Secretary provided assistance and opinion to the Chairman, Chief Executive Officer, other members of the Board and the management of the Company in respect of issues including policy and procedures of the Board, applicable laws and regulations and corporate governance from time to time, and arranges continuing professional development programmes for the Directors, where applicable. The Company Secretary confirmed that he had received not less than 15 hours of relevant professional training during the year.

The selection, appointment and dismissal of the Company Secretary are approved by the Board. Brief biographical details of the Company Secretary are set out on page 54 of this Annual Report and the Company's website.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Appointment of External Auditor

In considering the re-appointment of external auditor, the Audit Committee has taken into consideration its relationship with the Company and its independence in the provision of non-audit services. An independence report has been submitted to the committee by the external auditor. Pursuant to the above, the Audit Committee has recommended the Board to re-appoint Messrs. Deloitte Touche Tohmatsu as the external auditor for the Company for 2025, subject to approval by Shareholders at the annual general meeting to be held on 27 May 2025.

The audit fee of the external auditor for 2024 amounted to HK$20,994,000. The Company has also established the Policies on Provision of Non-audit Services by External Auditor, and non-audit services provided to the Group were reported to the Audit Committee each year. The fees for the non-audit services provided to the Group by the Company's external auditor (including its affiliates) for the year were as follows:

Fees for non-audit services	2024 HK$'000	2023 HK$'000
Financial due diligence of acquisition project and accountant's report fee	**1,206**	2,989
Tax consultation fee	**1,196**	310
Others	**2,507**	651
Total	**4,909**	3,950

Preparation of Financial Statements

The financial statements and interim report of the Company were prepared in accordance with the disclosure requirements set forth in Appendix D2 to the Listing Rules and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and in accordance with the Companies Ordinance. The Board is responsible for preparing and reviewing the Group's accounts to ensure that they give a true and fair view on the financial position as well as the profits and cash flows of the Company. The Company has consistently applied appropriate accounting policies during the year, and has made prudent and reasonable judgments and estimates and prepared its accounts on a going concern basis. The external auditor stated in the independent auditor's report its opinion and report to the Shareholders on the relevant financial statements, and such report is set out on pages 66 and 70 of this Annual Report.

In accordance with the Corporate Governance Code, arrangements have been made by the management of the Company to provide monthly management updates to the Directors setting out updated information on the performance, financial status and prospects of the Company, to assist the Directors in performing their duties under the Listing Rules.

Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board will also, through the Audit Committee, oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management considered such systems to be effective, and has provided a confirmation to the Board on the effectiveness of these systems each year for review by the Board. An internal audit department has been established for monitoring the prudent and effective operation of the Group's risk management and internal control systems (including those of all its major member companies) and respective reports will be made to the Audit Committee and the Board on a quarterly basis. The internal audit system is currently conducted in a cycle of three years. Internal audits will be conducted for all direct member companies within the Group for the purpose of risk assessment according to the significance of the respective projects.

No material deviation in the compliance guidance on risk management and internal controls by the subsidiaries was reported, and all subsidiaries have complied with the relevant laws and industry regulations in respect of financial reporting and legal compliance. No material non-compliance of rules or material litigation risk (including ESG risks) was reported, nor was there any fraud or corruption issue. For the year ended 31 December 2024, the Company has collected information and carried out investigations in respect of risk management and internal control issues for its subsidiaries. Key risk (including ESG risks) elements affecting the Group and contingency measures adopted were reported to the Audit Committee. In addition, the Board and the Audit Committee considered that the resources allocated, staff qualifications and experience in respect of the accounting, internal auditing, financial reporting functions of the Company, the ESG performance of the Group as well as training programs and budget were adequate and sufficient. The Company will continue to improve its risk management and internal control systems to ensure that they remain effective.

Polices and Systems

Whistleblowing Policy

The Company has a Whistleblowing Policy with the aim to establish procedures and arrangements for whistleblower(s) to report in confidence. Whistleblowers, including employees and other persons who conduct business with the Group (such as customers and suppliers), may report to the Audit Committee, either anonymously or by name, any possible misconducts in relation to the Group so that the Company can take appropriate action to rectify any related acts and improve corporate governance standards.

Anti-corruption Policy

The Company has an Anti-corruption Policy in place and it is clearly stated in the Company's staff manual that employees must strictly comply with the relevant conduct guidelines therein and must not contravene the provisions of the Prevention of Bribery Ordinance under the laws of Hong Kong.

INFORMATION DISCLOSURE

The Company established its own Inside Information Disclosure Policy in order to convey the principles and reporting requirements by all of its subsidiaries with a view to maintain good corporate governance within the Group and to ensure due disclosure of corporate information as well as to enhance corporate transparency. At present, the Group releases business development information in a timely manner through different channels, including the publication of annual and interim reports and business results, sending of circulars to Shareholders, a WeChat public account and disclosing latest developments through news conference and press releases. All the related information is published on the Company's website.

SHAREHOLDERS

As at 31 December 2024, SIIC, the controlling Shareholder, indirectly held 686,654,748 Shares (excluding the interest in the underlying Shares and short positions) with a shareholding percentage at approximately 63.16% (excluding the underlying Shares). The percentage of public shareholding was approximately 36.84%.

Connections with Shareholders, Other Stakeholders and Investors

The Company has established the Shareholders' Communication Policy to ensure that Shareholders (and investors) have access to comprehensive, identical and easily understandable information about the Company (including its financial performance, operational overview, strategic objectives and plans, significant developments, governance and risk profile) through various channels in a fair, timely and transparent manner. Shareholders can exercise their powers in an informed manner, and the policy also enables Shareholders and investors to improve communications with the Company. In addition, the Board attaches great importance to Shareholders' opinion. Each annual general meeting has been taken as an opportunity for the Board members (including chairmen of the committees under the Board), relevant management and external auditor to attend and communicate directly with Shareholders, in-person or online, and to address the questions raised by them. At the annual general meeting held in 2024, the attending Shareholders proactively raised questions and all resolutions proposed were passed with high voting rate. Shareholders, other stakeholders and investors are also welcome to voice their concerns and valuable opinions by way of e-mails, telephone and in writing (details of which are contained on page 3 under the section of "Shareholder Enquiries" of this Annual Report). These will be directed to the Company Secretary and forwarded to the Board.

The Company monitors market news. Designated departments are assigned to deal with price sensitive information, external enquiries, corporate visits, analyst meetings and press releases as well as organizing investor events, in accordance with the Company's Shareholder Communication Policy and to ensure strict compliance with the disclosure obligations and requirements under the Guide on Disclosure of Price-sensitive Information issued by the Stock Exchange. During the year, the Company has reviewed the current Shareholder Communication Policy and considers it to be practical and effective.

Proceedings at General Meeting

The Company has established proceedings at general meetings which are subject to review and amendments according to regulatory requirements from time to time. During the year, at the general meetings of the Company, the chairman of the meeting exercised the power conferred under the articles of association of the Company that all voting for each proposed resolution was conducted by way of poll, with detailed procedures for voting by poll being provided to Shareholders and all questions raised regarding voting being answered as well. Poll results were published by an announcement on the same day of such general meetings after they had been held, while the same were uploaded on the website of the Company and the Stock Exchange for perusal by Shareholders.

Rights of Shareholders

Shareholders who wish to convene an extraordinary general meeting and move a motion thereat shall abide by the provisions under the Companies Ordinance and the articles of association of the Company. Details of the relevant requirements and procedures are set out in the relevant sections of "Corporate Governance" in the Company's website.

Convening a General Meeting

Pursuant to section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all shareholders are entitled to convene a general meeting. The request which may consist of several documents in like form must state the general nature of the business to be dealt with at the general meeting and may include the text of the resolutions proposed. It must be authenticated by the person making such requisition which must be sent to the Company in printed or electronic form for the attention of the Company Secretary.

Moving a Motion at General Meeting

Pursuant to section 615(2) of the Companies Ordinance, (1) shareholders representing at least 2.5% of the total voting rights of all shareholders; or (2) at least 50 shareholders with voting rights at the general meeting concerned may send their duly signed request to the Company in printed or electronic form for the attention of the Company Secretary for matters to be dealt with at a general meeting of the Company.

Recommendations of Director Candidates

Pursuant to article 105 of the articles of association of the Company, if a shareholder intends to nominate a person other than the retiring directors for election as a director at a general meeting, he/she shall deposit a written notice of such nomination to the Company's registered office for the attention of the Company Secretary within a period of seven days commencing on the following day after the dispatch of the notice of such meeting.

Significant Controllers Register

In accordance with the Companies (Amendment) Ordinance 2018, the subsidiaries of the Company incorporated in Hong Kong have set up their respective significant controllers' register. This enhances the transparency of the beneficial ownership of such companies to a certain extent.

Dividend Policy

The Company formulated its Dividend Policy to set out principles for the Board's consideration before making any dividend distribution. According to the Dividend Policy, dividends can only be paid out of profits and the Company may elect to make the distribution in cash, in specie or in scripts. The payout ratio shall be determined at the discretion of the Board, but there is no guarantee for dividend distribution. The decision of dividend distribution (if any) will be made after taking into account the financial, legal, taxation and internal conditions of the Company as well as dividends receivable from subsidiaries and global market condition. Generally speaking, all shares will rank pari passu in terms of dividend entitlement. After considering the plan and proposal of the management, the Board may, at its discretion, propose or decide to distribute interim dividends. Final dividends shall be proposed to the Shareholders for approval.

INVESTOR RELATIONS

In 2024, the Group continued to utilize both online and offline formats for investor relations activities, including holding two results conferences where the management engaged directly with investors both online and in person, and provided live broadcasts. We actively participated in various strategic conferences organized by securities firms and financial medias, such as the investor meetings for listed companies organised by Industrial Securities and Strategic Conference for Hong Kong Stocks hosted by Zhitong Caijing, actively engaging in communication within the capital markets. Additionally, we specifically organized a roadshow aimed at mainland investors in the middle of the year, engaging in extensive discussions with nearly 20 investors from the mainland to promote the Group in the mainland capital market.

During the year, the Group actively communicated with financial medias in Hong Kong and mainland China, proactively seeking exposure opportunities. Meanwhile, we collaborated with financial portals to publish news about the company's performance and major business developments on their platforms, further enhancing the Company's visibility in media market.

Furthermore, the Group has consistently published "SIHL Newsletters" for many years, which complies business developments and corporate updates from the Group and its subsidiaries on a quarterly basis. These "SIHL Newsletters" are proactively distributed to investors and media, and also published on our WeChat official account to expand the scope of publicity.

During the year, we received a number of IR team awards and business-specific awards. In early 2024, the Group won the "Best Information Disclosure Award" and the "Best ESG Rising Star" in the 7th China IR Annual Awards organized by Roadshow China. In October, Bloomberg Businessweek/Chinese Edition once again partnered with Deloitte Touche Tohmatsu to hold the 6th "ESG Leading Enterprises 2024" selection, aiming to recognize listed companies and financial institutions with outstanding ESG performance, encourage companies to implement ESG strategies, and promote sustainable development. The Group's Baoshan Renewable Energy Utilization Center won the "Leading Environmental Initiatives" award. In November, the Group was awarded the "2024 Listed Company Social Responsibility Award" at the 14th Philanthropy Festival and 2024 ESG Influence Annual Conference. Celebrating its 14th anniversary, Philanthropy Festival has become a prominent annual event in the realms of philanthropy and ESG. In December 2024, SIHL was awarded the "Best Infrastructure and Public Utilities Company" at the 9th Zhitong Caijing Capital Market Annual Conference cum Golden Hong Kong Stocks Awards. The acquisition of these awards fully demonstrates the industry's recognition of the Company and further consolidates the Group's positive image in the capital market.

CONSTITUTIONAL DOCUMENTS

During the year, there were no significant changes to the constitutional documents of the Company. The updated Company's articles of association was uploaded on the website of the Company and the Stock Exchange for perusal.

HUMAN RESOURCES

Staff (including Directors) salaries, allowances and bonuses totaled HK$1,915 million for the year (2023: HK$1,894 million). Details of Directors' remuneration paid for the year ended 31 December 2024 are set out in note 11 to the financial statements. The details of the top five highest remuneration of the senior management of the Company by remuneration band for the year ended 31 December 2024 was as follows:

Remuneration by remuneration band (HK$)	2024 Number of individuals
1,000,001 – 2,000,000	3
2,000,001 – 3,000,000	2
	5

By Order of the Board
Yee Foo Hei
Company Secretary

27 March 2025

DIRECTORS' AND SENIOR MANAGEMENT PROFILES

DIRECTORS

Executive Directors

Ms. LENG Wei Qing *Executive Director, Chairlady*

(Appointed on 30 April 2024 ~ Present)

Ms. Leng, aged 56, is an executive director and the chairlady of Shanghai Industrial Investment (Holdings) Company Limited, the chairlady of SIIC Shanghai (Holdings) Limited. Ms. Leng obtained a bachelor's degree in education, an EMBA degree and the qualification of senior economist. She was the deputy head and the head of the Leading Personnel Management Division of Shanghai Municipal State-owned Assets Supervision and Administration Commission, the vice president of Shanghai Electric (Group) Corporation, a member of the Organization Department, head of the Enterprise Personnel Division, and deputy director of the Organization Department of Shanghai Municipal Party Committee, the head of the office at Shanghai Municipal Organization and Establishment Committee and the chairlady and chief executive officer of Shanghai Electric Group Company Limited. She has extensive experience in corporate governance, operations and management as well as human resources. Ms. Leng is a member of the 14th National Committee of the Chinese People's Political Consultative Conference and the honorary chairlady of The Hong Kong Chinese Enterprises Association.

Mr. ZHANG Qian *Executive Director, Chief Executive Officer*

(Appointed on 24 July 2023 ~ Present)

Mr. Zhang, aged 51, is an executive director and the president of Shanghai Industrial Investment (Holdings) Company Limited, a director and the president of SIIC Shanghai (Holdings) Ltd., the chairman of the board of SIIC Shanghai Capital Management Co., Ltd. and a director of certain other subsidiaries of the Group. He obtained a bachelor's degree in economics and a master's degree in business administration and holds the designation of senior economist. Mr. Zhang was a deputy general manager of Shenergy (Group) Co., Ltd. and the deputy general manager and general manager of Shenergy Group Finance Co., Ltd. Mr. Zhang is currently a vice chairman of Shanghai Enterprise Federation. He has extensive experience in finance and corporate management.

Mr. YAO Jia Yong *Executive Director*

(Appointed on 30 April 2024 ~ Present)

Mr. Yao, aged 58, is an executive director of Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), director and the chairman of the trade union of SIIC Shanghai (Holdings) Limited. Mr. Yao obtained a bachelor's degree in medicine and a master's degree in military. He held various management positions at the Second Military Medical University, and served as secretary general of Shanghai Financial Services Office, director and supervisor of SIIC, vice chairman of the board of Shanghai Pharmaceutical (Group) Co., Ltd. and Shanghai Pharmaceuticals Holding Co., Ltd. Mr. Yao is currently an executive director of The Hong Kong Chinese Enterprises Association. He has extensive experience in medicine and finance.

Mr. XU You Li *Executive Director, Deputy CEO, Chief Financial Officer*

(Appointed on 8 August 2024 ~ Present)

Mr. Xu, aged 50, is a vice president, the chief legal counsel, the chief financial officer of Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), a vice president of SIIC Shanghai (Holdings) Ltd., the chairman of the supervisory committee of Shanghai Pharmaceutical (Group) Co., Ltd. and the chairman of SIIC Shanghai (Holdings) Financial Co., Ltd., and a director of certain other subsidiaries of the Group. He graduated from Shanghai University of Finance and Economics and Fudan University with a bachelor's degree in economics and a master's degree in business administration, and holds the designation of senior economist, certified public accountant, certified internal auditor and corporate lawyer. Mr. Xu joined SIIC in November 2009, and was a deputy general manager and the general manager of the internal audit department of SIIC, the chairman of the board of Shanghai Shangtou Asset Management Limited, a vice chairman of the board and the president of SIIC Shanghai Capital Management Co., Ltd. and the chairman of the board of Shanghai Cultural Industries Development and Investment Fund Management Co., Ltd. He has extensive experience in corporate investment and financing, finance and corporate management. He is a vice president of Shanghai Youth Entrepreneurs Association.

Independent Non-executive Directors

Mr. LEUNG Pak To, Francis *Independent Non-Executive Director*

(Appointed on 15 March 1996 ~ Present)

Mr. Leung, aged 70, has over 30 years of experience in corporate finance involving in capital raisings, mergers and acquisitions, corporate restructuring and reorganisation, investments and other general corporate finance advisory activities in Hong Kong and China. In 1980, he graduated with a master's degree in business administration from University of Toronto, Canada.

Mr. YUEN Tin Fan, Francis *Independent Non-Executive Director*

(Appointed on 15 July 2016 ~ Present)

Mr. Yuen, aged 72, is currently the deputy chairman, non-executive non-independent director of Pacific Century Regional Developments Limited and an independent non-executive director of Yixin Group Limited. Mr. Yuen was formerly the chief executive of The Stock Exchange of Hong Kong Limited (1988-1991), deputy chairman and executive director of the Pacific Century Group, deputy chairman and executive director of PCCW Limited, executive chairman of Pacific Century Insurance Holdings Limited and an independent non-executive director of Agricultural Bank of China Limited. Mr. Yuen holds a Bachelor of Arts degree in economics from the University of Chicago. He is the chairman of the board of trustees of the Hong Kong Centre for Economic Research, chairman of the advisory board of Ortus Capital Management Limited, and a trustee emeritus of the board of University of Chicago and a trustee of Fudan University in Shanghai.

SENIOR MANAGEMENT

Mr. LOU Jun

Mr. Lou, aged 53, was appointed as a Deputy CEO of the Company in April 2024. He is a vice president, secretary to the board and the general manager of the board office of Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") and a vice president of SIIC Shanghai (Holdings) Ltd. He is also the chairman of the board of Nanyang Brothers Tobacco Company, Limited, The Wing Fat Printing Company, Limited and South Pacific Hotel (Hong Kong) Limited., and a director of certain other subsidiaries of the Group. Mr. Lou obtained a bachelor's degree in law. He was a deputy director of the general office of the Foreign Affairs Office of the Shanghai Municipal People's Government (Hong Kong and Macao Affairs Office of the Shanghai Municipal People's Government), a director of the general supervision department of the Standing Committee Office of Shanghai Municipal People's Congress, a deputy general manager and general manager of the administration department of SIIC and a director of SIIC. He is a deputy director of Shanghai Work Safety Association and Shanghai State-owned Enterprise Corporate Governance Association and an executive director of The Hong Kong Chinese Enterprises Association. He has extensive experience in administration and corporate management.

Mr. GU Feng

Mr. Gu, aged 53, was appointed as a Deputy CEO of the Company in August 2024. He is the chief finance and investment officer of Shanghai Industrial Investment (Holdings) Company Limited, a vice chairman of the board and the president of SIIC Shanghai Capital Management Co., Ltd. the chairman of the board of SIIC Investment Company Limited and a director of certain other subsidiaries of the Group. He graduated from Shanghai University of Finance and Economics and Tongji University with a bachelor's degree in economics and a master's degree in management, and holds the designation of senior accountant. Mr. Gu was the chief financial officer of SAIC Motor Corporation Ltd. and the chief executive officer of its capital operation department, the general manager of SAIC Motor Hong Kong Investment Company Limited, SAIC Motor Investment and Management Co., Ltd. and Aiways Automobiles Co., Ltd., the chief investment and finance officer of Bailian Group Co., Ltd., a consultant to the chairman of the board of Shanghai Micro Electronics Equipment (Group) Co., Ltd. He has extensive experience in finance and corporate management.

Ms. XU Hui Hua

Ms. Xu, aged 47, was appointed as a Deputy CEO of the Company in February 2023. She is also a general manager of human resources department of Shanghai Industrial Investment (Holdings) Company Limited. She graduated from Fudan University with a postgraduate degree and a master's degree in business administration. She was a director of leadership management department of Shanghai Pharmaceutical (Group) Co., Ltd., the general manager of human resources department of Shanghai Pharmaceuticals Holding Co., Ltd. and executive vice president of Shanghai Pharma University. She has many years' experience in human resources.

PROFESSIONAL STAFF

Mr. YEE Foo Hei, Jackson

Mr. Yee, aged 61, joined the Company in September 2010. He is the Company Secretary and the Chief Legal and Compliance Officer of the Company. He graduated from City Polytechnic of Hong Kong (now City University of Hong Kong) and University of Wolverhampton, UK with a professional diploma in company secretaryship and administration and a LLB degree respectively. Mr. Yee is a fellow member of The Hong Kong Chartered Governance Institute, The Chartered Governance Institute and The Association of Chartered Certified Accountants. Mr. Yee has more than 30 years' practical company secretarial experience in international accountancy firm, multi-national conglomerate and large-scale PRC stated-owned enterprise.

SENIOR MANAGEMENT OF MEMBER COMPANIES

Mr. WANG Zheng

Mr. Wang, aged 56, is the chairman of Shanghai Industrial Development Co., Ltd. He is a chief inspector (major projects) of Shanghai Industrial Investment (Holdings) Company Limited and a director of certain other subsidiaries of the Group. Mr. Wang graduated from Shanghai Urban Construction Vocational Institute with a bachelor's degree in engineering and holds the designation of engineer. He was a deputy head of the Shanghai Huangpu District Housing Construction Office, deputy general manager and chairman of the board of Shanghai Golden Bund (Group) Development Co., Ltd., chairman of the board of Shanghai Huangpu Investment (Group) Development Co., Ltd., general manager and chairman of the board of Shanghai Land Sanlin Riverside Ecological Construction Co., Ltd., chairman of the board of Shanghai Land Longyang Properties Development Co., Ltd. and general manager of China Enterprises Co., Ltd. and has many years' experience in corporation management and real estate development and construction.

Mr. XU Bin

Mr. Xu, aged 56, is a director and the president of Shanghai Industrial Development Co., Ltd. Mr. Xu graduated from PLA Xi'an Political College with a bachelor's degree in economics and management. He was a deputy officer of Shanghai Xuhui District Construction and Transportation Committee, general manager and vice chairman of the board Shanghai West Bund Development (Group) Co., Ltd., director and president of Shanghai Urban Development (Holdings) Co., Ltd. He has many years' experience in corporate management, infrastructure construction, operation and management.

Mr. HUANG Hai Ping

Mr. Huang, aged 59, is a vice president of Shanghai Industrial Investment (Holdings) Company Limited. He is also the chairman of the board of Shanghai Urban Development Group Limited and a director of a subsidiary of the Company. He graduated from the Shanghai Education Institute majoring in political education (undergraduate) and obtained a bachelor's degree in laws from the Shanghai Normal University. He holds the professional title of political engineer. Mr. Huang previously acted as a deputy officer of the Huangpu District Xiaodongmen Road Sub-district Office, officer of the Huangpu District Bansongyuan Road Sub-district Office, director of the Huangpu District Housing and Land Administrative Bureau, leader of the Joint Preparation Group of the Huangpu District Development and Reform Commission, director of the Huangpu District Housing Security and Housing Administrative Bureau, deputy director of the Putuo District Government of Shanghai and vice chairman of the CPC Shanghai Putuo District Committee. He has many years' experience in urban construction and management.

Mr. TANG Jun

Mr. Tang, aged 57, is an executive director and the president of Shanghai Industrial Urban Development Group Limited. He graduated from University of South Australia with a master's degree in business administration and holds the designation of senior auditor, and is an associate of The Chinese Institute of Certified Public Accountants. Mr. Tang was an Executive Director of the Company, the general manager of the internal audit department and deputy general manager of the finance and planning department of Shanghai Industrial Investment (Holdings) Company Limited, a director and the president of Shanghai Industrial Development Co., Ltd. and the Deputy Director of the Foreign Funds Utilization Audit Department of the Shanghai Municipal Audit Office, and has many years' practical experience in the fields of auditing and finance.

Mr. ZHOU Yu Ding

Mr. Zhou, aged 51, is a chief inspector of Shanghai Industrial Investment (Holdings) Company Limited and the general manager of its asset management department. He is also an executive director and the chairman of SIIC Environment Holdings Ltd. and a director of certain other subsidiaries of the Group. Mr. Zhou graduated from Fudan University with a master's degree in management information systems. Mr. Zhou is also a director of Shanghai Research Institute of Building Sciences Group Co., Ltd., a supervisor of Shanghai Pharmaceutical (Group) Co., Ltd., chairman of the board of SIIC Asset & Operation Co., Ltd. and Shanghai Fudan Water Engineering and Technology Co., Ltd., a director of Shanghai Galaxy Investment Co., Ltd., SIIC Shanghai Capital Management Co., Ltd. and Tianjin Trust Co., Ltd., Shanghai State-owned Capital Investment Parent Fund Co., Ltd. He served in a number of significant positions, including but not limited to the deputy director of the office of Shanghai Municipal State-owned Assets Supervision and Administration Commission, the deputy director of the allocation and guarantee division, the deputy director of the property rights management division and the director of the comprehensive coordination division of Shanghai Municipal State-owned Assets Supervision and Administration Commission. He is a senior economist of PRC, and has extensive experience in corporate management and asset management.

Mr. JI Guang Lin

Mr. Ji, aged 50, an executive director and the chief executive officer of SIIC Environment Holdings Ltd. He graduated from Tsinghua University and Fudan University with a master's degree in law and a doctoral degree in philosophy and holds the designation of senior economist. Mr. Ji was the general manager of the trading department of the Shanghai United Assets and Equity Exchange, general manager of the strategic planning department and deputy chief economist of Shanghai Chengtou Group Co., Ltd., chairman of the board of Shanghai Chengtou Asset Management (Group) Co., Ltd., chairman of the board and president of Shanghai Chengtou Holdings Co., Ltd., chairman of the board of Tianjin Capital Environmental Protection Group Company Limited and deputy general manager (professional manager), chief legal counsel and chief compliance officer of Tianjin Urban Instructure Construction Investment Group Co., Ltd. He has many years' experience in environmental and water affairs.

Mr. ZHANG Jie

Mr. Zhang, aged 51, is a director and the general manager of SIIC Management (Shanghai) Limited. He graduated from Shanghai University of Engineering Science and obtained a master's degree in business administration from University of South Australia. Mr. Zhang was a deputy general manager of the asset operation department of Shanghai Industrial Investment (Holdings) Company Limited. He has many years' experience in corporate management and asset management.

Mr. DAI Wei Wei

Mr. Dai, aged 55, is a director and the chairman of Shanghai Luqiao Development Co., Ltd. ("Shanghai Luqiao"), Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. ("Hu-Ning Expressway"), and Shanghai Shen-Yu Development Co., Ltd. (Shanghai Shen-Yu) and a director of certain other subsidiaries of the Group. He graduated from Shanghai Tongji University and Fudan University and obtained a bachelor's degree in engineering and a master's degree in business administration, and holds the designation of senior engineer. Mr. Dai was the managing director of SIIC Management (Shanghai) Limited and the chief representative of Shanghai Representative Office of the Company, a director and the general manager of Hu-Ning Expressway and Shanghai Shen-Yu, a director of Shanghai Luqiao and worked in Shanghai Mass Transit Railway Corporation, Shanghai Municipal Engineering Administration and Shanghai Jiajin Highway Development Co., Ltd. He has many years' experience in infrastructure construction and operation and corporate management.

Mr. GU Yao Zhong

Mr. Gu, aged 56, is a director and the general manager of Shanghai Luqiao Development Co., Ltd., Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. ("Hu-Ning Expressway"), and Shanghai Shen-Yu Development Co., Ltd., chairman of the board of Shanghai Jiyun Infrastructure Construction Co., Ltd. and vice chairman of the board of Ningbo Hangzhou Bay Bridge Management Co., Ltd. Mr. Gu graduated from Shanghai University (formerly Shanghai Vocational College of Science and Technology), and obtained a bachelor's degree in engineering and holds the designation of mid-level engineer. He was a manager of the engineering department of Shanghai Pujiang Bridge and Tunnel Operation and Management Co., Ltd. and deputy general manager of Hu-Ning Expressway. He has many years' experience in operation management and maintenance of bridge, tunnel and highway.

Mr. ZHANG Yao Hua

Mr. Zhang, aged 51, is a director and the general manager of Nanyang Brothers Tobacco Company, Limited and a director of a subsidiary of the Company. He graduated from Fudan University and Shanghai National Accounting Institute with a bachelor's degree in science and a master's degree in professional account (MPAcc) and holds the designation of senior engineer and economist. Mr. Zhang was a vice president of Shanghai Pharmaceutical Group Co., Ltd. and has extensive experience in corporate management.

Mr. ZHAO Lei

Mr. Zhao, aged 48, is a director and the president of The Wing Fat Printing Company, Limited and a director of a subsidiary of the Company. He graduated from East China Normal University with a bachelor's degree in law. Mr. Zhao was a deputy general manager of the human resources department of Shanghai Industrial Investment (Holdings) Company Limited and a director and the general manager of The Tien Chu (Hong Kong) Company Limited and has extensive experience in enterprise management.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the businesses of infrastructure and environmental protection, comprehensive healthcare operations, real estate and consumer products.

PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of the principal subsidiaries, joint ventures and associates of the Company as at 31 December 2024 are set out in notes 46, 47 and 48 to the consolidated financial statements respectively.

BUSINESS REVIEW

A fair review of the Group's business including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, is set out in the section of "Business Review, Discussion and Analysis" set out on pages 14 to 30 of this Annual Report.

Disclosures relating to the compliance with relevant laws and regulations which have a significant impact on the Group, as well as its relationships with its major stakeholders are included in the "Corporate Governance Report" on pages 38 to 51 of this Annual Report.

Such discussion forms part of this Directors' Report.

DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the Group's financial position at 31 December 2024 are set out in the Group's consolidated financial statements on pages 71 to 180 of this Annual Report.

In respect of the interim dividend for the year, the Company completed the payment of HK42 cents per Share to the Shareholder (2023: HK42 cents per Share). The Directors recommend the payment of a final dividend of HK52 cents per Share to the Shareholders whose names appear on the register of members of the Company on 6 June 2025.

FINANCIAL SUMMARY

A summary of the financial information of the Group for the year ended 31 December 2024 and the previous four years is set out on page 181 of this Annual Report.

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 35 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 December 2024 represented retained profits of HK$21,436,548,000 (2023: HK$20,584,347,000).

DIRECTORS

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

Executive Directors

Leng Wei Qing *(Chairlady)*	(Appointed on 30 April 2024)
Zhang Qian *(Chief Executive Officer)*	
Yao Jia Yong	(Appointed on 30 April 2024)
Xu You Li *(Deputy CEO and Chief Financial Officer)*	(Appointed on 8 August 2024)
Shen Xiao Chu	(Resigned on 30 April 2024)
Shu Dong	(Resigned on 30 April 2024)

Independent Non-Executive Directors

Leung Pak To, Francis	
Yuen Tin Fan, Francis	
Woo Chia-Wei	(Passed away on 2 March 2025)

Ms. Leng Wei Qing was appointed as an an Executive Director and the Chairlady of the Company with effect from 30 April 2024.

Mr. Zhang Qian has been re-designated as the Chief Executive Officer of the Company with effect from 30 April 2024.

Mr. Yao Jia Yong was appointed as an an Executive Director with effect from 30 April 2024.

Mr. Shen Xiao Chu resigned as an Executive Director and the Chairman of the Company with effect from 30 April 2024 due to the reason of age.

Mr. Shu Dong resigned as an Executive Director with effect from 30 April 2024 due to deployment of work arrangement.

Mr. Xu You Li was appointed as an an Executive Director, Deputy CEO and Chief Financial Officer of the Company with effect from 8 August 2024.

Prof. Woo Chia-Wei, a former Independent Non-Executive Director of the Company, passed away on 2 March 2025.

The biographical details of the Directors are set out on pages 52 to 53 of this Annual Report. Details of Directors' emoluments are set out in note 11 to the consolidated financial statements.

In accordance with the Company's articles of association, the Directors (including the Independent Non-Executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Zhang Qian and Mr. Yuen Tin Fan, Francis shall retire by rotation at the forthcoming annual general meeting. Both of them, being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

In accordance with the articles of association of the Company, Mr. Xu You Li who was newly appointed as Director during the year shall retire at the forthcoming annual general meeting. He, being eligible, has offered himself for re-election at the forthcoming annual general meeting.

DIRECTORS OF THE SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2024 and up to the date of this report are available on the website of the Company.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2024 and up to the date of this report, the Company has in force permitted indemnity provisions for the benefits of the directors of the Company (including former directors) or of its associated companies.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY

Neither the Company nor a specified undertaking (within the meaning of the Hong Kong Companies Ordinance) of the Company was a party to any other arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during or at the end of the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts that are significant in relation to the Group's business, to which the Company or a specified undertaking (within the meaning of the Hong Kong Companies Ordinance) of the Company was a party and in which a person who at any time in the year was a director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the interests and short positions of the substantial Shareholders and other persons, in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name of Shareholder	Capacity	Nature of interests	Number of issued Shares beneficially held	Approximate percentage of the issued Shares
SIIC	Interests held by controlled corporations	Corporate	686,654,748 *(Notes 1 and 2)*	63.16%

Notes:

1. SIIC through its wholly-owned subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC Trading Company Limited and SIIC CM Development Limited held 519,409,748 Shares, 80,000,000 Shares, 52,908,000 Shares, 34,327,000 Shares and 10,000 Shares respectively, and was accordingly deemed to be interested in the respective Shares held by the aforementioned companies.

2. All interests stated above represent long positions.

Save as disclosed above, no other persons had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO as at 31 December 2024.

CONNECTED TRANSACTIONS

The following connected transactions and continuing connected transactions (other than those exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules) were entered into between the Group and its connected persons and/or were subsisting during the year ended 31 December 2024:

1. Provision of assets management services by Shanghai Galaxy

On 19 August 2021, 上海滬寧高速公路(上海段)發展有限公司 ("Hu-Ning Expressway"), 上海路橋發展有限公司 ("Luqiao Development"), 上海申渝公路建設發展有限公司 ("Shanghai Shen-Yu") and 永發印務(東莞)有限公司 ("WF Dongguan") (together the "Relevant Companies" and each the "Relevant Company"), entered into an asset management entrustment agreement (together the "2021 Entrustment Agreements"), respectively, with Shanghai Galaxy to renew the previous entrustment arrangement for engaging Shanghai Galaxy to manage its assets for a further term of three years from the date when Shanghai Galaxy served a written notice to the Relevant Companies requesting for the provision of the initial entrustment fund under the respective 2021 Entrustment Agreements (the "Commencement Date") to the date immediately prior to the third anniversary of the Commencement Date (the "Expiry Date").

Each Relevant Company should provide at least RMB10,000,000 as the initial entrustment fund. The total maximum amount of the entrustment fund to be provided by all the Relevant Companies should be no more than RMB500,000,000, provided that: (i) the maximum amount of entrustment fund from each of Hu-Ning Expressway, Luqiao Development and Shanghai Shen-Yu should not exceed RMB500,000,000; and (ii) the maximum amount of entrustment fund from WF Dongguan should not exceed RMB200,000,000.

Shanghai Galaxy should pay guaranteed returns calculated on a daily basis at the rate of 5% per annum on the accumulated principal of the entrustment funds. The annual caps for the aggregate amount of guaranteed returns payable to the Relevant Companies by Shanghai Galaxy under the 2021 Entrustment Agreements would be RMB9,247,000 for the period from the Commencement Date to 31 December 2021, RMB25,000,000 for the financial year ended 31 December 2022, RMB25,000,000 for the financial year ended 31 December 2023 and RMB25,000,000 for the period from 1 January 2024 to the Expiry Date.

If there was any revenue surplus after making the above distribution and deducting all taxes and expenses, such sum shall be divided between Shanghai Galaxy and the Relevant Companies on a 50:50 basis. 50% of the revenue surplus should be distributed among the Relevant Companies based on the amount of entrustment funds entrusted and the duration of entrustment. The annual caps for the aggregate amount of revenue surplus payable to the Relevant Companies or Shanghai Galaxy under the 2021 Entrustment Agreements would be RMB9,247,000 for the period from the Commencement Date to 31 December 2021, RMB25,000,000 for the financial year ended 31 December 2022, RMB25,000,000 for the financial year ended 31 December 2023 and RMB25,000,000 for the period from 1 January 2024 to the Expiry Date.

As SIIC, the controlling Shareholder, through its wholly-owned subsidiary, held 10% of the registered capital of Shanghai Galaxy and exercised the authority as a state-owned shareholder of SIIC Shanghai (Holdings) Co., Ltd. ("SIIC Shanghai"), which in turn was a state-owned enterprise holding 45% of the registered capital of Shanghai Galaxy, Shanghai Galaxy was an associate of SIIC and a connected person of the Company.

2. Shareholder's loan facility provided by Hu-Ning Expressway to Shanghai Galaxy

Reference was made to a shareholder's loan facility in an aggregate principal amount of up to RMB500,000,000 made available by Hu-Ning Expressway to Shanghai Galaxy for a term of three years from 21 January 2016. As the above shareholder's loan facility expired on 20 January 2019, Hu-Ning Expressway agreed to extend such facility on substantially the same terms for a further term of three years from 21 January 2019 to 20 January 2022 (the "2019 Shareholder's Loan Facility").

As the 2019 Shareholder's Loan Facility expired on 20 January 2022, Hu-Ning Expressway agreed to extend the 2019 Shareholder's Loan Facility available to Shanghai Galaxy in an aggregate principal amount of up to RMB500,000,000 on substantially the same terms for a further term of three years from 21 January 2022 to 20 January 2025 (the "Renewed Shareholder's Loan Facility"). The Board approved the Renewed Shareholder's Loan Facility on 8 November 2021.

Under the Renewed Shareholder's Loan Facility, Hu-Ning Expressway should upon request provide term loan(s) to Shanghai Galaxy during the said term of the Renewed Shareholder's Loan Facility, and the relevant loan amount should be determined on a case-by-case basis based on the purpose of use, with the maximum amount representing the unutilised portion of the Renewed Shareholder's Loan Facility. The duration of each term loan will be negotiated on a case-by-case basis. Each term loan will expire by the end of the three-year period from 21 January 2022, i.e. 20 January 2025.

Interest under the Renewed Shareholder's Loan Facility should be the benchmark interest rate of RMB denominated loans for the same period as announced by the People's Bank of China, subject to the negotiation and agreement between the parties at the time of each drawdown. Amounts advanced under a loan should be repaid at maturity. Shanghai Galaxy might repay the principal amount prior to the maturity date of the loan. Interest should be repaid on a semi-annual basis.

The annual cap of the Renewed Shareholder's Loan Facility for each of the financial years ended 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025 was RMB500,000,000, which was determined based on the possible maximum loan amount that could be granted under the Renewed Shareholder's Loan Facility.

In respect of each term loan, individual loan agreement(s) would be entered into between Hu-Ning Expressway and Shanghai Galaxy setting out the interest rate as agreed, the loan amount and the repayment term before the drawdown.

Hu-Ning Expressway, SIIC (through its wholly-owned subsidiary) and SIIC Shanghai held 45%, 10% and 45% of the registered capital of Shanghai Galaxy, respectively. As mentioned above, Shanghai Galaxy was an associate of SIIC and a connected person of the Company.

3. Lease agreements – Tuen Mun Lease Agreement and Harcourt Lease Agreement

On 2 January 2024, Nanyang Tobacco (an indirect wholly-owned subsidiary of the Company) and the Company, as tenants, entered into the lease agreements (i.e. the lease agreement relating to a 16-storey property situated at No. 9 Tsing Yeung Circuit, Tuen Mun, New Territories, Hong Kong (the "Tuen Mun Lease Agreement"), and the tenancy agreement relating to a property situated at the whole of 26th Floor and a portion of 27th Floor of Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong (the "Harcourt Tenancy Agreement")) with Nanyang Enterprises Properties Limited ("Nanyang Enterprises") and International Hope Limited ("International Hope") respectively, as landlords, with a term commencing from 1 January 2024 to 31 December 2024 (both days inclusive) to renew the previous lease agreements, both of which expired by 31 December 2023, for the operation of the Group.

The monthly rentals (exclusive of rates, management fee and other outgoings) under the Tuen Mun Lease Agreement and the Harcourt Tenancy Agreement were HK$2,750,000 and HK$937,400 respectively. The annual caps, which represented the sum of (a) the rental payable by Nanyang Tobacco to Nanyang Enterprises under the Tuen Mun Lease Agreement for the period from 1 January 2024 to 31 December 2024 in the amount of HK$33,000,000, and (b) the rental payable by the Company to International Hope under the Harcourt Tenancy Agreement for the year from 1 January 2024 to 31 December 2024 in the amount of HK$11,248,800, were HK$44,248,800.

As Nanyang Enterprises and International Hope were wholly-owned subsidiaries of SIIC, they were associates of SIIC and connected persons of the Company.

4. Supply of printed packaging materials for pharmaceutical products by Wing Fat Group

On 27 October 2023, Wing Fat Printing, an indirect non-wholly owned subsidiary of the Company, entered into a procurement framework agreement (the "PF Agreement") with Shanghai Pharmaceuticals Holding for a term of one year commencing from 1 January 2024 and ended on 31 December 2024. Pursuant to the PF Agreement, any members of the Wing Fat Group (i.e. Wing Fat Printing and its subsidiaries from time to time) might enter into an individual procurement agreement(s) (the "Individual Agreement(s)") with any members of the SPH Group (i.e. Shanghai Pharmaceuticals Holding and its subsidiaries and 30% controlled companies from time to time) to supply printed packaging materials for pharmaceutical products, subject to the annual cap of the procurement amount.

The procurement amount chargeable by the Wing Fat Group for the supply of printed packaging materials for pharmaceutical products shall be determined after arm's length negotiations between the parties with reference to various factors for each Individual Agreement, including (among others) the prevailing market price, type and quantity of printed packaging materials, specifications, complexity of tasks involved and delivery date, to ensure that the amount is in line with the market price. The specific payment arrangement shall be set out in the Individual Agreements.

The annual cap for the total procurement amount payable by the SPH Group to the Wing Fat Group with respect to the transactions contemplated under the PF Agreement for the financial year ended 31 December 2024 was RMB90,000,000.

As Shanghai Pharmaceuticals Holding was a subsidiary of SIIC, it was an associate of SIIC and a connected person of the Company.

5. **Property Lease Agreement**

On 16 July 2024, Shanghai Urban Development (Holdings) Co., Ltd. ("Shanghai Urban Development"), an indirect non-wholly owned subsidiary of the Company, entered into a property leasing agreement with Shanghai Huanyu Urban Investment and Development Co., Ltd. ("Shanghai Huanyu") for the lease of the property located at Block 5, No. 2763 Longteng Avenue, Xuhui District, Shanghai, the PRC for use as the offices of Shanghai Urban Development and its subsidiaries (the "Property Lease Agreement"), with an initial term of five years from 1 May 2024 to 30 April 2029. Shanghai Urban Development has the right to extend the term for a further five years upon expiry of the initial term.

The rent payable by Shanghai Urban Development and its subsidiaries is RMB16,225,993 per annum (exclusive of property management fees and water, communication and electricity charges, which shall be borne by Shanghai Urban Development), payable quarterly. Shanghai Urban Development would lease 20 parking spaces from Shanghai Huanyu at a rate of RMB600 per month per space.

Shanghai Huanyu is a company wholly-owned by the State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC"). Xuhui SASAC is a substantial shareholder of Shanghai Urban Development, holding 41% equity interest in Shanghai Urban Development. Accordingly, Shanghai Huanyu is an associate of Xuhui SASAC and a connected person of the Company at the subsidiary level.

Pursuant to Rule 14A.56 of the Listing Rules, the Directors engaged the auditor of the Company to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions to the Board in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

The auditor's letter has confirmed that nothing has come to their attention that has caused them to believe that the continuing connected transactions:

(i) have not been approved by the Board;

(ii) for the transactions involving the provision of goods or services by the Group, were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and

(iv) with respect to each of the aforesaid continuing connected transactions, have exceeded their respective annual caps set by the Company.

In respect of the continuing connected transactions, the Company has followed the policies and guidelines as laid down in the guidance letter HKEX-GL73-14 issued by the Stock Exchange when determining the price and terms of the transactions conducted during the financial year ended 31 December 2024.

The Independent Non-Executive Directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transactions have been entered into by the Company in the ordinary and usual course of its business, on normal commercial terms, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

RELATED PARTY TRANSACTIONS

The Company confirms that it has complied with all the requirements under Chapter 14A of the Listing Rules in respect of the transactions disclosed in the section headed "Connected Transactions" of the Directors' Report in this report, which were also classified as related party transactions of the Group and set out in paragraph (I) of note 43 to the consolidated financial statements in this report. Details of such related party transactions for the year are set out in paragraph (I) of note 43 to the consolidated financial statements. During the year ended 31 December 2024, the Group also entered into other related party transactions which did not constitute connected transactions and are not subject to reporting, announcement, circular or independent shareholders' approval requirements under Chapter 14A of the Listing Rules, particulars of which are set out in paragraphs (II) and (III) of note 43 to the consolidated financial statements in this report.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

During the year ended 31 December 2024, SI Urban Development, a subsidiary of the Company, bought back a total of 9,368,000 of its own ordinary shares on the Stock Exchange for a total consideration of HK$3,317,670, and all of which were cancelled on 26 March 2024.

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

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$1,328,000.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 42 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this Annual Report, based on publicly available information and within the knowledge of the Directors, 36.84% of the issued share capital of the Company is held by the public.

The Company has maintained a sufficient public float throughout the year ended 31 December 2024.

CORPORATE GOVERNANCE

The corporate governance principles and practices adopted by the Company are set out in the Corporate Governance Report on pages 38 to 51 of this Annual Report.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Leng Wei Qing
Chairlady

Hong Kong, 27 March 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE MEMBERS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED
上海實業控股有限公司
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Industrial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 71 to 180, 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 HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with 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 MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties We identified the valuation of investment properties as a key audit matter due to its significance to the consolidated financial statements as a whole and the significant judgment and estimation associated with determining the fair values of investment properties. As disclosed in note 14 to the consolidated financial statements, the fair values of the Group's investment properties amounted to HK$34,681,718,000 as at 31 December 2024 with a net decrease in fair value of investment properties of HK$779,480,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended under the line item "other income, gains and losses". The fair values of the Group's investment properties as at 31 December 2024 have been arrived at on the basis of valuations carried out by an independent qualified professional valuer (the "Valuer"). Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in note 14 to the consolidated financial statements. The fair values are dependent on certain key inputs that involve judgment and estimation made by the management of the Group together with the Valuer, including, among other factors, reversionary yield derived from market rent, the transaction price of comparable properties in the same location and market price of comparable properties in the similar locations.	Our procedures in relation to the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuer; • Obtaining an understanding from the Valuer and the management of the Group on the valuation process to understand significant assumptions adopted and inputs used in the valuation; • Evaluating the appropriateness of the valuation methodologies by matching the nature of the properties and the availability of comparable market transactions and information against the valuation methodologies applied; and • Assessing the reasonableness of key inputs used by the Valuer in the valuation models by referring, on a sample basis, to the comparable market transactions and other market data.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of the net realisable value ("NRV") of properties held for sale ("PHFS") and properties under development held for sales ("PUD") We identified assessment of the NRV of the Group's PHFS and PUD with impairment indicators ("the Concerned Properties"), as a key audit matter due to the significant judgment and estimation associated. As disclosed in note 26 to the consolidated financial statements, as at 31 December 2024 the Group has PHFS and PUD of HK$12,906,802,000 and HK$10,858,856,000 respectively, of which an amount of HK$7,506,243,000 is referring to as the Concerned Properties. The impairment loss in respect of the Concerned Properties amounting to HK$909,544,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year. The management of the Group determined whether the properties are with impairment indicators by reference to the cities and locations where the properties are located, the pre-sale status and other relevant market factors. The management of the Group assessed the NRV of the Concerned Properties as at 31 December 2024 by reference to the valuation reports prepared by independent qualified professional valuers (the "Valuers"). The valuations are dependent on certain key inputs that involve judgment and estimation made by the management of the Group together with the Valuers including, among other factors, transaction price of comparable properties in the similar or same locations and adjustments made according to nature of each property and its specific location and conditions.	Our procedures in relation to the assessment of the NRV of the Concerned Properties included: • Understanding and evaluating the appropriateness of the process adopted by the management of the Group in identifying properties with impairment indicators from the Group's properties portfolio (i.e. the Concerned Properties); • Assessing the competence, capabilities and objectivity of the Valuers; • Discussing with the Valuers on the valuation process to understand the performance of property markets, significant assumptions adopted and inputs used in the valuation; • Evaluating the appropriateness of the valuation methodologies adopted in the valuation model; and • Assessing the reasonableness of the key inputs used by the valuers in the valuation models by referring, on a sample basis, to the available market information such as transaction prices of comparable properties and the factors supporting the adjustments made.

OTHER INFORMATION

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and 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 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- 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.

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 Leung Po Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Revenue	5	**28,917,697**	32,697,955
Cost of sales		**(21,016,595)**	(19,908,262)
Gross profit		**7,901,102**	12,789,693
Net investment income	6	**695,979**	680,427
Other income, gains and losses		**(440,228)**	(318,668)
Selling and distribution costs		**(858,838)**	(978,084)
Administrative and other expenses		**(2,229,550)**	(2,132,501)
Finance costs	7	**(2,025,003)**	(2,332,342)
Share of results of joint ventures		**276,559**	339,999
Share of results of associates		**233,443**	437,061
Gain on disposal of interests in associates/a joint venture/ subsidiaries and liquidation of a subsidiary	8	**1,348,905**	254,982
Profit before taxation		**4,902,369**	8,740,567
Income tax expense	9	**(1,900,045)**	(4,214,900)
Profit for the year	10	**3,002,324**	4,525,667
Profit for the year attributable to			
– Owners of the Company		**2,807,653**	3,423,695
– Non-controlling interests		**194,671**	1,101,972
		3,002,324	4,525,667
		HK$	HK$
Earnings per share	13		
– Basic		**2.582**	3.149
– Diluted		**2.582**	3.149

The notes on pages 80 to 180 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**3,002,324**	4,525,667
Other comprehensive expense		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
– subsidiaries	**(1,924,456)**	(1,990,691)
– joint ventures	**(554,175)**	(426,214)
– associates	**(131,182)**	(208,724)
Items that will not be reclassified to profit or loss		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	**(70)**	(13,961)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	**10,541**	–
Other comprehensive expense for the year	**(2,599,342)**	(2,639,590)
Total comprehensive income for the year	**402,982**	1,886,077
Total comprehensive income for the year attributable to		
– Owners of the Company	**1,404,841**	2,073,174
– Non-controlling interests	**(1,001,859)**	(187,097)
	402,982	1,886,077

The notes on pages 80 to 180 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-Current Assets			
Investment properties	14	**34,681,718**	35,713,121
Property, plant and equipment	15	**6,244,781**	6,966,765
Right-of-use assets	16	**728,106**	606,173
Toll road operating rights	17	**3,740,466**	4,668,682
Goodwill	18	**517,743**	533,783
Other intangible assets	19	**12,143,540**	9,620,636
Interests in joint ventures	20	**10,791,679**	11,361,857
Interests in associates	21	**5,829,427**	7,152,903
Investments	22	**3,375,350**	2,079,155
Receivables under service concession arrangements	23	**22,554,450**	24,789,341
Deposits paid on acquisition of non-current assets	24	**62,817**	454,286
Deferred tax assets	25	**173,110**	197,800
Bank deposits	29	**1,679,438**	–
		102,522,625	104,144,502
Current Assets			
Inventories	26	**25,260,917**	33,908,088
Trade and other receivables	27	**11,731,030**	11,229,393
Contract assets	28	**57,035**	83,487
Investments	22	**225,532**	242,527
Receivables under service concession arrangements	23	**968,486**	986,928
Prepaid taxation		**797,875**	685,336
Pledged bank deposits	29	**211,619**	183,023
Bank deposits	29	**5,781,414**	2,382,773
Cash and cash equivalents	29	**20,841,493**	25,225,026
		65,875,401	74,926,581
Assets classified as held for sale	36	**114,667**	240,529
		65,990,068	75,167,110

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Current Liabilities			
Trade and other payables	30	**16,091,478**	19,057,555
Lease liabilities	34	**51,606**	53,860
Contract liabilities	31	**1,395,294**	8,482,575
Deferred income	32	**466,506**	455,386
Taxation payable		**2,958,783**	4,828,751
Bank and other borrowings	33	**19,205,072**	14,546,529
		40,168,739	47,424,656
Net Current Assets		**25,821,329**	27,742,454
Total Assets less Current Liabilities		**128,343,954**	131,886,956
Capital and Reserves			
Share capital	35	**13,649,839**	13,649,839
Reserves		**33,920,666**	32,953,201
Equity attributable to owners of the Company		**47,570,505**	46,603,040
Non-controlling interests		**30,722,825**	30,857,063
Total Equity		**78,293,330**	77,460,103
Non-Current Liabilities			
Provision for major overhauls	23	**78,126**	80,567
Deferred income	32	**1,757,258**	2,287,488
Bank and other borrowings	33	**40,274,021**	44,116,832
Deferred tax liabilities	25	**7,705,109**	7,830,565
Lease liabilities	34	**236,110**	111,401
		50,050,624	54,426,853
Total Equity and Non-Current Liabilities		**128,343,954**	131,886,956

The notes on pages 80 to 180 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 71 to 180 were approved and authorised for issue by the board of directors on 27 March 2025 and are signed on its behalf by:

Zhang Qian
Chief Executive Officer

Xu You Li
Deputy Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	Other revaluation reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Merger reserve HK$'000 (Note iii)	Investment revaluation reserves HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000 (Note iv)	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	13,649,839	34,829	(783,445)	(5,922,094)	147,419	(28,077)	3,301,354	35,124,196	45,524,021	31,269,890	76,793,911
Profit for the year	–	–	–	–	–	–	–	3,423,695	3,423,695	1,101,972	4,525,667
Exchange differences arising on translation of foreign operations											
– subsidiaries	–	–	–	–	–	(855,768)	–	–	(855,768)	(1,134,923)	(1,990,691)
– joint ventures	–	–	–	–	–	(318,674)	–	–	(318,674)	(107,540)	(426,214)
– associates	–	–	–	–	–	(170,101)	–	–	(170,101)	(38,623)	(208,724)
Fair value change on equity investments at fair value through other comprehensive income held by subsidiaries, net of tax	–	–	–	–	(5,978)	–	–	–	(5,978)	(7,983)	(13,961)
Total comprehensive (expense) income for the year	–	–	–	–	(5,978)	(1,344,543)	–	3,423,695	2,073,174	(187,097)	1,886,077
Transfers	–	–	–	–	–	–	267,576	(267,576)	–	–	–
Acquisition of additional interest in non-wholly owned subsidiaries	–	–	32,099	–	–	–	–	–	32,099	(280,659)	(248,560)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	553,747	553,747
Disposal of equity instruments at fair value through other comprehensive income held by a subsidiary	–	–	–	–	(1,048)	–	–	388	(660)	660	–
Dividends recognised as distribution (note 12)	–	–	–	–	–	–	–	(1,000,235)	(1,000,235)	–	(1,000,235)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(523,513)	(523,513)
Repurchase and cancellation of their own shares by a listed subsidiary	–	–	(570)	–	–	–	–	–	(570)	(754)	(1,324)
Transfer upon liquidation of a subsidiary	–	–	–	–	–	18,629	(37,025)	(6,393)	(24,789)	24,789	–
At 31 December 2023	13,649,839	34,829	(751,916)	(5,922,094)	140,393	(1,353,991)	3,531,905	37,274,075	46,603,040	30,857,063	77,460,103

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	Other revaluation reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Merger reserve HK$'000 (Note iii)	Investment revaluation reserves HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000 (Note iv)	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2024	13,649,839	34,829	(751,916)	(5,922,094)	140,393	(1,353,991)	3,531,905	37,274,075	46,603,040	30,857,063	77,460,103
Profit for the year	–	–	–	–	–	–	–	2,807,653	2,807,653	194,671	3,002,324
Exchange differences arising on translation of foreign operations											
– subsidiaries	–	–	–	–	–	(965,847)	–	–	(965,847)	(958,609)	(1,924,456)
– joint ventures	–	–	–	–	–	(407,474)	–	–	(407,474)	(146,701)	(554,175)
– associates	–	–	–	–	–	(92,954)	–	–	(92,954)	(38,228)	(131,182)
Fair value change on equity investments at fair value through other comprehensive income held by subsidiaries, net of tax	–	–	–	–	60,781	–	–	–	60,781	(60,851)	(70)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	–	2,682	–	–	–	–	–	–	2,682	7,859	10,541
Total comprehensive income (expense) for the year	–	2,682	–	–	60,781	(1,466,275)	–	2,807,653	1,404,841	(1,001,859)	402,982
Transfers	–	–	–	–	–	–	374,910	(374,910)	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	1,084	1,084
Disposal of equity instruments at fair value through other comprehensive income held by a subsidiary	–	–	–	–	(1,762)	–	–	2,986	1,224	(1,224)	–
Disposal of a subsidiary (note 37)	–	–	–	–	–	–	–	–	–	(15,382)	(15,382)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(424,764)	(424,764)
Dividends recognised as distribution (note 12)	–	–	–	–	–	–	–	(1,021,979)	(1,021,979)	–	(1,021,979)
Impact of change in functional currency by a listed subsidiary	–	–	–	–	–	(5,235)	–	5,985	750	(750)	–
Repurchase of their own shares by a listed subsidiary	–	–	(1,692)	–	–	–	–	–	(1,692)	(2,231)	(3,923)
Transfer upon liquidation of Shanghai Longchuang, (as defined in note 37)	–	–	–	–	–	–	–	–	–	86,521	86,521
Transfer upon liquidation of a subsidiary	–	(3,852)	73,007	–	–	521	(890)	(1,347)	67,439	362	67,801
Deem distribution received from SIIC, (as defined in (Note ii)) (note 37)	–	–	516,882	–	–	–	–	–	516,882	1,224,005	1,740,887
At 31 December 2024	13,649,839	33,659	(163,719)	(5,922,094)	199,412	(2,824,980)	3,905,925	38,692,463	47,570,505	30,722,825	78,293,330

Notes:

(i) Other revaluation reserve is comprised of i) fair value adjustments on acquisition of subsidiaries relating to interests previously held by the Company and its subsidiaries (collectively referred to as the "Group") as associates/joint ventures, which will be recognised in profit or loss upon the earlier of the disposal of that subsidiaries or the disposal by that subsidiaries of the assets to which it relates and ii) fair value adjustments arising upon the transfer of property, plant and equipment to investment properties.

(ii) The Group accounts for acquisitions of associates, joint ventures or investee companies from its ultimate parent, Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), as equity transactions and any difference between the consideration paid and the fair value of the interest acquired is recorded in other reserve. In addition, the Group accounts for changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over those subsidiaries as equity transactions and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received was recorded in other reserve. The other reserve also includes deemed contributions from SIIC for the waiver of shareholder loans granted to a subsidiary of the Group.

(iii) Merger reserve represents the difference between the fair value of the consideration paid to SIIC for the acquisition of subsidiaries/businesses controlled by SIIC and the share capital of the acquired subsidiaries.

(iv) The statutory reserves are reserves required by the relevant laws in the People's Republic of China (the "PRC") applicable to the Group's PRC subsidiaries, joint ventures and associates.

The notes on pages 80 to 180 are in integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**4,902,369**	8,740,567
Adjustments for:			
Amortisation of other intangible assets		**585,289**	383,878
Amortisation of toll road operating rights		**786,667**	742,142
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**8,794**	27,308
Decrease (increase) in fair value of investment properties		**779,480**	(101,360)
Depreciation of property, plant and equipment		**566,457**	498,784
Depreciation of right-of-use assets		**77,707**	66,870
Dividend income from financial assets at FVTPL and FVTOCI		**(8,042)**	(10,405)
Finance costs		**2,025,003**	2,332,342
Gain on disposal of interests in associates		**(1,225,251)**	–
Gain on disposal of interest in a joint venture	20	**(183)**	–
Gain on disposal of subsidiaries	37	**(531)**	(254,982)
Gain on liquidation of a subsidiary	37	**(122,940)**	–
Government compensation of toll road operating rights		**(437,750)**	(405,533)
Impairment loss on interests in associates		**207,079**	166,406
Impairment loss on interest in a joint venture		**117,641**	–
Impairment loss on inventories, other than properties		**39,877**	32,389
Impairment loss on other receivables		**327,182**	8,252
Impairment loss on PHFS		**149,504**	1,040,789
Impairment loss on PUD		**757,709**	184,187
Impairment loss on trade receivables		**70,477**	1,780
Impairment loss on property, plant and equipment		**28,467**	6,645
Interest income		**(694,700)**	(695,671)
Net gain on disposal/written off of property, plant and equipment		**(1,251)**	(3)
Provision for major overhauls		**4,947**	4,202
Share of results of associates		**(233,443)**	(437,061)
Share of results of joint ventures		**(276,559)**	(339,999)
Operating cash flows before movements in working capital		**8,433,999**	11,991,527
Decrease in receivables under service concession arrangements		**1,950,286**	327,998
Decrease (increase) in financial assets at FVTPL		**7,848**	(1,632,285)
Decrease in inventories		**6,800,572**	2,498,350
(Increase) decrease in trade and other receivables		**(1,916,529)**	5,895
Decrease in contract assets		**24,657**	2,076
Increase in trade and other payables		**134,777**	536,479
Decrease in contract liabilities		**(6,954,249)**	(6,707,550)
Decrease in provision for major overhauls		**(4,761)**	(1,974)
Cash generated from operations		**8,476,600**	7,020,516
Tax refund		**1,679**	–
PRC Enterprise Income Tax ("EIT") paid		**(1,866,711)**	(2,014,242)
PRC Land Appreciation Tax ("LAT") paid		**(1,771,626)**	(604,697)
Hong Kong Profits Tax paid		**(21,976)**	(40,324)
Overseas tax paid		**(4,701)**	(6,325)
NET CASH FROM OPERATING ACTIVITIES		**4,813,265**	4,354,928

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
INVESTING ACTIVITIES			
Increase in pledged bank deposits/bank deposits		**(5,106,675)**	(550,612)
Purchase of operating concessions		**(3,403,464)**	(2,098,331)
Purchases of financial asset at FVTOCI	21	**(1,387,752)**	(56,567)
Subsequent expenditures on investment properties		**(650,266)**	(832,246)
Purchase of property, plant and equipment		**(374,228)**	(1,010,811)
Advance to related parties		**(143,449)**	(239,167)
Deposits paid on acquisition of property, plant and equipment/ intangible assets/service concession arrangement		**(80,627)**	(311,692)
Net cash outflow of liquidation of subsidiaries		**(16,687)**	–
Proceeds from disposal of interest in associates		**2,199,265**	–
Repayment from related parties		**829,054**	171,174
Interest received		**731,666**	692,793
Dividends received from associates		**264,767**	148,067
Dividends received from joint ventures		**103,379**	115,933
Capital reduction in a joint venture		**68,278**	–
Proceeds from disposal of financial assets at FVTOCI		**17,385**	9,522
Proceeds from disposal of subsidiaries	37	**13,154**	359,114
Proceeds from disposal of property, plant and equipment		**7,289**	11,304
Dividends received from financial assets at FVTPL and FVTOCI		**8,042**	10,405
Proceeds from disposal of interest in a joint venture	20	**3,447**	–
Acquisition of a parcel of land with portion held for development of investment properties		**–**	(456,302)
NET CASH USED IN INVESTING ACTIVITIES		**(6,917,422)**	(4,037,416)

	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES		
Repayment of bank and other borrowings	**(23,597,335)**	(13,570,609)
Interests paid	**(2,351,165)**	(2,594,291)
Dividends paid	**(1,021,979)**	(1,000,235)
Repayment to related parties	**(117,317)**	(4,657)
Dividends paid to non-controlling interests	**(513,241)**	(423,451)
Repayments of lease liabilities	**(80,469)**	(88,289)
Interest paid on lease liabilities	**(16,068)**	(10,918)
Repurchase of their own shares by listed subsidiaries	**(3,923)**	(1,324)
Bank and other borrowings raised	**26,320,011**	14,621,787
Capital contributions by non-controlling interests	**1,084**	553,747
Final/partial settlement of consideration on acquisition of an additional interest in a non-wholly owned subsidiary through acquisition of a subsidiary	**–**	(576,337)
Acquisition of additional interest in a non-wholly owned subsidiaries	**–**	(248,560)
NET CASH USED IN FINANCING ACTIVITIES	**(1,380,402)**	(3,343,137)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,484,559)**	(3,025,625)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**25,225,026**	28,870,193
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(898,974)**	(619,542)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**20,841,493**	25,225,026

The notes on pages 80 to 180 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Shanghai Industrial Holdings Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate parent is SIIC, a private limited company also incorporated in Hong Kong. The addresses of the registered office and principal place of business of the Company are disclosed in the section of "Corporate Information" of the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries, joint ventures and associates are set out in notes 46, 47 and 48, respectively.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards 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 or after 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

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

2.1 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (continued)

2.1 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") (continued)

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.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards 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 amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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 HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material of 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 certain properties and financial instruments that 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 at initial application the results of the valuation technique equals the transaction price.

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

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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries 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.

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)

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 losses 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 HKFRS Accounting Standards). 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 or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or assets 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 investment properties which are subsequently measured under fair value model and 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.

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.

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

3.2 Material accounting policy information (continued)

Business combinations or assets acquisitions (continued)

Business combinations (continued)

Acquisitions of businesses, other than business combination under common control 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* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, 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.

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 "Share-based Payments" 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

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

3.2 Material accounting policy information (continued)

Business combinations or assets acquisitions (continued)

Business combinations (continued)

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.

Merger Accounting for business combination involving businesses under common control

Business combination involving entities under common control relates to acquisitions of subsidiaries/businesses controlled by SIIC.

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

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

3.2 Material accounting policy information (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates and joint ventures are incorporated in these 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 "Non-current Assets Held for Sale and Discontinued Operations". 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, an investment in an associate or a joint venture is 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 associate or joint venture. 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 joint venture exceeds the Group's interest in that 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.

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

3.2 Material accounting policy information (continued)

Investments in associates and joint ventures (continued)

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 assets, 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.

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 associate or 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.

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.

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

3.2 Material accounting policy information (continued)

Non-current 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 carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9, investment properties measured at fair values, others which continue to be measured in accordance with the accounting policies as set out in respective sections.

When there is a delay caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group), an extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale.

Service concession arrangements

Consideration given by the grantor

A financial asset (receivable under service concession arrangement) is recognised to the extent that (a) the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service; and (b) the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. The financial asset (receivable under service concession arrangement) is accounted for in accordance with the policy set out for "Financial instruments" below.

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible assets" below.

If the Group is paid partly by a financial asset and partly by an intangible asset, in which case, each component of the consideration is accounted for separately and the consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

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

3.2 Material accounting policy information (continued)

Service concession arrangements (continued)

Operating services

Revenue relating to operating services are accounted for in accordance with the policy for "Revenue recognition" below.

Contractual obligations to restore the infrastructure to a specified level of serviceability

When the Group has contractual obligations which it must fulfil as a condition of its licence for operating concession, that is (a) to maintain the infrastructure to a specified level of serviceability and/or (b) to restore the infrastructure to a specified condition before they are handed over to the grantor at the end of the service concession arrangement, these contractual obligations to maintain or restore infrastructure are recognised and measured in accordance with the policy set out for "Provisions" below.

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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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.

A contract asset and a contract liability relating to the same contract are accounted for an presented on a net basis.

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)

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.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Contract costs

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 (mainly sales commissions in relation to the sales of properties) 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.

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.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

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)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of warehouses, office premises and department units that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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.

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 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 and inventory are presented within “investment properties”, “PUD” and “PHFS” 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.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees; and
- payments of penalties for terminating a lease, of the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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 Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for a separate lease (see below for the accounting policy for "lease modification").

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 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. The associated non-lease components are included in the respective lease components.

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 is derived from the Group's ordinary course of business is presented as revenue.

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 (continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies 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.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or an operating lease by reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the expected credit loss ("ECL") and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, 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.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

3.2 Material accounting policy information (continued)

Investment properties (continued)

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. 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.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

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 (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes (i.e. construction in progress) are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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. 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.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in "properties revaluation reserve". On the subsequent sale or retirement of the property, the relevant properties revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) 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 sale proceeds and the carrying amount of the asset and 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)

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 recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. 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 monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in that foreign operation.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, 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 translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. 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.

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. Settlements of monetary items which formed part of net investment in foreign operations without changes in the Group's ownership interests is not considered as partial disposals.

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.

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.

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

3.2 Material accounting policy information (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-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 after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expenses.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax 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.

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 liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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 each 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.

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 taxes 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 which is always presumed to be recovered entirely through sales.

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 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)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated 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. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated 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.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Toll road operating rights

Toll road operating rights are stated at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is provided to write off the costs of toll road operating rights on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the periods for which the Group is granted the rights to operate the toll roads.

Operating concessions

Operating concessions represent the rights to operate waste water treatment, water supply and waste incineration plants and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the respective periods of the operating concessions.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment loss.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

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

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount for property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit of impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately 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)

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.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 29.

Inventories

PUD and PHFS

PUD which are intended to be sold upon completion of development and properties 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 upon the application of HKFRS 16, PUD and properties 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.

PUD are transferred to properties for sale upon completion.

Transfer from inventories to investment properties carried at fair value

The Group transfers a property from inventories to investment properties when there is a change in use to hold the property to earn rentals and/or for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement 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.

Others

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. 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.

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 receivables 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 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 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.

Interest which are derived from the Group's ordinary course of business are presented as revenue.

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling the financial assets; 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, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

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)

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 is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(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) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "net investment income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as at FVTOCI 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 excludes any dividend or interest earned on the financial asset and is included in the "net investment income" line item 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 assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, receivables under service concession arrangements, pledged bank deposits, short-term bank deposits and cash and cash equivalents) and other items (including lease receivables, contract assets 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 receivables, contract assets and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when 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; or
- 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.

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 other items subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

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, except as specified below, unless the Group has reasonable and supportable information that demonstrates otherwise.

For water-related businesses, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due for corporate/individual debtors and more than three years for government debtors based on their industry experience.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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 changes in the risk of 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.

For water-related businesses, the Group considers that default has occurred when a financial asset is more than one year past due for corporate/individual debtors and more than five years for government debtors based on their industry knowledge.

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 other items subject to impairment assessment under HKFRS 9 (continued)

(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; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(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 adjusted by 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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 expected losses 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.

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 other items subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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.

Except for financial guarantee contracts, 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 receivables, lease receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

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 instruments

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.

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.

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.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables and bank and other borrowings, 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 payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values. They are 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.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other income, gains and losses' line item in the consolidated statement of profit or loss and other comprehensive income as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

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)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for maintenance of infrastructure under service concession arrangements

The Group has contractual obligations that it must fulfil as a condition of its licence to maintain the infrastructure to a specified level of serviceability during the service concession arrangements. These contractual obligations to maintain infrastructure, except for any upgrade element, is recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of each reporting period in the consolidated statement of financial position.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3.2, the directors of the Company 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 underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over non-wholly owned listed subsidiaries

Note 46 describes that the Group held less than a majority of ownership interest and voting rights in certain of its non-wholly owned listed subsidiaries as at 31 December 2024.

The directors of the Company assessed whether or not the Group has control over SIIC Environment Holdings Ltd ("SIIC Environment"), SI Urban Development and SI Development throughout the year ended 31 December 2024, based on whether the Group has the practical ability to direct the relevant activities of these non-wholly owned listed subsidiaries unilaterally by considering the Group's absolute size of holding in them, the relative size and dispersion of holdings of other shareholders and the practical right to appoint the majority members of the board of directors of these non-wholly owned listed subsidiaries. After their assessments, the directors of the Company concluded that the Group has the current ability to direct the relevant activities of these non-wholly owned listed subsidiaries and affect the amount of the Group's return. Therefore, the Group has control over these non-wholly owned listed subsidiaries throughout the whole year ended 31 December 2024.

Deferred taxation on investment properties

For the purpose of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that certain of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on certain investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted for such properties. For the properties on which the 'sale' presumption is not rebutted, the Group has further recognised deferred taxes on changes in fair value of investment properties in relation to PRC LAT, which is the additional tax to be charged if a property in the PRC is recovered through sale.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair values of investment properties

The fair values of the investment properties are determined by reference to valuations conducted on these properties by independent property valuers using property valuation techniques which involve certain assumptions of prevailing market conditions as set out in note 14. In relying on the valuation reports prepared by the independent professional qualified valuers, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions. Changes to the assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

Investment properties in the consolidated statement of financial position at 31 December 2024 are carried at their fair values of approximately HK$34,682 million (2023: HK$35,713 million).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Allowance for PHFS and PUD

Management regularly reviews the recoverability of the Group's PHFS and PUD with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceed their recoverable amounts. Appropriate allowance for PHFS and PUD is made if the estimated recoverable amount is lower than its carrying amount. As at 31 December 2024, the aggregate carrying amount of PHFS and PUD was approximately HK$23,766 million (2023: HK$32,358 million).

During the current year, the management of the Group identified certain PHFS and PUD with impairment indicators (the "Concerned Properties") by reference to the cities and locations where the properties are located, the pre-sale status and other relevant market factors. The management of the Group assessed the net realisable value of the Concerned Properties as at 31 December 2024, with reference to the valuation reports prepared by professional valuers (the "Valuers"). The valuations are dependent on certain key inputs that involve judgment and estimation made by the management of the Group together with the Valuers including, among other factors, transaction price of comparable properties in the similar or same locations and adjustments made according to nature of each property and its specific location and conditions. As disclosed in note 26, the Group has PHFS and PUD of approximately HK$12,907 million (2023: HK$11,266 million) and HK$10,859 million (2023: HK$21,091 million) respectively as at 31 December 2024, of which an amount of approximately HK$7,506 million (2023: HK$11,171 million) is referring to as the Concerned Properties. The impairment loss in respect of the Concerned Properties amounting to approximately HK$910 million (2023: HK$1,146 million) has been recognised for the year ended 31 December 2024.

The management of the Group also provided reversal of impairment loss in respect of certain PHFS non-Concerned Properties amounting to approximately HK$15 million (2023: impairment loss HK$66 million) and impairment loss in respect of certain PUD non-Concerned Properties amount of approximately HK$12 million (2023: HK$13 million) during the year, after comparing the net realisable value with reference to the comparable market prices to the carrying amount.

PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value for both years, being the proceeds of sales of properties less deductible expenditures including costs of land use rights, borrowing costs and all property development expenditures.

The Group is subject to LAT in the PRC which has been included in income tax expense of the Group. However, the Group has not finalised its LAT returns with the tax authorities for certain of its property development projects. Accordingly, significant judgment is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expense and deferred income tax provisions in the period in which such determination is made. As at 31 December 2024, the carrying amount of LAT provision (included in taxation payable) was approximately HK$1,668 million (2023: HK$3,250 million).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on shared characteristics including historical credit loss experience, industry specific factors to the debtors and general economic conditions. 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. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 51(b), 27 and 28.

Estimation of contract revenue and costs

The Group recognised contract revenue from construction works by progress towards complete satisfaction of a performance obligation based on input method. The management estimates the efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation by reviewing and revising the estimates to the costs of the performance obligation. The actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimations and this will affect the revenue and profit recognised.

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. Management of the Group is responsible for determination of the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, 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. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise, and will report the significant results and findings to the board of directors of the Company. 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. Notes 14 and 51(c) provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of various assets.

5. REVENUE

(i) Disaggregation of revenue

	For the year ended 31 December 2024			
	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Total HK$'000
Types of goods or services				
Sales of goods and services				
– sales of properties	–	11,965,846	–	11,965,846
– sales of goods	–	–	3,503,034	3,503,034
Income from infrastructure facilities, other than financial income from service concession arrangements				
– toll road operation	2,028,848	–	–	2,028,848
– water-related services				
– operating, maintenance and other income	4,947,899	–	–	4,947,899
– construction income from construction contracts	1,946,733	–	–	1,946,733
Ancillary facilities, property services and management income	–	1,386,297	–	1,386,297
Income from hotel operations	–	593,430	–	593,430
Revenue from goods and services	8,923,480	13,945,573	3,503,034	26,372,087
Financial income from service concession arrangements	1,339,140	–	–	1,339,140
Rental income	–	1,206,470	–	1,206,470
Total	10,262,620	15,152,043	3,503,034	28,917,697
Timing of revenue recognition of revenue from goods and services				
A point in time	4,291,285	11,965,846	3,503,034	19,760,165
Overtime	4,632,195	1,979,727	–	6,611,922
	8,923,480	13,945,573	3,503,034	26,372,087

5. REVENUE (continued)

(i) Disaggregation of revenue (continued)

	For the year ended 31 December 2023			
	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Total HK$'000
Types of goods or services				
Sales of goods and services				
– sales of properties	–	16,078,724	–	16,078,724
– sales of goods	–	–	3,202,932	3,202,932
Income from infrastructure facilities, other than financial income from service concession arrangements				
– toll road operation	2,025,240	–	–	2,025,240
– water-related services				
– operating, maintenance and other income	4,735,041	–	–	4,735,041
– construction income from construction contracts	2,276,496	–	–	2,276,496
Ancillary facilities, property services and management income	–	1,308,223	–	1,308,223
Income from hotel operations	–	466,219	–	466,219
Revenue from goods and services	9,036,777	17,853,166	3,202,932	30,092,875
Financial income from service concession arrangements	1,361,851	–	–	1,361,851
Rental income	–	1,243,229	–	1,243,229
Total	10,398,628	19,096,395	3,202,932	32,697,955
Timing of revenue recognition of revenue from goods and services				
A point in time	4,367,413	16,078,724	3,202,932	23,649,069
Overtime	4,669,364	1,774,442	–	6,443,806
	9,036,777	17,853,166	3,202,932	30,092,875

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers

Infrastructure and environmental protection

The Group's revenue from infrastructure and environmental protection segment represents i) toll road fee income, and ii) income from water-related businesses, comprising operating and maintenance income from service concession arrangements and other service income and construction income.

Toll road fee income and other service income are recognised over time using the output method by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefit provided by the Group's performance.

Revenue from operating and maintenance income from water-related businesses under service concession arrangements is recognised at a point in time when the Group has transmitted to the customers and the customers accepted the water supplied or when the wastewater treatment service is rendered.

Construction service income is recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using the input method.

Real estate

The Group's revenue under real estate segment represents income from sales of properties, ancillary facilities, property services and management and hotel operations.

Revenue from sales of properties is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from sales of properties is recognised when the respective properties have been completed and delivered to the customers, which is a point in time when customers have the ability to direct the use of the properties and obtain substantially all of the remaining benefits of the properties. Deposits received from customers prior to meeting the aforementioned revenue recognition criteria are regarded as contract liabilities.

Revenue from provision of ancillary facilities and property management services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the customers simultaneously receive and consume the benefits provided by the Group when the Group renders the service.

Revenue from hotel operations is recognised over time. The Group's performance obligations in relation to the hotel operations mainly represent granting customers a right to access hotels' facilities, products and services. The customers simultaneously receive and consume the benefits provided by the Group in running the hotels.

Revenue from rental income is recognised overtime on a straight-line basis over the lease term.

Consumer products

The Group's revenue from consumer products segment represents income from the manufacture and sales of cigarettes, packaging materials and printed products and is recognised at a point in time.

Under the transfer-of-control approach in HKFRS 15, revenue from sales of consumer products is recognised when the products are delivered and titles are passed to customers, which is the point of time when the control of products is transferred to the customer and the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

5. REVENUE (continued)

(iii) Transaction price allocated to the remaining performance obligations for contracts with customers

The Group has elected to apply the practical expedient under HKFRS 15 for not to disclose the information of remaining performance obligations which are part of a contract that has an original expected duration of one year or less; or from satisfaction of which the Group recognises revenue in the amount, which the Group has the right to invoice, that corresponds directly with the value to the customers of the Group's performance completed to date. The transaction price allocated to the remaining performance obligations where the aforementioned practical expedients are not applicable as at 31 December 2024 was HK$4,545,082,000 (2023: HK$7,595,421,000), which relates to contracts of sales of properties. This amount represents the revenue expected to be recognised by the Group in the future when it satisfies the remaining performance obligations and around 98.9% (2023: 78.9%) is expected to be recognised as revenue within one year.

(iv) Leases

	2024 HK$'000	2023 HK$'000
Total revenue arising from operating leases:		
Lease payments that are fixed	**1,206,470**	1,243,229

6. NET INVESTMENT INCOME

	2024 HK$'000	2023 HK$'000
Interest on bank deposits	**512,241**	356,250
Interest on financial assets at FVTPL	**45,836**	9,293
Other interest income	**136,623**	330,128
Total interest income	**694,700**	695,671
Change in fair value of financial assets at FVTPL	**(8,794)**	(27,308)
Dividend income from financial assets at FVTPL and FVTOCI	**8,042**	10,405
Rental income from property, plant and equipment	**2,031**	1,659
	695,979	680,427

Net investment income earned from financial assets, analysed by category of asset, is as follows:

	2024 HK$'000	2023 HK$'000
Financial assets at FVTPL	**45,084**	(7,610)
Financial assets at amortised cost (including cash and cash equivalents)	**648,864**	686,378
	693,948	678,768
Investment income earned on non-financial assets	**2,031**	1,659
	695,979	680,427

Included above is net loss from listed investments of HK$4,207,000 (2023: HK$22,795,000) and net income from unlisted investments of HK$49,291,000 (2023: HK$15,185,000).

7. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interests on bank and other borrowings	**2,248,177**	2,623,468
Interests on lease liabilities	**16,068**	10,918
	2,264,245	2,634,386
Less: amounts capitalised in PUD	**(239,242)**	(302,044)
	2,025,003	2,332,342

Borrowing costs capitalised during the year arose on the general borrowings pool and are calculated by applying applicable capitalisation rates to expenditure on qualifying assets.

8. GAIN ON DISPOSAL OF INTERESTS IN ASSOCIATES/A JOINT VENTURE/SUBSIDIARIES AND LIQUIDATION OF A SUBSIDIARY

	2024 HK$'000	2023 HK$'000
Gain on disposal of interests in associates	**1,225,251**	–
Gain on disposal of interest in a joint venture	**183**	–
Gain on disposal of subsidiaries (note 37(i))	**531**	254,982
Gain on liquidation of a subsidiary (note 37(ii))	**122,940**	–
	1,348,905	254,982

9. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax		
– Hong Kong	**125,190**	67,573
– PRC LAT	**414,270**	1,895,116
– PRC EIT (including PRC withholding tax of HK$88,009,000 (2023: HK$113,257,000))	**1,357,421**	2,290,351
– Other jurisdictions	**4,824**	4,917
	1,901,705	4,257,957
(Over)under provision in prior years		
– Hong Kong	**(232)**	55
– PRC LAT	**(145,615)**	–
– PRC EIT	**19,735**	(50,179)
	(126,112)	(50,124)
Deferred taxation for the year (note 25)	**124,452**	7,067
	1,900,045	4,214,900

9. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2024 HK$'000	2023 HK$'000
Profit before taxation	**4,902,369**	8,740,567
Tax at PRC statutory tax rate of 25%	**1,225,592**	2,185,142
Effect of different tax rates of subsidiaries	**(21,904)**	(62,528)
Effect of PRC subsidiaries subject to a lower tax rate	**(47,740)**	(57,726)
Over provision of PRC LAT in prior years	**(145,615)**	–
Under(over) provision of PRC EIT in prior years	**19,735**	(50,179)
(Over)under provision of Hong Kong Profits Tax in prior years	**(232)**	55
Provision for PRC LAT for the year	**483,828**	1,981,739
Tax effect of deductible temporary difference not recognised	**6,395**	–
Tax effect of expenses not deductible for tax purpose	**588,957**	554,647
Tax effect of income not taxable for tax purpose	**(382,765)**	(117,008)
Tax effect of share of results of joint ventures and associates	**(127,501)**	(194,265)
Tax effect of PRC LAT deductible for PRC EIT	**(120,957)**	(495,435)
Tax effect on dividend withholding tax	**83,608**	(22,442)
Tax effect of tax losses not recognised as deferred tax assets	**441,925**	507,650
Utilisation of tax losses previously not recognised as deferred tax assets	**(93,430)**	(25,644)
Others	**(9,851)**	10,894
Income tax expense for the year	**1,900,045**	4,214,900

Notes:

(i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(ii) Under the law of the PRC on EIT (the" EIT Law") and Implementation Regulation of the EIT Law, the Group's subsidiaries in the PRC are subject to PRC EIT at a rate of 25% for both years, except that (i) seven (2023: seven) PRC subsidiaries are qualified as High New Technology Enterprises and enjoy a preferential tax rate of 15% for the current year (the preferential tax rate is applicable for three years from the date of grant and subject to approval for renewal) and (ii) certain PRC subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from PRC EIT for the first three years and a 50% reduction in PRC EIT for the next three years from the first year of generating operating income.

(iii) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs and all qualified property development expenditures.

(iv) Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. PROFIT FOR THE YEAR

	2024 HK$'000	2023 HK$'000
Profit for the year has been arrived at after charging:		
Employee benefits expense, including directors' emoluments:		
Basic salaries, allowances and bonus	**1,915,024**	1,893,945
Retirement benefits scheme contributions	**335,382**	327,274
	2,250,406	2,221,219
Amortisation of toll road operating rights (included in cost of sales)	**786,667**	742,142
Amortisation of other intangible assets (included in cost of sales)	**585,289**	383,878
Depreciation of property, plant and equipment	**566,457**	498,784
Depreciation of right-of-use assets	**77,707**	66,870
Total depreciation and amortisation	**2,016,120**	1,691,674
Auditors' remuneration	**20,994**	21,112
Cost of inventories recognised as an expense		
– properties	**9,141,208**	8,955,657
– inventories, other than properties	**2,590,246**	2,494,826
Impairment loss on interest in a joint venture (included in other income, gains and losses)	**117,641**	–
Impairment loss on interests in associates (included in other income, gains and losses)	**207,079**	166,406
Impairment loss on inventories, other than properties (included in cost of sales)	**39,877**	32,389
Impairment loss on trade receivables (included in other income, gains and losses)	**70,477**	1,780
Impairment loss on other receivables (included in administrative expenses or other income, gains and losses)	**327,182**	8,252
Impairment loss on property, plant and equipment (included in other income, gains and losses)	**28,467**	6,645
Impairment loss on PHFS (included in cost of sales or other income, gain and losses)	**149,504**	1,040,789
Impairment loss on PUD (included in cost of sales or other income, gain and losses)	**757,709**	184,187
Net decrease in fair value of investment properties (included in other income, gains and losses)	**779,480**	–
Net foreign exchange loss (included in other income, gains and losses)	**72,601**	88,366
Provision for major overhauls (included in cost of sales)	**4,947**	4,202
Research expenditure	**98,756**	105,858

10. PROFIT FOR THE YEAR (continued)

	2024 HK$'000	2023 HK$'000
and after crediting:		
Compensation from settlement of a legal case	**100,028**	–
Government compensation of toll road operating rights (included in other income, gains and losses) (Note)	**437,750**	405,533
Interest income	**694,700**	695,671
Net gain on disposal/written off of property, plant and equipment (included in other income, gains and losses)	**1,251**	3
Net increase in fair value of investment properties (included in other income, gains and losses)	**–**	101,360

Note: The amount is transferred to other income on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the periods for which the Group is granted the rights to operate the toll roads. This policy has resulted in a credit to other income for the year ended of approximately HK$438 million (2023: HK$406 million). As at 31 December 2024, an amount of approximately RMB2,089 million (equivalent to approximately HK$2,224 million) (2023: RMB2,493 million (equivalent to approximately HK$2,743 million)) remains to be amortised, details for this compensation are set out in note 32.

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the six (2023: nine) existing directors of the Company were as follows:

	Executive directors									Independent non-executive directors			
	Leng Wei Qing HK$'000 (Note (vi) (viii))	Zhang Qian HK$'000 (Note (vii))	Yao Jia Yong HK$'000 (Note (vi) (viii))	Xu You Li HK$'000 (Note (vi) (viii))	Shen Xiao Chu HK$'000 (Note (viii))	Shu Dong HK$'000 (Note (vii) (viii))	Zhou Jun HK$'000 (Note (vii))	Xu Bo HK$'000 (Note (vii))	Xu Zhan HK$'000 (Note (vii))	Woo Chia-Wei HK$'000 (Note (ix))	Leung Pak To, Francis HK$'000	Yuen Tin Fan, Francis HK$'000	Total HK$'000
Year ended 31 December 2024													
Executive directors:													
Basic salaries and allowances	**-**	**1,396**	**-**	**-**	**325**	**358**	**-**	**-**	**-**	**-**	**-**	**-**	**2,079**
Retirement benefits scheme contributions	**-**	**135**	**-**	**-**	**60**	**25**	**-**	**-**	**-**	**-**	**-**	**-**	**220**
Independent non-executive directors:													
Directors' fees and committee remuneration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**480**	**480**	**470**	**1,430**
Total directors' emoluments	**-**	**1,531**	**-**	**-**	**385**	**383**	**-**	**-**	**-**	**480**	**480**	**470**	**3,729**
Year ended 31 December 2023													
Executive directors:													
Directors' fee and committee remuneration	-	-	-	-	-	-	514	-	21	-	-	-	535
Basic salaries and allowances	-	668	-	-	1,709	1,316	857	2,431	-	-	-	-	6,981
Retirement benefits scheme contributions	-	51	-	-	182	44	140	76	-	-	-	-	493
Independent non-executive directors:													
Directors' fees and committee remuneration	-	-	-	-	-	-	-	-	-	480	480	470	1,430
Total directors' emoluments	-	719	-	-	1,891	1,360	1,511	2,507	21	480	480	470	9,439

Notes:

(i) The directors of the Company are also the key management personnel of the Company. Their emoluments including those for services rendered by them as the key management personnel are also included in the above directors' emoluments tables for presentation.

(ii) The executive director's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

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

(iv) Bonuses were determined with reference to the Group's operating results, individual performance and comparable market statistics.

(v) During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office. None of the directors has waived any emoluments during both years.

(vi) The directors' fees for Ms. Leng Wei Qing, Mr. Yao Jia Yong and Mr. Xu You Li were borne by the Group's ultimate parent company.

(vii) Mr. Shu Dong and Mr. Zhang Qian, appointed as executive directors of Company on 5 June 2023 and 24 July 2023, respectively. Mr. Xu Zhan and Mr. Zhou Jun resigned as an executive director of the Company on 3 February 2023 and 18 November 2023, respectively. Mr. Xu Bo retired as an executive director of the Company on 24 July 2023.

(viii) Ms. Leng Wei Qing appointed as an executive director and chairlady of Company and on 30 April 2024. Mr. Yao Jia Yong appointed as an executive director of the Company on 30 April 2024. Mr. Xu You Li appointed as an executive director, deputy chief executive officer and chief financial officer of the Company on 8 August 2024. Mr. Shen Xiao Chu resigned as an executive director and the chairman of Company on 30 April 2024. Mr. Shu Dong resigned as an executive director of Company on 30 April 2024.

(ix) Mr. Woo Chia-Wei, an independent non-executive director, passed away on 2 March 2025.

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (continued)

For the year ended 31 December 2024, out of the five individuals with the highest emoluments in the Group, no (2023: one) director of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining five (2023: four) individual are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other allowances	**10,502**	8,176
Retirement benefits	**275**	254
	10,777	8,430

The emoluments of the above five (2023: four) individuals are within the following band:

	2024	2023
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**4**	3

During the year ended 31 December 2024, no emoluments have been paid by the Group to the five (2023: four) employees with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

	2024 HK$'000	2023 HK$'000
Dividends recognised as distribution during the year:		
2024 interim dividend of HK42 cents (2023: 2023 interim dividend of HK42 cents) per share	**456,629**	456,629
2023 final dividend of HK52 cents (2023: 2022 final dividend of HK50 cents) per share	**565,350**	543,606
	1,021,979	1,000,235

The final dividend of HK52 cents per share in respect of the year ended 31 December 2024 (2023: HK52 cents), amounting to approximately HK$565.4 million (2023: HK$565.4 million) in total, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	2024 HK$'000	2023 HK$'000
Profit for the year attributable to owners of the Company	**2,807,653**	3,423,695

13. EARNINGS PER SHARE (continued)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,087,211,600**	1,087,211,600

The computation of diluted earnings per share does not assume the exercise of options issued by Canvest Environmental Protection Group Company Limited ("Canvest Environmental"), a listed associate of the Group, because the exercise price of the options was higher than the average market price for the corresponding period.

14. INVESTMENT PROPERTIES

The Group leases out various commercial and residential properties including offices, shopping malls, stores, mart, exhibition hall, car parking spaces and apartments under operating leases with monthly rentals. The leases typically run for an initial period of one to twenty years and the lessees have the option to extend the lease beyond initial agreed period but it is subject to mutual agreement between the Group and the lessees. The extension option is subject to market review clauses in the event the lessee exercises the option.

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

	HK$'000
FAIR VALUE	
At 1 January 2023	29,798,401
Exchange adjustments	(840,422)
Subsequent expenditures	832,246
Additions	456,302
Net increase in fair value recognised in profit or loss (Note i)	101,360
Transfer from deposit paid on acquisition of non-current assets (Note iv)	4,308,103
Transfer from inventories (Note iii)	1,089,212
Disposal of a subsidiary (note 37)	(32,081)
At 31 December 2023	35,713,121
Exchange adjustments	(1,171,644)
Subsequent expenditures	650,266
Net decrease in fair value recognised in profit or loss (Note i)	(779,480)
Transfer from inventories (Note iii)	34,465
Transfer from property, plant and equipment (Note v)	234,990
At 31 December 2024	34,681,718

14. INVESTMENT PROPERTIES (continued)

Notes:

		2024 HK$'000	2023 HK$'000
(i)	Unrealised (loss) gain on property revaluation included in profit or loss for the year	**(779,480)**	89,191
	Realised gain upon disposal of a subsidiary	–	12,169
		(779,480)	101,360

(ii) The Group's investment properties are situated on land held under:

	2024 HK$'000	2023 HK$'000
Leasehold land in the PRC	**34,681,718**	35,713,121

(iii) During the year ended 31 December 2024, PHFS included in inventories with an aggregate carrying amount of HK$34,465,000 (2023: HK$1,089,212,000) were transferred to investment properties as the management had changed the use of the properties, evidenced by inception of lease agreements with the tenants. No significant fair value gain or loss in respect of these properties is recognised in the profit or loss during both years.

(iv) During the year ended 31 December 2023, the Group obtained the land use right certificate for a parcel of land located in the PRC. The parcel of land will be developed into residential properties or commercial building held for earning rentals. Accordingly, the deposits paid in prior year for the land cost amounting to HK$4,308,103,000 were transferred to investment properties.

(v) During the year ended 31 December 2024, the management of the Group changed the intention from occupying properties for own use to lease them out for rentals. Accordingly, the owner-occupied properties included in property, plant and equipment with fair value of HK$234,990,000 were transferred to investment properties upon the date of change of use. The excess of fair value of the owner-occupied properties over their carrying amounts was recognised in equity under the heading of "other revaluation reserve".

(vi) The property rental income earned by the Group from its investment properties which are either held for rental income under operating leases and/or for capital appreciation purpose, amounted to HK$1,206,470,000 (2023: HK$1,243,229,000) with insignificant direct operating expenses.

(vii) The fair values of the Group's investment properties as at 31 December 2024 and 2023 have been arrived at on the basis of valuations carried out on the respective dates by C&W. C&W is a member of the Institute of Valuers and a firm of independent qualified professional valuer not connected with the Group. C&W possesses appropriate qualifications and experience in the valuation of properties in the relevant locations.

All of the Group's investment properties were valued by C&W with reference to market evidence of transaction prices for similar properties in similar locations and conditions or on the basis of investment approach, where appropriate. In arriving at the valuation on the basis of investment approach, the fair value is determined by capitalising the net rental income derived from the existing tenancies with due provision or allowance for the reversionary potential of the properties.

(viii) In estimating the fair value of the properties, the highest and best use of the properties is their current use.

14. INVESTMENT PROPERTIES (continued)

Notes: (continued)

(ix) Following are the key inputs used in valuing the investment properties as at 31 December 2024 and 2023:

Categories	Fair value 2024 HK$'000	Fair value 2023 HK$'000	Valuation techniques	Significant unobservable inputs	Range 2024	Range 2023	Relationship of key unobservable inputs to fair value
Commercial properties – offices and related car parking spaces in various locations	**8,516,051**	9,055,624	Investment approach	For offices: Reversionary yield derived from market rent and the transaction price of comparable properties in the same locations	**3.75% to 6.75%**	3.75% to 6.75%	The higher the reversionary yield, the lower the fair value.
			Direct comparison approach	For car parking units: Price per unit	**RMB191,667 to RMB366,000 per unit**	RMB191,667 to RMB366,000 per unit	The higher the price per unit, the higher the fair value.
Residential properties – a detached villa and service apartments in various locations	**1,817,433**	1,881,784	Investment approach	For a detached villa and a service apartment: Reversionary yield derived from market rent and transaction price of comparable properties in the same locations	**3.00% to 6.00%**	3.00% to 5.50%	The higher the reversionary yield, the lower the fair value.
			Direct comparison approach	For car park units: Price per unit	**RMB220,000 per unit**	RMB220,000 per unit	The higher the price per unit, the higher the fair value
Industrial properties	**123,452**	136,349	Investment approach	Reversionary yield derived from market rent and the transaction price of comparable properties in the same locations	**5.75%**	5.75%	The higher the reversionary yield, the lower the fair value.
Commercial – shopping malls, stores, mart and related car park units in various locations	**12,058,317**	10,125,459	Investment approach	For shopping malls, stores and mart: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	**3.50% to 7.75%**	3.50% to 8.25%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	For car park units: Price per unit	**RMB60,000 to RMB185,000 per unit**	RMB70,000 to RMB187,000 per unit	The higher the price per unit, the higher the fair value
Commercial – exhibition hall in Shanghai	**216,049**	243,124	Investment approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	**5.25%**	5.25%	The higher the reversionary yield, the lower the fair value
Commercial – building complex with offices, shopping malls and related car park units	**6,620,280**	6,981,318	Investment approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	**4.00% to 5.00%**	3.75% to 5.00%	The higher the reversionary yield, the lower the fair value
Commercial and residential properties held for rental under construction in Shanghai	**5,330,136**	7,289,463	Direct comparison approach	For a parcel of land commenced construction for commercial properties: Price per square metre	**RMB14,796 per square metre**	N/A	The higher the price per square metre, the higher the fair value.
			Investment approach	For commercial properties under construction: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	**3.50% to 5.00%**	3.50% to 4.50%	The higher the reversionary yield, the lower the fair value
			Investment approach	For service apartments under construction: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	**N/A**	5.00%	The higher the reversionary yield, the lower the fair value
	34,681,718	35,713,121					

There were no transfers into or out of Level 3 during both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK$'000	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2023	2,538,397	2,835,130	1,248,660	162,516	3,406,895	416,287	10,607,885
Exchange adjustments	(130,281)	(102,285)	(45,559)	(5,430)	(115,598)	(20,951)	(420,104)
Additions	296,440	248,457	134,759	10,169	131,637	264,779	1,086,241
Reclassification	–	32,272	1,107	–	–	(33,379)	–
Reclassification from inventory	1,137,734	–	–	–	–	–	1,137,734
Disposal of a subsidiary (note 37)	–	–	(6)	–	–	–	(6)
Disposals/written off	(4,340)	(546)	(8,934)	(6,417)	(10,762)	(8,516)	(39,515)
At 31 December 2023	3,837,950	3,013,028	1,330,027	160,838	3,412,172	618,220	12,372,235
Exchange adjustments	(169,213)	(126,571)	(59,201)	(6,348)	(140,566)	(7,272)	(509,171)
Additions	28,260	54,912	40,708	8,712	78,936	178,174	389,702
Reclassification	528,482	37,975	37,613	–	18,325	(622,395)	–
Transfer to investment properties (note 14)	–	(247,008)	–	–	–	–	(247,008)
Liquidation of a subsidiary (note 37 (ii))	–	–	(12,867)	(1,809)	–	–	(14,676)
Disposals/written off	(640)	(2,718)	(14,123)	(16,631)	(15,701)	–	(49,813)
At 31 December 2024	4,224,839	2,729,618	1,322,157	144,762	3,353,166	166,727	11,941,269
DEPRECIATION, AMORTISATION AND IMPAIRMENT							
At 1 January 2023	836,253	1,079,098	753,122	134,374	2,316,068	–	5,118,915
Exchange adjustments	(33,252)	(39,540)	(27,377)	(4,736)	(85,750)	–	(190,655)
Provided for the year	130,376	99,568	71,130	12,812	184,898	–	498,784
Impairment loss recognised in profit or loss	–	–	–	–	6,645	–	6,645
Eliminated on disposal of a subsidiary (note 37)	–	–	(5)	–	–	–	(5)
Eliminated on disposals/written off	(4,104)	(434)	(8,713)	(5,374)	(9,589)	–	(28,214)
At 31 December 2023	929,273	1,138,692	788,157	137,076	2,412,272	–	5,405,470
Exchange adjustments	(39,862)	(51,297)	(34,807)	(5,349)	(89,023)	–	(220,338)
Provided for the year	139,257	107,888	88,763	20,205	210,344	–	566,457
Impairment loss recognised in profit or loss	–	–	74	–	28,393	–	28,467
Transfer to investment properties (note 14)	–	(26,073)	–	–	–	–	(26,073)
Eliminated on liquidation of a subsidiary (note 37 (ii))	–	–	(12,847)	(873)	–	–	(13,720)
Eliminated on disposals/written off	(620)	(2,390)	(12,294)	(15,801)	(12,670)	–	(43,775)
At 31 December 2024	1,028,048	1,166,820	817,046	135,258	2,549,316	–	5,696,488
CARRYING VALUES							
At 31 December 2024	3,196,791	1,562,798	505,111	9,504	803,850	166,727	6,244,781
At 31 December 2023	2,908,677	1,874,336	541,870	23,762	999,900	618,220	6,966,765

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(i) The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum or over the following periods:

Hotel property	Over the period of the lease term
Leasehold land and buildings	The shorter of 4% – 5% or over the period of the lease term
Furniture, fixtures and equipment	5% – $33^1/_3$% or over the period of the lease in case of fixtures in rented premises, if shorter
Motor vehicles	10% – 30%
Plant and machinery	5% – 20%

(ii) The carrying values of property interests comprise properties erected on land held under:

	2024 HK$'000	2023 HK$'000
Leasehold land in the PRC	**4,243,693**	4,243,599
Leases in Hong Kong	**502,700**	524,827
Lease in Asian, other than Hong Kong and the PRC	**13,196**	14,587
	4,759,589	4,783,013

16. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	**Leased properties (Note i) HK$'000**	**Total HK$'000**
As at 31 December 2024			
Carrying amount	**474,847**	**253,259**	**728,106**
As at 31 December 2023			
Carrying amount	481,818	124,355	606,173
For the year ended 31 December 2024			
Depreciation charge	**16,847**	**60,860**	**77,707**
Exchange difference	**(15,856)**	**(13,940)**	**(29,796)**
For the year ended 31 December 2023			
Depreciation charge	11,307	55,563	66,870
Exchange difference	(12,398)	(4,501)	(16,899)

16. RIGHT-OF-USE ASSETS (continued)

	2024 HK$'000	2023 HK$'000
Expense relating to short-term leases	**71,568**	64,020
Total cash outflow for leases (Note ii)	**168,105**	163,227
Additions to right-of-use assets (Note iii)	**235,803**	51,980

Notes:

(i) The Group leases various office premises and apartment units for its operations. Majority of the lease contracts are entered into for lease terms of 2 to 10 years (2023: 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease terms 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.

(ii) Total cash outflow for leases included the repayment of lease liabilities and related interest paid, expense relating to short-term leases and expense relating to leases of low-value assets.

(iii) Amounts of HK$235,803,000 (2023: HK$51,980,000) resulting from new leases entered with ending balance of right-of-use assets at the year ended amounting to HK$229,971,000 (2023: HK$49,285,000).

The Group regularly entered into short-term leases for leased properties. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense during the relevant year.

Restrictions or covenants on leases

In addition, in respect of right-of-use assets of HK$253,259,000 (2023: HK$124,355,000) and the associated lease liabilities of HK$287,716,000 (2023: HK$165,261,000) as at 31 December 2024, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. TOLL ROAD OPERATING RIGHTS

	HK$'000
COST	
At 1 January 2023	15,207,240
Exchange adjustments	(403,184)
At 31 December 2023	14,804,056
Exchange adjustments	(477,508)
At 31 December 2024	14,326,548
AMORTISATION AND IMPAIRMENT	
At 1 January 2023	9,652,911
Charged for the year	742,142
Exchange adjustments	(259,679)
At 31 December 2023	10,135,374
Charged for the year	786,667
Exchange adjustments	(335,959)
At 31 December 2024	10,586,082
CARRYING VALUES	
At 31 December 2024	3,740,466
At 31 December 2023	4,668,682

Notes:

(i) The toll road operating rights represent:

(a) the right to receive toll fees from vehicles using the Shanghai section of the Jing-Hu Expressway and to operate service facilities in designated areas along the Shanghai section for a period of 25 years ending in 2028;

(b) the right to receive toll fees from vehicles using the Shanghai section of the Hu-Kun Expressway and to operate service facilities in designated areas along the Shanghai section for a period of 30 years ending in 2030; and

(c) the right to receive toll fees from vehicles using the Shanghai section of Hu-Yu Expressway and to operate service facilities in designated areas along the Shanghai section for a period of 20 years ending in 2027.

(ii) The Group's rights to operate the toll roads are amortised on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the period for which the Group is granted the rights to operate the toll roads.

18. GOODWILL

	HK$'000
COST	
At 1 January 2023	953,181
Exchange adjustments	(20,005)
At 31 December 2023	933,176
Exchange adjustments	(23,921)
At 31 December 2024	909,255
IMPAIRMENT	
At 1 January 2023	405,985
Exchange adjustments	(6,592)
At 31 December 2023	399,393
Exchange adjustments	(7,881)
At 31 December 2024	391,512
CARRYING VALUES	
At 31 December 2024	517,743
At 31 December 2023	533,783

For the purpose of impairment testing, goodwill arising on business combinations as set out above was allocated, at acquisition, to three (2023: three) cash-generating units ("CGUs"), comprising one (2023: one) subsidiary in the infrastructure and environmental protection segment, one (2023: one) subsidiary in the real estate segment and one (2023: one) subsidiary in the consumer products segment, that are expected to benefit from that business combination as follows:

	2024 **HK$'000**	2023 HK$'000
Infrastructure and environmental protection	**476,470**	492,510
Real estate	**23,604**	23,604
Consumer products	**17,669**	17,669
	517,743	533,783

The recoverable amounts of the infrastructure and environmental protection CGU have been determined based on a value in use calculation.

For infrastructure and environmental protection CGU, the value in use is determined by discounting the future cash flows to be generated from the continuing use of waste water treatment plant and waste incineration power generation plant over the service concession periods ranging from 20 to 30 years, using a discount rate of 8% (2023: 8%). Since the recoverable amount of the CGU is higher than its carrying amount, the management of the Group considers that the goodwill is not impaired.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of any of the CGUs to materially exceed the aggregate recoverable amount of the relevant CGUs.

19. OTHER INTANGIBLE ASSETS

	Operating concessions HK$'000 (Note i)	Premium on leasehold land/prepaid lease payments HK$'000 (Note ii)	Trademark HK$'000 (Note iii)	Others HK$'000	Total HK$'000
COST					
At 1 January 2023	10,573,707	1,573	57,634	15,630	10,648,544
Exchange adjustments	(290,740)	(42)	(1,528)	–	(292,310)
Additions	2,148,227	–	–	–	2,148,227
At 31 December 2023	12,431,194	1,531	56,106	15,630	12,504,461
Exchange adjustments	(467,678)	(50)	(1,828)	–	(469,556)
Liquidation of a subsidiary (note 37(ii))	(9,327)	–	–	–	(9,327)
Additions	3,472,568	–	–	–	3,472,568
At 31 December 2024	15,426,757	1,481	54,278	15,630	15,498,146
AMORTISATION AND IMPAIRMENT					
At 1 January 2023	2,568,817	732	–	–	2,569,549
Exchange adjustments	(69,582)	(20)	–	–	(69,602)
Charged for the year	383,798	80	–	–	383,878
At 31 December 2023	2,883,033	792	–	–	2,883,825
Exchange adjustments	(105,675)	(27)	–	–	(105,702)
Liquidation of a subsidiary (note 37(ii))	(8,806)	–	–	–	(8,806)
Charged for the year	585,211	78	–	–	585,289
At 31 December 2024	3,353,763	843	–	–	3,354,606
CARRYING VALUES					
At 31 December 2024	12,072,994	638	54,278	15,630	12,143,540
At 31 December 2023	9,548,161	739	56,106	15,630	9,620,636

Notes:

(i) Operating concessions represent the rights to operate waste water treatment, water supply and waste incineration plants and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis over the respective periods of the operating concessions granted to the Group of 7 to 50 years. Details of these operating concessions are set out in note 23.

(ii) Premium on leasehold land represents the premium on acquisition of prepaid lease payments for land which is to be amortised over the period of the lease of the related prepaid lease payments on a straight-line basis.

(iii) The trademark has a legal life of 10 years from September 2021 to September 2031 and is renewable upon expiry. The directors of the Company are of the opinion that the Group will renew the trademark continuously and has the ability to do so at minimal cost. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash inflow for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing, trademark with indefinite useful life set out above has been allocated to the individual CGU, comprising one subsidiary in the real estate segment. For the years ended 31 December 2024 and 2023, management of the Group has determined that there is no impairment of the CGU containing trademark by reference to the recoverable amount of the CGU, which has been determined based on a value in use calculation.

20. INTERESTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Cost of unlisted investments in joint ventures	**10,227,422**	10,476,060
Share of post-acquisition profits and other comprehensive income, net of dividends received/declared	**564,257**	885,797
	10,791,679	11,361,857

Notes:

(i) Summarised financial information in respect of the Group's material interests in joint ventures, namely 上海上實北外灘新地標建設開發有限公司 ("Beiwaitan New Landmark"), 中環保水務投資有限公司 (General Water of China Co., Ltd.) ("General Water"), 上海諾卓企業管理有限公司 (Shanghai Nuozhuo Enterprise Management Company Limited") ("Shanghai Nuozhuo") and S.I. Yangtze River Delta Ecological Development Limited ("Yangtze River Delta") is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRS Accounting Standards.

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

	Beiwaitan New Landmark		General water		Shanghai Nuozhuo		Yangtze River Delta	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Current assets	**110,549**	31,924	**1,463,364**	2,092,564	**68**	77	**325,140**	302,601
Non-current assets*	**11,574,669**	11,152,473	**7,079,693**	6,821,966	**2,809,706**	2,893,250	**11,324,051**	11,374,983
Current liabilities	**(41,584)**	(226,113)	**(1,931,733)**	(2,340,941)	**(9,704)**	(462)	**(3,812,476)**	(2,396,334)
Non-current liabilities	**(1,443,800)**	(364,291)	**(1,589,509)**	(1,519,826)	**–**	–	**(7,421,249)**	(8,751,995)
Non-controlling interests	**–**	–	**(718,370)**	(764,814)	**–**	–	**–**	–
The above amounts of assets and liabilities include the following:								
Cash and cash equivalents	**12,420**	5,625	**754,376**	1,425,279	**68**	77	**325,140**	222,280
Current financial liabilities (excluding trade and other payables and provisions)	**37,868**	–	**(655,249)**	(885,181)	**–**	–	**(3,812,476)**	(2,396,334)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(1,438,812)**	(350,456)	**(1,589,446)**	(1,519,664)	**–**	–	**(7,421,249)**	(8,751,995)
Revenue	**–**	–	**2,027,106**	2,135,754	**–**	–	**–**	–
(Loss) profit for the year	**(50,056)**	33,381	**279,163**	265,332	**(6)**	(6)	**274,252**	315,928
Other comprehensive expenses for the year	**(344,104)**	(394,586)	**(142,535)**	(114,818)	**(83,531)**	(78,787)	**(388,042)**	(189,438)
Total comprehensive (expenses) income for the year	**(394,160)**	(361,205)	**136,628**	150,514	**(83,537)**	(78,793)	**(113,790)**	126,490
Dividends received during the year	**–**	–	**54,959**	38,301	**–**	–	**–**	–
The above (loss) profit for the year includes the following:								
Depreciation and amortisation	**(3,953)**	–	**(156,540)**	(147,569)	**–**	–	**–**	–
Interest income	**–**	–	**16,997**	23,159	**–**	–	**–**	–
Interest expense	**–**	(394)	**(50,034)**	(40,838)	**–**	–	**(345,078)**	(496,193)
Income tax expense	**–**	–	**(117,885)**	(128,263)	**–**	–	**–**	–

* The balances of General Water and Yangtze River Delta mainly comprise operating concessions and the balances of Shanghai Nuozhuo and Beiwaitan New Landmark mainly comprise land costs relating to properties under development for rentals.

20. INTERESTS IN JOINT VENTURES (continued)

Notes: (continued)

(i) (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint ventures recognised in the consolidated financial statements:

	Beiwaitan New Landmark		General water		Shanghai Nuozhuo		Yangtze River Delta	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Equity attributable to owners of	**10,199,834**	10,593,993	**4,303,445**	4,288,949	**2,800,070**	2,892,865	**415,466**	529,255
Proportion of the Group's ownership interest	**50%**	50%	**45%**	45%	**50%**	50%	**50%**	50%
Carrying amount of the Group's interest	**5,099,917**	5,296,997	**1,936,550**	1,930,027	**1,400,035**	1,446,433	**207,733**	264,628

Aggregate information of joint ventures that are not individually material:

	2024 HK$'000	2023 HK$'000
The Group's share of profit	**38,840**	45,948
The Group's share of other comprehensive expense	**(82,194)**	(43,140)
The Group's share of total comprehensive (expense) income	**(43,354)**	2,808
Dividends received during the year	**48,420**	77,632
Aggregate carrying amount of the Group's interests in these joint ventures	**2,328,734**	2,423,772

(ii) The Group has discontinued recognition of its share of profit (loss) of a joint venture. The amounts of unrecognised share of the joint venture, both for the year and cumulatively, are as follows:

	2024 HK$'000	2023 HK$'000
Unrecognised share of profit of a joint venture for the year	**164**	218
Accumulated unrecognised share of losses of a joint venture	**(3,604)**	(3,768)

(iii) Details of the Group's principal joint ventures at the end of the reporting period are set out in note 47.

21. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Cost of investments in associates	**5,124,361**	6,441,693
Share of post-acquisition profit and other comprehensive income, net of dividends received/declared	**705,066**	711,210
	5,829,427	7,152,903
Fair value of listed investment in an associate – Canvest Environmental	**2,181,402**	1,772,686

Notes:

(i) Included in the cost of investments is goodwill of HK$517,597,000 (2023: HK$717,597,000) arising on acquisitions.

(ii) As at 31 December 2024, despite the shortfall of the market value of the relevant interest of Canvest Environmental amounted to HK$180,451,000 (2023: HK$729,528,000) compared to the carrying amount of the relevant interest, the management of the Group has determined that there is no impairment on the carrying amount of the Group's interest in Canvest Environmental by reference to the recoverable amount of the relevant interest, which has been determined based on a value in use calculation with reference to the future dividend yields and disposal value of the relevant interest.

(iii) On 5 November 2024, the Group through its indirectly wholly-owned subsidiary, together with other shareholders of 寧波市杭州灣大橋發展有限公司 ("Hangzhou Bay Bridge") (collectively referred to as the "Vendors"), entered into an equity transfer agreement with a purchaser, pursuant to which the Group conditionally agreed to sell its 23.0584% equity interest in Hangzhou Bay Bridge, at a cash consideration of not less than RMB1,747 million and not more than RMB1,923 million to the purchaser. The transaction is completed on 30 November 2024 with a final cash consideration of RMB1,864,963,000 (equivalent to HK$2,021,640,000) and a gain on disposal of an associate of RMB1,081,023,000 (equivalent to HK$1,171,842,000) recognised in the profit or loss. As at year ended 31 December 2024, the Group received cash consideration amount of RMB1,770,666,000 (equivalent to HK$1,919,421,000).

The purchaser, upon the completion of the acquisition of the entire equity interest in Hangzhou Bay Bridge from the Vendors, set up an REIT, which is listed on Shanghai Stock Exchange. The Group, through its indirectly wholly-owned subsidiary, subscribed 158,284,000 shares of the REIT at a consideration of RMB1,280,201,000 (equivalent to HK$1,387,752,000), without significant influence nor control over the REIT, the REIT is recognised as a financial asset at FVTOCI.

(iv) Summarised financial information in respect of the Group's material associates, namely 上海莘天置業有限公司 ("Shanghai Shentian"), Hangzhou Bay Bridge, Canvest Environmental and Shanghai Galaxy Investment Co., Ltd. ("Shanghai Galaxy"), is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRS Accounting Standards.

(iv) All associates are accounted for using the equity method in these consolidated financial statements.

	Hangzhou Bay Bridge		Shanghai Shentian		Canvest Environmental		Shanghai Galaxy	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Current assets*	**N/A**	2,387,190	**6,783,901**	7,020,847	**5,319,917**	4,822,820	**3,049,275**	4,037,407
Non-current assets**	**N/A**	7,346,625	**621,946**	21,315	**20,681,936**	22,115,092	**5,395,433**	6,202,132
Current liabilities	**N/A**	(1,248,742)	**(1,446,499)**	(1,461,609)	**(7,185,218)**	(4,814,978)	**(1,976,834)**	(3,525,357)
Non-current liabilities	**N/A**	(3,153,194)	**(1,724,871)**	(1,485,654)	**(8,994,492)**	(12,591,501)	**(3,208,851)**	(3,152,878)
Non-controlling interests	**N/A**	–	**–**	–	**(354,710)**	(370,154)	**(549,034)**	(541,703)

* The balances of Shanghai Shentian mainly comprise land and construction costs relating to properties under development held for sale and properties held-for-sale.

** The balances of Hangzhou Bay Bridge and Canvest Environmental mainly comprise operating concessions. The balances of Shanghai Galaxy mainly comprise property, plant and equipment.

21. INTERESTS IN ASSOCIATES (continued)

Notes: (continued)

(iv) (continued)

	Hangzhou Bay Bridge		Shanghai Shentian		Canvest Environmental		Shanghai Galaxy	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Revenue	**1,128,860**	2,385,111	**1,316,094**	4,412	**4,198,331**	4,980,160	**690,349**	825,105
Profit (loss) for the year	**458,929**	958,981	**277,997**	(27,028)	**641,020**	850,436	**(230,936)**	157,106
Other comprehensive expense for the year	**(21,145)**	(204,853)	**(138,419)**	(112,119)	**(256,799)**	(176,365)	**(46,990)**	(126,512)
Total comprehensive income (expense) for the year	**437,784**	754,128	**139,578**	(139,147)	**384,221**	674,071	**(277,926)**	30,594
Dividends received during the year	**204,425**	135,822	**–**	–	**15,208**	11,269	**24,385**	–

(v) Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	Hangzhou Bay Bridge		Shanghai Shentian		Canvest Environmental		Shanghai Galaxy	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000 (Note (i))**	2023 HK$'000 (Note (i))	**2024 HK$'000**	2023 HK$'000
Equity attributable to owners of the associate	**N/A**	5,331,879	**4,234,477**	4,094,899	**9,467,433**	9,161,279	**2,709,989**	3,019,601
Proportion of the Group's ownership interest	**N/A**	23.06%	**35%**	35%	**19.48%**	19.48%	**45%**	45%
Goodwill	**N/A**	–	**–**	–	**517,597**	717,597	**–**	–
Carrying amount of the Group's interest in the associate	**N/A**	1,229,531	**1,482,067**	1,433,215	**2,361,853**	2,502,214	**1,219,495**	1,358,820

Notes:

(i) The Group is able to exercise significant influence over Canvest Environmental as the Group is the second largest shareholder and has appointed a director to the board of Canvest Environmental. Canvest Environmental is accounted for as an associate using the equity method accordingly.

Aggregate information of associates that are not individually material:

	2024 HK$'000	2023 HK$'000
The Group's share of profit (loss)	**2,287**	(10,983)
The Group's share of other comprehensive expense	**(6,692)**	(29,733)
The Group's share of total comprehensive expense	**(4,405)**	(40,716)
Dividends received during the year	**20,749**	976
Aggregate carrying amount of the Group's interests in the associates	**766,012**	629,123

(vi) Details of the Group's principal associates at the end of the reporting period are set out in note 48.

22. INVESTMENTS

	2024 HK$'000	2023 HK$'000
Financial assets at FVTPL		
Unlisted exchangeable bonds (Note i)	**1,637,000**	1,637,000
Listed equity securities	**218,608**	235,368
Unlisted equity securities	**7,478**	7,731
	1,863,086	1,880,099
Financial assets at FVTOCI		
Listed equity securities (Note ii)	**1,497,254**	39,020
Unlisted equity securities (Note iii)	**240,542**	402,563
	1,737,796	441,583
	3,600,882	2,321,682
Analysed for reporting purposes as:		
Current portion	**225,532**	242,527
Non-current portion	**3,375,350**	2,079,155
	3,600,882	2,321,682

Notes:

(i) On 5 October 2023, the Company entered into a subscription agreement with an independent third party for the subscription of exchangeable bonds in the principal amount of HK$1,637,000,000. The exchangeable bonds will entitle the Company to exchange for no more than 243,954,117 ordinary shares of Canvest Environmental at an initial exchange price of HK$6.71 per shares, representing approximately 10% of the entire share issued share capital of Canvest Environmental as at the issue date. The option to exchange for additional interest in Canvest Environmental does not result in an in-substance ownership interest because it does not, in substance, currently gives access to the returns associated with an ownership interest. The exchangeable bonds carry interest at an initial interest rate of 2.8% per annum (subject to adjustment) and will be mature in year 2030. For more details of the terms for the exchangeable bonds could refer to the Company's announcement on 5 October 2023.

The exchangeable bonds are measured at FVTPL. As at 31 December 2024 and 2023, the fair value has been arrived on the basis of valuation carried out by Greater China Appraisal Limited ("Greater China"). Greater China is a member of the Institute of Valuers and a firm of independent qualified professional valuer not connected with the Group. Greater China possesses appropriate qualifications and experience in the valuation of financial assets.

(ii) The above listed equity securities as at 31 December 2024 and 2023 represent ordinary shares of entities listed in the PRC and/or HK. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as financial assets at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss is not consistent with the Group's strategy of holding these investments for long-term strategic purposes and realising their performance potential in the long run.

(iii) The above unlisted equity securities as at 31 December 2024 and 2023 represent the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as financial assets at FVTOCI as they consider that the equity instruments are held for long-term strategic purposes and will realise their performance in the long run.

23. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

In addition to the Group's toll road operating rights as disclosed in note 17, the Group also has the following service concession arrangements.

(I) Nature of arrangements

The Group through its subsidiaries engages in the businesses of waste water treatment, water supply, waste incineration and sludge treatment in the PRC and has entered into a number of service concession arrangements with certain governmental authorities or their agencies in the PRC on a Build-Operate-Transfer ("BOT"), a Transfer-Operate-Transfer ("TOT"), Build-Operate-Own ("BOO") or Transfer-Operate-Own ("TOO") basis in respect of its businesses. These service concession arrangements generally involve the Group as an operator to (i) construct waste water treatment, water supply, waste incineration and sludge treatment plants for those arrangements on a BOT and BOO basis; (ii) pay a specific amount for those arrangements on a TOT and TOO basis; (iii) operate and maintain the waste water treatment, water supply, waste incineration and sludge treatment plants at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 20 to 50 years (the "service concession periods"), and the Group will be paid for its services over the relevant periods of the service concession arrangements at prices stipulated through pricing mechanism. The plants will be transferred to the respective grantors at the end of the service concession periods for BOT and TOT.

The Group is generally entitled to operate all the property, plant and equipment of the waste water treatment, water supply, waste incineration and sludge treatment plants, however, the relevant governmental authorities as grantors control and regulate the scope of services that the Group provides to the waste water treatment, water supply, waste incineration and sludge treatment plants and retain the beneficial entitlement to any residual interest in the waste water treatment, water supply, waste incineration and sludge treatment plants at the end of the service concession periods. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authorities or their agencies in the PRC that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations levied on the Group to restore the waste water treatment, water supply, waste incineration and sludge treatment plants to a specified level of serviceability at the end of the service concession periods, and arrangements for arbitrating disputes.

23. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (continued)

(I) Nature of arrangements (continued)

As at 31 December 2024, the Group had 212 (2023: 198) service concession arrangements on waste water treatment, 27 (2023: 23) service concession arrangements on water treatment and distribution, 3 (2023: 4) service concession arrangements on waste incineration and 7 (2023: 11) service concession arrangements on sludge treatment. A summary of the major terms of the principal service concession arrangements is set out below:

Name of subsidiaries as operator	Project name	Location in the PRC	Name of grantor	Type of service concession arrangement	Daily design capacity (tons/day)	Service concession period
Wuhan Hanxi Wastewater Treatment Co., Ltd.	Wuhan Hanxi Wastewater Treatment 1st Stage and 2nd Stage (Expansion)	Wuhan, Hubei Province	武漢市人民政府	BOT (Financial assets)	600,000	30 years from 2005
Yiyang City Tap Water Co., Ltd.	Yiyang City Water Supply	Yiyang, Hunan Province	益陽市住房和城鄉建設局	TOT and BOT (Intangible assets)	520,000	28 years from 2016
Wuhan Huang-Pi SIIC Water Services Co., Ltd.	Wuhan Huang-Pi Kaidi Water Supply	Huang-Pi, Hubei Province	武漢市黃陂上實水務有限公司	BOT (Intangible assets)	430,000	30 years from 2008
Jiamusi Longjiang Environmental Protection Water Supply Co., Ltd.	Jiamusi Water Supply TOT	Jiamusi, Heilongjiang Province	佳木斯市新時代城市基礎設施建設投資(集團)有限公司	TOT (Intangible assets)	360,000	30 years from 2012
Longjiang Environmental Protection Group Co., Ltd. ("Longjiang Group")	Harbin Taipin Wastewater Treatment BOT	Harbin, Heilongjiang Province	哈爾濱供排水集團有限責任公司	BOT (Financial assets)	325,000	25 years from 2005
Longjiang Group	Harbin Wenchang Wastewater Treatment TOT	Harbin, Heilongjiang Province	哈爾濱市水務局	TOT (Financial assets)	325,000	30 years from 2010
Weifang City Tap Water Co., Ltd.	Weifang City Tap Water Supply	Weifang, Shandong Province	濰坊市人民政府	TOT and BOT (Intangible assets)	320,000	25 years from 2007
Mudanjiang Longjiang Environmental Protection Water Supply Co., Ltd.	Mudanjiang Water Supply TOT	Mudanjiang, Heilongjiang Province	牡丹江市城市投資集團有限公司	TOT (Intangible assets)	300,000	30 years from 2010

23. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (continued)

(I) Nature of arrangements (continued)

As explained in the accounting policy for "Service concession arrangements" set out in note 3, a service concession arrangement is accounted for as an intangible asset (operating concession) or a financial asset (receivables under service concession arrangements) or a combination of both, as appropriate. The intangible asset component is detailed in note 19 and the financial asset component is as follows:

	2024 HK$'000	2023 HK$'000
Receivables under service concession arrangements	**23,522,936**	25,776,269
Less: current portion classified as current assets	**(968,486)**	(986,928)
Non-current portion	**22,554,450**	24,789,341

During the year, the Group recognised interest income of HK$1,339,140,000 (2023: HK$1,361,851,000) and construction income of HK$1,946,733,000 (2023: HK$2,276,496,000) as revenue under the line item "income from infrastructure facilities" from service concession arrangements. The effective interest rate applied ranges from 2.60% to 7.83% (2023: 3.3% to 8.0%) per annum and the overall gross profit margin for construction contracts is at 12% (2023: 12%).

(II) Provision for major overhauls

Pursuant to the service concession agreements, the Group has contractual obligations to maintain the waste water treatment, water supply, waste incineration and sludge treatment plants to a specified level of serviceability and/or to restore the plants to a specified condition before they are handed over to the grantors at the end of the service concession periods. These contractual obligations to maintain or restore the waste water treatment, water supply, waste incineration and sludge treatment plants, except for any upgrade element, are recognised and measured in accordance with HKAS 37, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The future expenditure on these maintenance and restoration costs is collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis, and revised where appropriate.

The movements in the provision for the major overhauls of waste water treatment, water supply, waste incineration and sludge treatment plants during the current and prior years are as follows:

	HK$'000
At 1 January 2023	80,484
Exchange adjustments	(2,145)
Provided during the year	4,202
Settlement during the year	(1,974)
At 31 December 2023	80,567
Exchange adjustments	(2,627)
Provided during the year	4,947
Settlement during the year	(4,761)
At 31 December 2024	78,126

24. DEPOSITS PAID ON ACQUISITION OF NON-CURRENT ASSETS

	2024 HK$'000	2023 HK$'000
Services concession arrangements	**29,935**	416,941
Others (Note)	**32,882**	37,345
	62,817	454,286

Note: Others represent deposits paid by the Group in connection with the acquisition of property, plant and equipment and intangible assets for the Group's new production facilities and projects under infrastructure and environmental protection segment. The related capital commitments are disclosed in note 39.

25. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Amortisation of toll road operating rights HK$'000	Revaluation of investment properties HK$'000	LAT on revaluation of investment properties HK$'000	Tax losses HK$'000	Fair value adjustments on business combinations HK$'000	Undistributed earnings of PRC entities HK$'000	LAT on properties under development/ properties held for sale HK$'000	Other deferred tax liabilities HK$'000	Other deferred tax assets HK$'000	Total HK$'000
At 1 January 2023	161,743	172,013	3,231,221	1,967,782	(81,273)	983,079	366,746	15,133	1,008,335	(55,598)	7,769,181
Exchange adjustments	(4,505)	(2,673)	(55,942)	(35,316)	1,398	(16,214)	(3,903)	(231)	(17,517)	1,148	(133,755)
Disposal of a subsidiary (note 37)	–	–	–	(7,378)	–	–	–	–	–	–	(7,378)
Charged (credited) to profit or loss	99,109	(15,361)	25,340	88,174	(550)	(20,862)	(135,699)	(1,551)	(20,224)	(11,309)	7,067
Credited to other comprehensive income	–	–	–	–	–	–	–	–	(974)	–	(974)
Credited to other comprehensive income upon disposal	–	–	–	–	–	–	–	–	(1,376)	–	(1,376)
At 31 December 2023	256,347	153,979	3,200,619	2,013,262	(80,425)	946,003	227,144	13,351	968,244	(65,759)	7,632,765
Exchange adjustments	(8,299)	(4,253)	(65,443)	(72,113)	1,875	(33,236)	(6,719)	(405)	(34,381)	1,640	(221,334)
Disposal of a subsidiary (note 37)	–	–	–	–	–	–	–	–	(5,036)	–	(5,036)
Charged (credited) to profit or loss	42,555	(38,636)	(194,870)	1,137	35,749	23,393	(4,401)	(1,363)	265,694	(4,806)	124,452
Credited to other comprehensive income	–	–	–	–	–	–	–	–	(54)	–	(54)
Credited to other comprehensive income upon disposal	–	–	–	–	–	–	–	–	(2,308)	–	(2,308)
Charge to other comprehensive income upon transfer of property, plant and equipment to investment properties	–	–	–	–	–	–	–	–	3,514	–	3,514
At 31 December 2024	290,603	111,090	2,940,306	1,942,286	(42,801)	936,160	216,024	11,583	1,195,673	(68,925)	7,531,999

25. DEFERRED TAXATION (continued)

Notes:

(i) 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 liabilities	**7,705,109**	7,830,565
Deferred tax assets	**(173,110)**	(197,800)
	7,531,999	7,632,765

(ii) At the end of the reporting period, the Group had unused tax losses of approximately HK$13,931 million (2023: HK$12,687 million) available for offset against future assessable profits. A deferred tax asset amounting to approximately HK$42.8 million (2023: HK$80.4 million) in respect of tax losses amounting to approximately HK$184 million (2023: HK$334 million) has been recognised. No deferred tax asset was recognised in respect of the remaining tax losses of approximately HK$13,747 million (2023: HK$12,353 million) due to the unpredictability of future profit streams. The Hong Kong tax losses of approximately HK$34.7 million (2023: HK$33.1 million) may be carried forward indefinitely and the remaining PRC tax losses of approximately HK$13,896 million (2023: HK$12,655 million) will expire in various dates in the next five years.

(iii) Under the Law of the PRC on EIT, withholding tax is imposed on dividends declared in respect of profits earned by PRC entities from 1 January 2008 onwards. At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised was approximately HK$3,049 million (2023: HK$3,023 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

(iv) Other deferred tax liabilities mainly include deferred tax on fair value change of financial assets classified as held for trading. Other deferred tax assets include deferred tax on (a) impairment loss on bad and doubtful debts, (b) pre-operating expenses, (c) accrued expenses and (d) unrealised gain on disposal of the equity investment.

26. INVENTORIES

	2024 HK$'000	2023 HK$'000
Properties under development held for sale	**10,858,856**	21,091,444
Properties held for sale	**12,906,802**	11,266,144
Raw materials	**1,197,021**	1,262,131
Work in progress	**32,792**	42,870
Finished goods	**244,819**	210,036
Merchandise held for resale	**20,627**	35,463
	25,260,917	33,908,088

At 31 December 2024, included in the above balances were PUD of HK$5,672,329,000 (2023: HK$10,962,355,000) which are not expected to be realised within one year.

Included in the PHFS as at 31 December 2024 were an amount of HK$4,177,754,000 (2023: HK$3,827,994,000) which represents properties located in first-tier cities, such as Beijing and Shanghai, the PRC and an amount of HK$8,729,048,000 (2023: HK$7,438,150,000) which represents properties located in other cities in the PRC.

Included in the PUD as at 31 December 2024 were an amount of HK$7,459,481,000 (2023: HK$10,302,588,000) which represents properties located in first-tier cities, such as Beijing and Shanghai, the PRC and an amount of HK$3,399,375,000 (2023: HK$10,788,856,000) which represents properties located in other cities in the PRC.

26. INVENTORIES (continued)

Out of the above properties located in other cities in the PRC, an amount of HK$7,506,243,000 (2023: HK$11,170,822,000) was identified as the Concerned Properties by the management of the Group as detailed below.

As disclosed in note 4, the management of the Group identified the Concerned Properties by reference to the cities and locations where the properties are located, the pre-sale status and other relevant market factors. The management of the Group assessed the net realisable values of the Concerned Properties as at 31 December 2024, with reference to the valuations conducted by the Valuers with reference to the valuations conducted by the Valuers. The net realisable values of the Group's Concerned Properties was arrived at by the Valuers with reference to transaction price of comparable properties in the similar or same locations with adjustments made according to nature of each property and its specific location and condition.

During the year ended 31 December 2024, an impairment loss of HK$164,546,000 (2023: HK$974,487,000) and HK$744,998,000 (2023: HK$171,067,000) were recognised on PHFS and PUD respectively under Concerned Properties. The Group's also provided reversal of impairment loss of HK$15,042,000 (2023: impairment loss of HK$66,302,000) and impairment loss of HK$12,711,000 (2023: HK$13,120,000) in respect of other than the Concerned Properties under PHFS and PUD respectively.

During the year ended 31 December 2024, an impairment loss of HK$757,709,000 (2023: HK$184,187,000) on certain PUD is recognised, taken into account construction cost expended and the estimated construction cost to complete the development.

During the year ended 31 December 2024, an impairment loss on inventories, other than properties of HK$39,877,000 (2023: HK$32,389,000) recognised in profit or loss.

27. TRADE AND OTHER RECEIVABLES

	2024 **HK$'000**	2023 HK$'000
Trade receivables		
– Goods and services	**7,128,141**	5,765,009
– Lease receivables	**10,955**	14,223
	7,139,096	5,779,232
Less: allowance for credit loss	**(376,352)**	(515,373)
	6,762,744	5,263,859
Amounts due from related parties (Note iv)	**2,118,244**	2,916,759
Other receivables (Note v)	**2,054,866**	2,326,260
Prepaid other taxes (Note vi)	**694,818**	722,515
Consideration receivable (note 21(iii))	**100,358**	–
Total trade and other receivables	**11,731,030**	11,229,393

As at 1 January 2023, trade receivable from contracts with customers amounted to HK$5,356,519,000.

27. TRADE AND OTHER RECEIVABLES (continued)

Notes:

(i) Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating their historical credit records and defines credit limits by customer. Credit sales are made to customers with good credit history and credit limits granted to customers are under regular review. Majority of the trade receivables that are neither past due nor impaired has no default payment history.

(ii) The Group generally allows credit periods ranging from 30 days to 180 days to its trade customers, other than property buyers. For property sales, due to the nature of business, the Group generally grants no credit period to property buyers, unless it is specially approved. The following is an aged analysis of trade receivables, net of allowance for credit loss, presented based on the invoice or contract date, which approximates the respective revenue recognition dates.

	2024 **HK$'000**	2023 HK$'000
Within 30 days	**1,192,689**	1,462,762
Within 31 – 60 days	**548,503**	571,207
Within 61 – 90 days	**504,205**	467,673
Within 91 – 180 days	**1,180,031**	866,332
Within 181 – 365 days	**1,601,723**	880,579
Over 365 days	**1,735,593**	1,015,306
	6,762,744	5,263,859

(iii) As at 31 December 2024, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK$3,306,887,000 (2023: HK$2,366,033,000) which is past due as at reporting date. The management of the Group considers no deterioration in credit qualities of the debtors and the settlement records from those debtors are satisfactory, the management of the Group concludes that these debtors are not considered a default and the impact of ECL for this past due trade receivables is insignificant.

(iv) The balances of amount due from related parties are non-trade in nature. As at 31 December 2024, included in amounts due from related parties were: (i) unsecured amounts of HK$44,210,000 (2023: HK$887,065,000) due from certain associates of which an amount of HK$nil (2023: HK$855,446,000) carries fixed interest at prevailing market interest rates and an amount of HK$nil (2023: HK$286,029,000) entrustment fund provided by the Group and (ii) amounts of HK$2,074,004,000 (2023: HK$2,029,694,000) due from certain joint ventures of which an amount of HK$1,434,940,000 (2023: HK$1,724,869,000) carries variable interest rates at 3 months Hong Kong Interbank Offered Rate ("HIBOR") plus a premium of 1.20% per annum (2023: 1.20%-2.40% per annum) and an amount of RMB439,858,000 (equivalent to HK$468,134,000) ((2023: RMBnil) carries fixed interest at prevailing market interest rate.

(v) As at 31 December 2024, other receivables amounting HK$2,054,866,000 (net of allowance of HK$1,197,797,000 (2023: HK$2,326,260,000 (net of allowance of HK$2,432,993,000) mainly represented advances to contractors, sundry advance payments, prepayments and deposits.

(vi) Prepaid other taxes comprise prepayments for urban real estate tax, city maintenance and construction tax, business tax and value-added tax.

(vii) Details of impairment assessment of trade and other receivables are set out in note 51(b).

28. CONTRACT ASSETS

	2024 **HK$'000**	2023 HK$'000
Amounts due from contract customers	**57,035**	83,487

As at 1 January 2023, contract assets amounted to HK$87,882,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group has recognised a contract asset for any works performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

29. BANK DEPOSITS/PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Long-term bank deposits with maturity of over 1 year carry interest at market rates, ranging from 2.15% to 2.60% per annum (2023: nil).

Pledged bank deposits carry fixed interest rate of 0.10% to 2.70% (2023: 4.50% to 5.75%) and represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$211,619,000 (2023: HK$183,023,000) have been pledged to secure bank loans settled within one year and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Short-term bank deposits with maturity of more than three months and within 1 year carry interest at market rates, ranging from 1.35% to 5.17% (2023: 1.55% to 5.70%) per annum.

Cash and cash equivalents include demand deposits and short-term deposits with maturity less than three months for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.10% to 4.61% (2023: 0.30% to 2.60%).

The amounts of the Group's pledged bank deposits, short-term bank deposits and cash and cash equivalents and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2024 **HK$'000**	2023 HK$'000
Renminbi ("RMB")	**377,684**	321,989
United States dollar ("USD")	**423,327**	408,435
Hong Kong dollar ("HK$")	**82,379**	124,345

30. TRADE AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables (Note i)	**5,728,857**	5,992,936
Bills payables	**13,915**	10,954
Accrued expenditure on PUD	**3,365,403**	4,009,281
Other taxes payables (Note ii)	**540,891**	925,606
Accrued charges	**1,116,028**	1,394,799
Other payables (Note iii)	**5,326,384**	6,723,979
Total trade and other payables	**16,091,478**	19,057,555

Notes:

(i) The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2024 **HK$'000**	2023 HK$'000
Within 30 days	**3,071,754**	2,616,162
Within 31 – 60 days	**272,984**	195,799
Within 61 – 90 days	**125,802**	100,338
Within 91 – 180 days	**340,136**	212,867
Within 181 – 365 days	**447,631**	1,058,338
Over 365 days	**1,470,550**	1,809,432
	5,728,857	5,992,936

30. TRADE AND OTHER PAYABLES (continued)

Notes: (continued)

(ii) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable, business tax payable and value-added tax payable.

(iii) Included in other payables as at 31 December 2024 were (a) amounts of HK$43,111,000 (2023: HK$42,690,000), due to State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District (the "Xuhui SASAC") and entities controlled by the Xuhui SASAC (see note 43(I)(a)(iii)), (b) amounts of HK$1,047,000 (2023: HK$121,778,000) due to certain fellow subsidiaries, which are unsecured and have no fixed terms of repayment, (c) amounts of HK$838,133,000 (2023: HK$1,678,023,000) due to non-controlling interests, of which the amount of HK$597,146,000 (2023: HK$1,365,351,000) carries fixed interest at prevailing market interest rates and (d) amounts of HK$165,315,000 (2023: HK$170,880,000) due to other related parties, which are unsecured and have no fixed terms of repayment.

31. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Amounts due to contract customers (Note i)	**21,325**	26,708
Customers deposits from sales of properties (Note ii)	**1,373,969**	8,455,867
	1,395,294	8,482,575

At as 1 January 2023, contract liabilities amounted to HK$15,568,956,000.

Notes:

(i) Construction contracts

When the Group receives deposits before the construction activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

(ii) Sales of properties

Customers deposits from sales of properties are liabilities in relation to sale and purchase agreements entered into with property buyers and their proceeds received on sales of property units that have not been recognised as revenue in accordance with the Group's revenue recognition policy. The Group normally receives 30% to 100% of the contract value as pre-sale proceeds from property buyers when they sign the sale and purchase agreement. The revenue recognised included in the contract liabilities at the beginning of the year amounted to HK$8,249,103,000 (2023: HK$14,555,480,000).

For properties under development for sale, the Group typically provides guarantees to banks in connection with the property buyers' 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 the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless there is significant drop in the market price, which is remote as considered by the directors of the Company, the Group would not be in a significant loss position in selling those properties out.

32. DEFERRED INCOME

On 22 June 2021, the Group through its indirect wholly-owned subsidiaries, entered into three compensation agreements with Shanghai Municipal Transportation Commission and Shanghai Municipal Investment (Group) Corporation, pursuant to which Shanghai Municipal transportation Commission agreed to pay the Group a pre-tax aggregate amount of RMB3,553 million as the economic compensation for the reduction of future toll fee revenue as a result from the waivers of toll mileage of certain entry sections of the three expressways operated by the Group. The Group continues to be responsible for the maintenance and operation of those entry sections of the relevant expressways for the remaining period of the respective toll road operating rights. The amount had been treated as deferred income.

The amount is transferred to other income on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the period for which the Group is granted the rights to operate toll road. This policy has resulted in a credit to other income in the current year of HK$438 million (2023: HK$406 million). As at 31 December 2024, an amount of RMB2,089 million (equivalent to approximately HK$2,224 million) (2023: RMB2,493 million (equivalent to approximately HK$2,743 million)) deferred income remains to be unamortised, of which the amount of RMB438 million (equivalent to approximately HK$467 million) are expected to be amortised within one year.

33. BANK AND OTHER BORROWINGS

	2024 **HK$'000**	2023 HK$'000
Bank loans	**51,304,684**	48,284,395
Other loans	**8,174,409**	10,378,966
	59,479,093	58,663,361
Analysed as:		
Secured	**20,466,038**	13,192,683
Unsecured	**39,013,055**	45,470,678
	59,479,093	58,663,361
Carrying amount repayable:		
Within one year	**19,205,072**	14,546,529
More than one year but not more than two years	**13,949,378**	12,945,775
More than two years but not more than five years	**13,821,391**	22,591,528
Over five years	**12,503,252**	8,579,529
	59,479,093	58,663,361
Less: amounts due within one year shown under current liabilities	**(19,205,072)**	(14,546,529)
	40,274,021	44,116,832
Floating rate		
– expiring within one year	**13,371,571**	10,580,399
– expiring beyond one year	**34,143,421**	35,475,846
Fixed rate		
– expiring within one year	**5,833,501**	3,966,130
– expiring beyond one year	**6,130,600**	8,640,986
	59,479,093	58,663,361

33. BANK AND OTHER BORROWINGS (continued)

Notes:

(i) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	**2.44%-4.53%**	0.80%-4.50%
Variable-rate borrowings	**0.80%-6.77%**	0.80%-6.60%

(ii) Included in the Group's bank borrowings is an amount of approximately HK$2,800 million (2023: HK$4,900 million) drawn under syndicated loan facilities of approximately HK$2,800 million (2023: HK$4,900 million) obtained by the Group. During the year 31 December 2024, transaction costs of approximately HK$13 million (2023: HK$24 million) which were directly attributable to such bank borrowings were deducted from the fair values of the bank borrowings on initial recognition. At 31 December 2024, the carrying value of such bank borrowings was approximately HK$2,787 million (2023: HK$4,876 million).

(iii) Included in other loans as at 31 December 2024 were (a) advanced bonds and medium term notes (the "Bonds and Notes") amount of HK$7,281,223,000 (2023: HK$10,268,586,000) issued by non-wholly owned subsidiaries of the Group (the "Issuers") in the PRC, which are listed on Shanghai Stock Exchange. The Bonds and Notes with an aggregate principal amount of RMB7,740,000,000 (2023: RMB8,910,000,000), are unsecured and have maturities of three to five years (2023: three to five years) falling due between 2025 and 2027 (2023: 2024 and 2026). The bondholders have the rights to request the Issuers to redeem the bonds at their third to fifth anniversary. The Bonds and Notes carry interest at fixed rates of 2.45% to 4.20% per annum (2023: a fixed rate of 2.85% to 4.07% per annum). The range of effective interest rates applied to the Bonds and Notes range from 2.95% to 4.31% per annum (2023: 2.95% to 4.06% per annum) and (b) borrowing from related party the amount of HK$850,000,000 carry variable interest rate at prevailing market interest rates.

(iv) Certain bank facilities granted to the Group include requirements that (a) SIIC retains management control over the Company and holds not less than 35% of the Company's voting capital and (b) SIIC remains under the control of the Shanghai Municipal People's Government.

(v) The Group's variable-rate borrowings carry interest at HIBOR, Loan Prime Rate ("LPR") and People's Bank of China Lending Rate ("PBOCLR").

(vi) During the year, in respect of bank borrowings with an aggregated carrying amount of HK$1,383,567,000 as at 31 December 2024, the Group breached certain covenant term of the bank borrowings, which was primarily related to the loss for the year of the Group. The breach of such loan covenant also led to a cross breach of the other borrowings from fellow subsidiary and the carrying amount of these borrowings is HK$850,000,000 as at 31 December 2024. On discovery of the breach, the directors of the Company informed the lender of the bank borrowings and commenced a renegotiation of the terms of the bank borrowings with the relevant banker. As at 31 December 2024, those negotiations had not been concluded. Since the lender was unable to waive its right to demand immediate payment as at the end of the reporting period, the related bank and other borrowings were classified as current liabilities as at 31 December 2024. Up to the date these consolidated financial statements are authorised for issue, the Group has obtained a waiver in respect of this covenant from the banker.

34. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**51,606**	53,860
Within a period of more than one year but not more than two years	**48,389**	67,322
Within a period of more than two years but not more than five years	**96,841**	27,539
Within a period of more than five years	**90,880**	16,540
	287,716	165,261
Less: Amounts due for settlement with 12 months shown under current liabilities	**(51,606)**	(53,860)
Amounts due for settlement after 12 months shown under non-current liabilities	**236,110**	111,401

34. LEASE LIABILITIES (continued)

The weighted average incremental borrowing rates applied to lease liabilities range from 3.95% to 4.90% per annum (2023: 3.90% to 4.75% per annum).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	HKD HK$'000	RMB HK$'000
As at 31 December 2024	**11,696**	**192,524**
As at 31 December 2023	9,170	15,335

35. SHARE CAPITAL

	Number of ordinary shares	Amount HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2023, 31 December 2023 and 31 December 2024	1,087,211,600	13,649,839

36. ASSETS CLASSIFIED AS HELD FOR SALE

For the year ended 31 December 2024

(i) In December 2024, the management of the Group resolved to dispose of an associate. Negotiations with several interested parties have subsequently taken place. The interest in the associate, which is expected to be sold within twelve months, have been classified as an asset held for sales with a carrying amount of HK$114,667,000, and is presented separately in the consolidated statement of financial position as at 31 December 2024.

The proceed of disposal are expected to exceed the net carrying amount of the interest in the associate and, accordingly, no impairment loss has been recognised on the classification of the asset held for sales. Up to the date of approving these financial statement, the disposal is not yet to complete.

(ii) In December 2023, the management of the Group resolved to dispose of an associate. Negotiations with several interested parties have subsequently taken place. The interest in the associate, which is expected to be sold within twelve months, have been classified as an asset held for sales with a carrying amount of HK$240,529,000, and is presented separately in the consolidated statement of financial position as at 31 December 2023.

The proceed of disposal was expected to exceed the net carrying amount of the interest in the associate and, accordingly, no impairment loss has been recognised on the classification of the asset held for sales. The disposal was completed during the year ended 31 December 2024 and the consideration was received in full, a disposal gain amounting to HK$53,409,000 is recognised in the profit or loss.

37. DISPOSAL/LIQUIDATION OF SUBSIDIARIES

For the year ended 31 December 2024

(i) In November 2024, of SI Development completed the disposal of its 90% equity interest in 上海虹晟投資發展有限公司 ("Shanghai Hongcheng") to the non-controlling shareholder of Shanghai Hongcheng for consideration of RMB128,198,000 (equivalent to HK$138,968,000) and the consideration was received in full.

	Shanghai Hongcheng HK$'000
The net assets of the subsidiary being disposal of the disposal date are as follows:	
Consideration:	
Cash received	138,968
Investment	33,047
Other receivables	10
Cash and cash equivalents	125,814
Trade and other payables	(16)
Deferred tax liabilities	(5,036)
	153,819
Less: non-controlling interest	(15,382)
	138,437
Gain on disposal:	
Consideration	138,968
Net assets disposal of	(138,437)
	531
Net Cash inflow arising on disposal:	
Cash consideration received	138,968
Less: Cash and cash equivalents	(125,814)
	13,154

37. DISPOSAL/LIQUIDATION OF SUBSIDIARIES (continued)

For the year ended 31 December 2024 (continued)

(ii) During the current year, SI Development has completed liquidation procedure of its non-controlling owned subsidiary, 上海上實龍創智慧科技股份有限公司 ("Shanghai Longchuang"). Accordingly, the Group lost control on Shanghai Longchuang and it is de-consolidated from the Group's consolidated financial statements. During the liquidation procedure, SIIC waived the related parties balance between Shanghai Longchuang amount of RMB1,605,969,000 (equivalent to HK$1,740,887,000) which relieves Shanghai Longchuang of the obligation to repay the liabilities, such amount is regarded as deemed contribution from SIIC and is included in other reserve.

The net liabilities of Shanghai Longchuang at the date the control was lost are as follow:

	Shanghai Longchuang HK$'000
Consideration:	
Cash received	–
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	956
Right-of-use assets	535
Other intangible assets	521
Trade and other receivable	30,018
Cash and cash equivalents	11,481
Trade and other payable	(227,021)
Contract liabilities	(16,967)
Tax payable	(8,984)
Net liabilities disposed of	(209,461)
Gain on liquidation:	
Consideration	–
Net liabilities disposed of	209,461
Non-controlling interests	(86,521)
Gain on liquidation of subsidiary	122,940
Net Cash outflow arising on liquidation:	
Cash received	–
Less: Cash and cash equivalents disposed of	(11,481)
	(11,481)

For the year ended 31 December 2023

(i) During the year ended 31 December 2022, the management of SI Development resolved to disposal of its 90% equity interest in Shanghai Shisen for consideration of RMB291,432,000 (equivalent to HK$329,712,000) to an independent third party. The assets and liabilities attributable to subsidiary have been classified as a disposal group held for sales as at year ended 31 December 2022. The remaining 10% equity interest in Shanghai Shisen was transferred to financial assets at FVTOCI at a fair value of HK$36,634,000. The disposal was completed during the year ended 31 December 2023 and the consideration was received in full.

37. DISPOSAL/LIQUIDATION OF SUBSIDIARIES (continued)

For the year ended 31 December 2023 (continued)

(ii) In April 2023, of SI Development completed the disposal of its 100% equity interest in 上海皇冠房地產有限公司 ("Shanghai Huangguan") to an independent third party for consideration of RMB48,000,000 (equivalent to HK$54,305,000) and the consideration was received in full.

	Shanghai Shisen HK$'000	Shanghai Huangguan HK$'000	Total HK$'000
The net assets of the subsidiaries being disposed of the disposal date are as follows:			
Consideration:			
Cash received	329,712	54,305	384,017
Property, plant and equipment	266	1	267
Investment property	–	32,081	32,081
Inventories	8,264,821	–	8,264,821
Trade and other receivables	168,686	–	168,686
Cash and cash equivalents	1,915	22,988	24,903
Trade and other payables	(5,676,601)	(582)	(5,677,183)
Bank and other borrowings	(2,640,443)	–	(2,640,443)
Tax payable	–	(85)	(85)
Deferred tax liabilities	–	(7,378)	(7,378)
	118,644	47,025	165,669
Gain on disposal:			
Consideration	329,712	54,305	384,017
Net assets disposed of	(118,644)	(47,025)	(165,669)
Transfer to financial assets at FVTOCI	36,634	–	36,634
	247,702	7,280	254,982
Net cash inflow arising on disposal:			
Cash consideration received	329,712	54,305	384,017
Less: Cash and cash equivalents disposed of	(1,915)	(22,988)	(24,903)
	327,797	31,317	359,114

38. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the Group's investment properties have committed tenants for the next two to ten years, certain of which with an option to renew the lease after that date at which time all terms are renegotiated.

Undiscounted lease payments receivable on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**959,146**	816,295
In the second year	**559,687**	439,980
In the third year	**446,481**	368,059
In the fourth year	**385,680**	320,130
In the fifth year	**328,895**	275,839
After five years	**548,423**	404,333
	3,228,312	2,624,636

39. COMMITMENTS

	2024 HK$'000	2023 HK$'000
Expenditure contracted for but not provided in the consolidated financial statements in respect of		
– acquisition of property, plant and equipment	**22,800**	28,493
– additions in properties under development held for sale	**2,689,850**	7,534,809
– investments in joint ventures	**43,854**	45,330
– additions in construction in progress	**581,944**	611,093
	3,338,448	8,219,725

40. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

(a) Financial guarantee contracts

	2024 HK$'000	2023 HK$'000
Guarantees given to banks in respect of banking facilities utilised by		
– property buyers	**1,232,277**	3,841,426
– associates	**231,023**	468,542
– joint ventures	**1,889,167**	1,898,677
	3,352,467	6,208,645

Guarantees given to banks in respect of banking facilities utilised by property buyers

The Group entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and made deposits as security to and gave guarantees on mortgage loans provided to the buyers by these banks under the agreements. The management of the Group considers that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no ECL under HKFRS 9 has been made in the consolidated financial statements for these guarantees.

Guarantees given to banks in respect of banking facilities utilised by associates/joint ventures

The Group entered into agreements with banks to provide corporate guarantees with respect to bank loans granted to associates/joint ventures. In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the management of the Group exercised judgment in evaluation of the probability of resources outflow that would be required and the assessment of whether a reliable estimate could be made of the amount of the obligation. The management of the Group considers that the possibility of default by these parties is remote given their strong financial background and the good quality of assets. Accordingly, no ECL under HKFRS 9 has been made in the consolidated financial statements for these guarantees.

As at 31 December 2024, the Company entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to a joint venture of the Group. The maximum liability of the Company under such guarantee was the outstanding amount of the bank borrowing to the joint venture of approximately HK$1,784 million (2023: HK$1,784 million).

In the opinion of the management of the Group, the fair values of the aforementioned financial guarantee contracts of the Group are insignificant.

Guarantees given to banks in respect of banking facilities utilised by a subsidiary

As at 31 December 2024, the Company granted financial guarantees to the extent of approximately HK$4,800 million (2023: HK$6,900 million) to banks in respect of banking facilities granted to its subsidiary, out of which approximately HK$2,800 million (2023: HK$4,900 million) were utilised.

40. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES (continued)

(b) Contingent liabilities

In the opinion of the management of the Group, there were no material contingent liabilities of the Group which required a separate disclosure in the consolidated financial statements for both years.

41. PLEDGE OF ASSETS

The following assets were pledged by the Group to banks to secure banking facilities granted by these banks to the Group:

(i) investment properties with an aggregate carrying value of HK$17,007,157,000 (2023: HK$10,459,444,000);

(ii) property, plant and equipment with an aggregate carrying value of HK$582,653,000 (2023: HK$636,424,000);

(iii) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK$18,416,934,000 (2023: HK$16,437,625,000);

(iv) PUD with an aggregate carrying value of HK$8,338,620,000 (2023: HK$12,924,145,000);

(v) PHFS with an aggregate carrying value of HK$91,394,000 (2023: HK$129,973,000);

(vi) trade receivables with an aggregate carrying value of HK$410,334,000 (2023: HK$187,245,000);

(vii) bank deposits with an aggregate carrying value of HK$211,619,000 (2023: HK$183,023,000);

(viii) equity interests of subsidiaries with an aggregate carrying value of HK$nil (2023: HK$286,029,000); and

(ix) land use right with an aggregate carrying value of HK$467,000 (2023: HK$610,000).

42. RETIREMENT BENEFITS SCHEMES

The Company and its subsidiaries in Hong Kong operate a defined contribution retirement benefits scheme for their qualifying employees pursuant to the Occupational Retirement Schemes Ordinance. To comply with the Mandatory Provident Fund Schemes Ordinance, a Mandatory Provident Fund Scheme was also established. The assets of both schemes are held separately in funds which are under the control of independent trustees. The retirement benefits schemes contributions charged to the consolidated statement of profit or loss represent contributions payable by the Company and its subsidiaries in Hong Kong to the funds at rates specified in the rules of the schemes. When there are employees who leave the defined contribution retirement benefits scheme prior to becoming fully vested in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Company and its subsidiaries in Hong Kong.

For members of the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a monthly cap of HK$1,500.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

At the end of the reporting period, no forfeited contributions were available to reduce the contribution payable in future years.

The total expense recognised in profit or loss of HK$335,382,000 (2023: HK$327,274,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group had significant transactions and balances with related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules.

(I) Related parties and connected persons

(a) Save as disclosed in elsewhere in these consolidated financial statements, the significant connected transactions pursuant to the Listing Rules during the year, and significant balances with them at the end of the reporting period, are as follows:

Related parties and connected persons	Nature of transactions and balances	2024 HK$'000	2023 HK$'000
Transactions			
Fellow subsidiaries	Expenses relating to short-term leases and leases of low-value assets (Note (a)(i))	**44,932**	50,784
Associate	Interest income received by the Group (Note (a)(ii))	**15,489**	38,732
Joint Venture	Interest income received by the Group	**109,493**	98,309
Balance			
Associate	Loan provided by the Group (Note (a)(ii))	–	528,000
	Interest receivable by the Group	–	27,063
Joint Venture	Loan provided by the Group	**1,903,074**	1,723,940
	Interest receivable by the Group	**276**	929
Non-controlling shareholders of subsidiaries:			
The Xuhui SASAC and entities controlled by the Xuhui SASAC	Non-trade payables by the Group (Note (a)(iii))	**43,111**	42,690

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(I) Related parties and connected persons (continued)

(a) (continued)

Notes:

(i) The rentals were charged in accordance with the relevant tenancy agreements and the prevailing rent was equivalent or approximate to the open market rentals as certified by an independent firm of professional property valuers when the tenancy agreements were entered into.

(ii) In January 2016, Shanghai Hu-Ning Expressway (Shanghai Section) Company Limited ("Hu-Ning Expressway") agreed to make a shareholder's loan facility in an aggregate principal amount of up to RMB500,000,000 for the three years from 21 January 2016 to Shanghai Galaxy. The relevant loan amount would be determined on a case-by-case basis, with the maximum amount representing the unutilised portion of the facility. The duration of each term loan would be negotiated on a case-by-case basis and each term loan would expire by the end of the three-year period from 21 January 2016. The interest should be the benchmark interest rate of RMB denominated loans for the same period as announced by the People's Bank of China and be repaid on a semi-annual basis.

In January 2019, Hu-Ning Expressway agreed to extend the above shareholder's loan on substantially the same terms, with the renewed expiry date on 20 January 2022.

In January 2020, an amount of RMB200,000,000 (equivalent to HK$223,713,000) has been repaid and Shanghai Galaxy agreed to borrow an additional shareholder's loan in the amount of RMB210,000,000 (equivalent to HK$234,899,000), the interest rate of such loan is 5% (2021: 5%) per annum.

In November 2021, Hu-Ning Expressway agreed to extend the Shareholder's Loan Facility available to Shanghai Galaxy on substantially the same terms for a further term of three years from 21 January 2023 to 20 January 2025. As at 31 December 2024, the ending balance of loan provided to Shanghai Galaxy included in other receivables set out in note 27 amounted to HK$nil (2023: approximately HK$528 million), giving rise to interest income amounting to HK$14,634,000 during the year ended 31 December 2024 (2023: HK$25,231,000).

(iii) The amounts due to the Xuhui SASAC and entities controlled by the Xuhui SASAC included in note 30(iii) are unsecured, non-interest bearing and repayable on demand.

(b) Hu-Ning Expressway, Shanghai Luqiao Development Company Limited ("Shanghai Luqiao"), Shanghai Shen-Yu Development Company Limited ("Shanghai Shen-Yu"), Wing Fat Printing (Dongguan) Company Limited ("WF Dongguan") (together the "2021 Relevant Companies" and each the "2021 Relevant Company"), entered into an asset management entrustment agreement (together the "2021 Entrustment Agreements") with Shanghai Galaxy on 19 August 2021 for a term of three years from the date when Shanghai Galaxy serves a written notice to the 2021 Relevant Companies requesting for the provision of the initial entrustment fund under the 2021 Entrustment Agreements (the "2021 Commencement Date") to the date immediately prior to the third anniversary of the Commencement Date (the "2021 Expiry Date").

Each Relevant Company should provide at least RMB10,000,000 as the initial entrustment fund. The total maximum amount of the entrustment fund to be provided by all the 2021 Relevant Companies should be no more than RMB500,000,000 (2023: RMB500,000,000), provided that: (i) the maximum amount of entrustment fund from each of Hu-Ning Expressway, Luqiao Development and Shanghai Shen-Yu should not exceed RMB500,000,000 (2023: RMB500,000,000); and (ii) the maximum amount of entrustment fund from WF Dongguan should not exceed RMB200,000,000 (2023: RMB200,000,000). As at year ended 31 December 2023, the actual amount provided by the 2021 Relevant Companies is RMB260,000,000 (equivalent to HK$286,029,000), of which RMB160,000,000 (equivalent to HK$176,018,000) is provided by Shanghai Shen-Yu and RMB100,000,000 (equivalent to HK$110,011,000) is provided by WF Dongguan. As at year ended 31 December 2024, Shanghai Galaxy has fully repaid to 2021 Relevant Companies.

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(I) Related parties and connected persons (continued)

(b) (continued)

Shanghai Galaxy should pay guaranteed returns calculated on a daily basis at the rate of 5% per annum on the accumulated principal of the entrustment funds. The annual caps for the aggregate amount of guaranteed returns payable to the 2021 Relevant Companies by Shanghai Galaxy under the 2021 Entrustment Agreements would be RMB9,247,000 for the period from the Commencement Date to 31 December 2021, RMB25,000,000 for the financial year ended 31 December 2022, RMB25,000,000 for the financial year ended 31 December 2023 and RMB25,000,000 for the period from 1 January 2024 to the Expiry Date. The actual amount of returns payable from Shanghai Galaxy is RMB789,000 (equivalent to HK$855,000) (2023: RMB13,000,000 (equivalent to HK$14,301,000)) for the year ended 31 December 2024, of which RMB789,000 (equivalent to HK$855,000) (2023: RMB8,000,000 (equivalent to HK$8,801,000)) received by Shanghai Shen-Yu and RMBnil (2023: RMB5,000,000 (equivalent to HK$5,501,000)) received by WF Dongguan.

If there is any revenue surplus after making the above distribution and deducting all taxes and expenses, such sum shall be divided between Shanghai Galaxy and the Relevant Companies on a 50:50 basis. 50% of the revenue surplus should be distributed among the 2021 Relevant Companies based on the amount of entrustment funds entrusted and the duration of entrustment. The annual caps for the aggregate amount of revenue surplus payable to the 2021 Relevant Companies or Shanghai Galaxy under the 2021 Entrustment Agreements will be RMB9,247,000 for the period from the Commencement Date to 31 December 2021, RMB25,000,000 for the financial year ended 31 December 2023, RMB25,000,000 for the financial year ended 31 December 2024 and RMB25,000,000 for the period from 1 January 2024 to the Expiry Date. The actual amount of surplus payable from Shanghai Galaxy is RMBnil (2023: nil) for the year ended 31 December 2024.

(c) On 4 January 2023 and 2 January 2024, Nanyang Brothers Tobacco Company, Limited ("Nanyang Tobacco"), an indirect wholly-owned subsidiary of the Company as tenant, entered into the lease agreements (i.e. the Tuen Mun Lease Agreement relating to a 16-storey property at No. 9 Tsing Yeung Circuit, Tuen Mun, New Territories, Hong Kong), with Nanyang Enterprises Properties Limited ("Nanyang Enterprises"), which is in turn a subsidiary of SIIC and a connected person of the Company, as landlord, with a term commencing from 1 January 2023 to 31 December 2023 (both days inclusive) and 1 January 2024 to 31 December 2024 (both days inclusive) to renew the previous lease agreements, both of which expired by 31 December 2023 and 31 December 2024, for the operation of the Group.

The monthly rentals (exclusive of rates, management fee and other outgoings) under the Tuen Mun Lease Agreement was HK$2,750,000 for both period from 1 January 2023 to 31 December 2023 and 1 January 2024 to 31 December 2024. The annual caps, which represented the sum of the rental payable by Nanyang Tobacco to Nanyang Enterprises under the Tuen Mun Lease Agreement for both period from 1 January 2023 to 31 December 2023 and 1 January 2024 to 31 December 2024 amounting HK$33,000,000, respectively. The actual amount paid by Nanyang Tobacco amounted to HK$33,000,000 (2023: HK$33,000,000) for the year ended 31 December 2024.

(d) On 4 January 2023 and 2 January 2024, the Company, as tenant, entered into the lease agreements (i.e. the Harcourt Tenancy Agreement relating to a property at the whole of 26th Floor and a portion of 27th Floor of Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong), with International Hope Limited ("International Hope"), which is in turn a subsidiary of SIIC and a connected person of the Company, as landlord with a term commencing from 1 January 2023 to 31 December 2023 (both days inclusive) and 1 January 2024 to 31 December 2024 (both days inclusive) to renew the previous lease agreements, both of which expired by 31 December 2023 and 31 December 2024, for the operation of the Group.

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(I) Related parties and connected persons (continued)

(d) (continued)

The monthly rentals (exclusive of rates, management fee and other outgoings) under the Harcourt Tenancy Agreement was HK$937,000 for both period from 1 January 2023 to 31 December 2023 and 1 January 2024 to 31 December 2024. The annual caps, which represented the sum of the rental payable by the Company to International Hope under the Harcourt Tenancy Agreement for both period from 1 January 2023 to 31 December 2023 and 1 January 2024 to 31 December 2024 amounting HK$11,248,000, respectively. The actual amount paid by the Company amounted to HK$11,248,000 (2023: HK$11,248,000) for the year ended 31 December 2024.

(e) On 27 October 2022 and 27 October 2023, the Wing Fat Printing Company, Limited ("Wing Fat Printing"), an indirect non-wholly owned subsidiary of the Company, entered into a procurement framework agreement (the "Procurement Framework Agreement") with 上海醫藥集團股份有限公司 ("Shanghai Pharmaceuticals Holding"), an associate of SIIC and a connected person of the company, for a term of one year commencing from 1 January 2023 and ending on 31 December 2023 and 1 January 2024 and ending on 31 December 2024, respectively. Pursuant to the Procurement Framework Agreement, any members of Wing Fat Printing and its subsidiaries from time to time (the "Wing Fat Group") might enter into an individual procurement agreement(s) (the "Individual Agreements") with any members of Shanghai Pharmaceuticals Holding and its subsidiaries and 30%-controlled companies from time to time (the "Shanghai Pharmaceuticals Holding Group") to supply printed packaging materials for pharmaceutical products, subject to the annual cap of the procurement amount.

The annual cap for the total procurement amount payable by the Shanghai Pharmaceuticals Holding Group to the Wing Fat Group with respect to the transactions contemplated under the Procurement Framework Agreement for the financial year ending 31 December 2024 is RMB90,000,000 (2023: RMB90,000,000).

The actual amount of sales for the year ended 31 December 2024 amounted to a total of RMB61,960,000 (equivalent to HK$67,165,000) (2023: RMB60,987,000 (equivalent to HK$67,434,000)).

(f) On 20 June 2023, Shanghai Longchuang, a non-wholly owned subsidiary of the Company, entered into a Procurement Framework Agreement with Shanghai Pharmaceuticals Holding, for a term of one year commencing from 1 January 2023 and ending on 31 December 2023. Pursuant to the Procurement Framework Agreement, any members of Shanghai Longchuang and its subsidiaries from time to time (the "Shanghai Longchuang Group") might enter into an Individual Agreements with any members of Shanghai Pharmaceuticals Holding to provide and supply (i) internet systems, (ii) technical support services, (iii) information management system, cloud and network equipment, video conferencing and sound systems, intelligent integrated system, smart office system and relevant hardware and equipment and maintenance services, (iv) energy-saving consulting service, air-conditioning systems, lighting systems and environmental quality monitoring system; (v) safety helmets; (vi) smart glasses system and after-sales services, and/or (vii) building and office maintenance services and relevant hardware and office equipment to Shanghai Pharmaceuticals Holding Group from time to time, subject to the annual cap of the procurement amount.

The annual cap for the total procurement amount payable by the Shanghai Pharmaceuticals Holding Group to the Shanghai Longchuang Group with respect to the transactions contemplated under the Procurement Framework Agreement for the financial year ending 31 December 2023 is RMB22,000,000.

The actual amount of sales for the year ended 31 December 2023 amounted to a total of RMB16,034,000 (equivalent to HK$17,728,000).

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(I) Related parties and connected persons (continued)

(g) 上海上實城市發展投資有限公司 ("SIIC Shanghai Urban"), an indirect non-wholly owned subsidiary of the Company, offered to sell the 38% equity interest in SIIC Elderly Care (the "Equity Interest") held by it, being the Group's entire interest in SIIC Elderly Care, through the public tender on the Shanghai Assets Exchange with the minimum bidding price of RMB266,211,400 (the "Disposal"). On 15 December 2023, 上海實業東灘投資開發(集團)有限公司 ("SIIC Dongtan"), as the sole bidder who won the bid in respect of the acquisition of the Equity Interest, entered into an equity transfer agreement (the "Equity Transfer Agreement") with SIIC Shanghai Urban with respect to the Disposal, for a consideration of RMB266,211,400.

SIIC is the controlling shareholder of the Company. Therefore, SIIC is a connected person of the Company. SIIC Dongtan is a wholly-owned subsidiary of SIIC Shanghai, over which SIIC exercises the authority as a state-owned shareholder, and in turn holds 62% of the equity interest of SIIC Elderly Care. SIIC Dongtan is an associate of SIIC and a connected person of the Company. Accordingly, the Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Upon completion of the Disposal, SIIC Elderly Care would cease to be an associated company of the Company and the Group would cease to have any interest in SIIC Elderly Care, and SIIC Elderly Care would become wholly-owned by SIIC Dongtan.

Details of amounts due to certain fellow subsidiaries are set out in note 30.

(II) Related party, other than connected persons

Other than transactions and balances with connected persons, the significant transaction with other related party during the year, and significant balance with them at the end of the reporting period, are as follows:

Related party	Nature of transaction and balance	**2024 HK$'000**	2023 HK$'000
Associate:			
上海城開地產經紀有限公司 (Shanghai Urban Development Real Estate Agency Co., Ltd.)	Property agency fees paid by the Group	**49**	146
	Trade payables by the Group	**9,051**	4,817

Details of amounts due from (to) associates are set out in notes 27 and 30, respectively.

(III) 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 benefits	**14,508**	19,754

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. MATERIAL TRANSACTIONS AND BALANCES WITH GOVERNMENT RELATED ENTITIES

The Group itself is part of a larger group of companies under SIIC, which is controlled by the PRC government. The directors consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predenominated by entities controlled, jointly controlled or significantly influenced by the PRC government. Apart from the transactions with SIIC, other connected persons and related parties disclosed in note 43, the Group also conducts business with other government related entities in the ordinary course of business. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operation of the Group. The directors consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

45. GOVERNMENT GRANTS

Save as disclosed in note 32, during the year ended 31 December 2024, (i) business and other taxes refund from local tax authorities of approximately HK$76.0 million (2023: HK$152.8 million) were received; (ii) an amount of approximately HK$119.6 million (2023: HK$131.3 million) was received as incentives for investments in certain provinces in the PRC. These amounts have been included in other income.

46. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Place of incorporation or establishment/ operations	Nominal value of issued and fully paid share capital/registered capital	Percentage of issued share/ registered capital held by the Company/subsidiaries 2024	2023	Principal activities
SI Development (Note i)	The PRC	A shares – RMB1,844,562,892	**48.60% (note 4)**	48.60% (note 4)	Property development and investment
SI Urban Development (Note ii)	Bermuda/The PRC	Ordinary shares – HK$191,217,000 (2023: HK$191,659,000)	**43.12% (note 4)**	43.02% (note 4)	Property development and investment
SUD (Note viii)	The PRC	RMB3,200,000,000	**59%**	59%	Property development and investment
Hu-Ning Expressway (Note iii)	The PRC	RMB3,000,000,000	**100%**	100%	Holding of the right to operate a toll road
Luqiao Development (Note iii)	The PRC	RMB1,600,000,000	**100%**	100%	Holding of the right to operate a toll road
Shanghai Shen-Yu (Note iii)	The PRC	RMB1,200,000,000	**100%**	100%	Holding of the right to operate a toll road
SIIC Environment (Note iv)	The Republic of Singapore/The PRC	Ordinary shares – RMB5,920,175,000	**49.25% (note 4)**	49.25% (note 4)	Waste water treatment and water supply

46. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation or establishment/ operations	Nominal value of issued and fully paid share capital/registered capital	Percentage of issued share/ registered capital held by the Company/subsidiaries 2024	2023	Principal activities
S.I. Infrastructure Holdings Limited ("S.I. Infrastructure")	The British Virgin Islands/Hong Kong	Ordinary share – US$1	**100%**	100%	Investment holding
SIHL Treasury Limited ("SIHL Treasury")	Hong Kong	Ordinary shares – HK$2	**100%**	100%	Investment
Nanyang Tobacco (Marketing) Company, Limited	The British Virgin Islands/PRC and Macau	Ordinary shares – US$1 – HK$100,000,000	**100%**	100%	Sale and marketing of cigarettes and raw materials sourcing
Nanyang Tobacco	Hong Kong	Ordinary shares – HK$2	**100%**	100%	Manufacture and sale of cigarettes
		Non-voting deferred shares (Note vi) – HK$8,000,000	**–**	–	
The Wing Fat Printing	Hong Kong	Ordinary shares – HK$83,030,000	**94.29%**	94.29%	Manufacture and sale of packaging materials and printed products

Notes:

(i) This company is listed on the A Shares Market of the Shanghai Stock Exchange.

(ii) This company is listed on the Main Board of the Stock Exchange.

(iii) These companies were established in the PRC as wholly foreign owned enterprises.

(iv) This company is dual listed on the Main Board of the SGX-ST and Main Board of the Stock Exchange.

(v) Except for S.I. Infrastructure and SIHL Treasury, all the above subsidiaries are indirectly held by the Company.

(vi) None of the deferred shares are held by the Group. The deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of the respective companies and have practically no rights to dividends or to participate in any distributions on winding up.

(vii) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(viii) This company was established in the PRC as sino-foreign owned enterprise.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. These subsidiaries are mainly dormant companies or subsidiaries principally engaged in investment holding.

None of the subsidiaries had issued any debt securities at the end of the year except for those disclosed in note 33.

46. PRINCIPAL SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				HK$'000	HK$'000	**HK$'000**	HK$'000
SI Development	The PRC	**51.40%**	51.40%	**(135,043)**	172,900	**7,482,354**	7,359,223
SI Urban Development	Bermuda/The PRC	**56.88%**	56.98%	**(188,413)**	281,806	**7,081,611**	7,652,356
SUD	The PRC	**41%**	41%	**27,960**	(83,562)	**3,144,358**	3,351,180
SIIC Environment	The Republic of Singapore/The PRC	**50.75%**	50.75%	**329,038**	334,702	**5,934,918**	5,852,858
Individually immaterial subsidiaries with non-controlling interests				**161,129**	396,126	**7,079,584**	6,641,446
				194,671	1,101,972	**30,722,825**	30,857,063

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	SI Development (Consolidated)		SI Urban Development (Consolidated, including SUD)		SUD (Consolidated)		SIIC Environment (Consolidated)	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current assets	**14,454,333**	15,054,507	**21,452,050**	30,242,584	**7,628,059**	12,831,462	**11,592,902**	10,308,916
Non-current assets	**21,923,367**	22,772,554	**27,532,710**	28,773,636	**16,109,804**	14,622,968	**36,253,519**	36,564,504
Current liabilities	**(5,764,171)**	(12,038,081)	**(17,960,765)**	(20,957,780)	**(7,804,142)**	(8,764,878)	**(9,933,633)**	(11,364,814)
Non-current liabilities	**(14,130,918)**	(10,202,846)	**(11,913,991)**	(17,549,946)	**(7,778,645)**	(9,983,228)	**(20,796,452)**	(18,687,421)
Equity attributable to owners of the Company	**6,905,897**	6,789,474	**5,946,775**	6,358,613	**4,524,809**	4,822,431	**5,377,691**	5,286,600
Non-controlling interests	**7,482,354**	7,359,223	**7,081,611**	7,652,356	**3,144,358**	3,351,180	**5,934,918**	5,852,858
Non-controlling interests of Group's subsidiaries	**2,094,360**	1,437,437	**6,081,618**	6,497,525	**485,909**	532,713	**5,803,727**	5,681,727

46. PRINCIPAL SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	SI Development (Consolidated)		SI Urban Development (Consolidated, including SUD)		SUD (Consolidated)		SIIC Environment (Consolidated)	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Revenue	2,711,674	11,142,798	12,440,369	7,953,596	4,739,161	898,295	8,233,772	8,373,388
(Loss) profit for the year	(292,721)	757,420	(372,828)	490,713	103,430	(199,144)	1,031,592	1,127,440
Other comprehensive expense for the year	(421,756)	(401,433)	(237,703)	(387,895)	(355,152)	(150,141)	(560,731)	(238,235)
Total comprehensive (expense) income for the year	(714,477)	355,987	(610,531)	102,818	(251,722)	(349,285)	470,861	889,205
(Loss) profit for the year attributable to the owners of the Company	(127,685)	163,481	(101,140)	212,764	40,235	(120,247)	326,944	333,165
(Loss) profit for the year attributable to the non-controlling interests	(135,044)	172,900	(230,050)	281,806	27,960	(83,562)	329,035	334,702
(Loss) profit for the year attributable to the non-controlling interests of Group's subsidiaries	(29,992)	421,039	(41,638)	(3,857)	35,235	4,665	375,613	459,573
Other comprehensive (expense) income for the year attributable to the owners of the Company	(204,973)	(195,096)	68,651	(13,632)	(196,899)	(150,056)	(276,160)	(117,331)
Other comprehensive (expense) income for the year attributable to the non-controlling interests	(216,783)	(206,337)	(135,015)	(220,324)	(141,450)	14,319	(284,571)	(120,904)
Other comprehensive expense for the year attributable to the non-controlling interests of Group's subsidiaries	–	–	(171,339)	(153,939)	(16,803)	(14,404)	–	–
Total comprehensive (expense) income for the year attributable to the owners of the Company	(332,658)	(31,615)	(32,489)	199,132	(156,664)	(270,303)	50,784	215,834
Total comprehensive (expense) income for the year attributable to the non-controlling interests	(351,827)	(33,437)	(365,065)	61,482	(113,490)	(69,243)	44,464	213,798
Total comprehensive (expense) income for the year attributable to the non-controlling interests of Group's subsidiaries	(29,992)	421,039	(212,977)	(157,796)	18,432	(9,739)	375,613	459,573
Dividends paid to non-controlling interests	27,819	97,956	78,161	81,044	93,333	112,761	67,901	74,200
Net cash (outflow) inflow from operating activities	(1,383,109)	(3,090,148)	853,118	3,290,418	3,171,708	3,235,184	601,414	2,102,164
Net cash inflow (outflow) from investing activities	245,032	18,559	(493,262)	(691,811)	(349,928)	(356,931)	(752,699)	(1,585,576)
Net cash (outflow) inflow from financing activities	(1,383,630)	(1,372,232)	(794,216)	(1,031,695)	(1,280,541)	(1,306,169)	1,249,974	(98,914)
Net cash (outflow) inflow	(2,521,707)	(4,443,821)	(434,360)	1,566,912	1,541,239	1,572,084	1,098,689	417,674

47. PRINCIPAL JOINT VENTURES

Particulars of the Group's principal joint ventures at 31 December 2024 and 2023 are as follows:

Name of joint ventures	Place of establishment/ operations	Percentage of registered capital attributable to the Group 2024	2023	Principal activities
General Water	The PRC	**45%**	45%	Joint investment and operation of water-related and environment protection businesses in the PRC
Shanghai Nuozhuo	The PRC	**12.72% (Note i)**	12.69% (Note i)	Integrated management service
Yangtze River Delta	The PRC	**50%**	50%	Joint investment and operation of water-related services
Beiwaitan New Landmark	The PRC	**24.3% (Note ii)**	24.3% (Note ii)	Joint investment and property development, property investment and property management

Notes:

(i) This is a 50% owned joint venture of SUD, in which the Group indirectly owns 59% equity interest through SI Urban Development, a 43.12% (2023: 43.02%) owned listed subsidiary.

(ii) This is a 50% owned joint venture through SI Development, a 48.60% (2023: 48.60%) owned listed subsidiary.

(iii) The above joint ventures are indirectly held by the Company and are accounted for as joint ventures because the subsidiary of the Company and the joint venture partner have contractual arrangements to jointly control the strategic financial and operating policies pursuant to its Articles of Association.

(iv) The above table lists the joint venture of the Group which, in the 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.

48. PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates at 31 December 2024 and 2023, which are all established in the PRC, are as follows:

Name of associates	Form of entities	Percentage of registered capital attributable to the Group 2024	2023	Principal activities
Shanghai Shentian	Sino-foreign joint venture	**8.90% (Note i)**	8.88% (Note i)	Property development
Hangzhou Bay Bridge	Sino-foreign joint venture	**N/A (note 21 (iii))**	23.06%	Holding a right to operate a road bridge
Canvest Environmental (Note iii)	Limited liability company	**19.48%**	19.48%	Provision of municipal solid waste handling services and operation and management of waste-to-energy plants in the PRC
Shanghai Galaxy (Note iv)	Limited Liability company	**45%**	45%	Operation of photovoltaic related business in the PRC and provision of asset management services

Notes:

(i) This is a 35% owned associate of SUD, in which the Group indirectly owns 59% equity interest through SI Urban Development, a 43.12% (2023: 43.02%) owned listed subsidiary.

(ii) The above associates are indirectly held by the Company.

(iii) As disclosed in note 22(i), the Company has an investment in exchangeable bond which entitles the Company to exchange for no more than 243,954,117 ordinary shares of Canvest Environmental, representing approximately 10% of the entire share issued share capital of Canvest Environmental as at the issue date.

(iv) The above table lists the associates of the Group which, in the 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 associates would, in the opinion of the directors, result in particulars of excessive length.

49. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

Infrastructure and environmental protection	–	investment in toll road/bridge projects and water services/clean energy businesses
Real estate	–	property development and investment and hotel operation
Consumer products	–	manufacture and sale of cigarettes, packaging materials and printed products
Comprehensive healthcare operations	–	manufacture and sales of pharmaceutical and healthcare products, provision of distribution and supply chain solutions services and operation and franchise of a network of retail pharmacies

Infrastructure and environmental protection, real estate, consumer products and comprehensive healthcare operations also represent the Group's reportable segments.

49. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 December 2024

	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Comprehensive healthcare operations HK$'000	Elimination and unallocated HK$'000	Consolidated HK$'000
REVENUE						
Segment revenue – external sales	10,262,620	15,152,043	3,503,034	–	–	28,917,697
Segment operating profit	3,468,343	713,665	836,496	–	49,961	5,068,465
Finance costs	(844,945)	(959,744)	(4,396)	–	(215,918)	(2,025,003)
Share of results of joint ventures	233,921	(11,595)	–	54,233	–	276,559
Share of results of associates	139,142	94,301	–	–	–	233,443
Gain on disposal of interests in associates/ a joint venture/a subsidiary and liquidation of a subsidiary	1,173,681	175,224	–	–	–	1,348,905
Segment profit (loss) before taxation	4,170,142	11,851	832,100	54,233	(165,957)	4,902,369
Income tax expense	(936,320)	(677,400)	(169,698)	–	(116,627)	(1,900,045)
Segment profit (loss) after taxation	3,233,822	(665,549)	662,402	54,233	(282,584)	3,002,324
Less: segment (profit) loss attributable to non-controlling interests	(604,828)	429,191	(19,034)	–	–	(194,671)
Segment profit (loss) after taxation attributable to owners of the Company	2,628,994	(236,358)	643,368	54,233	(282,584)	2,807,653

For the year ended 31 December 2023

	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Comprehensive healthcare operations HK$'000	Elimination and unallocated HK$'000	Consolidated HK$'000
REVENUE						
Segment revenue – external sales	10,398,628	19,096,395	3,202,932	–	–	32,697,955
Segment operating profit	3,958,227	5,516,630	473,711	–	92,299	10,040,867
Finance costs	(922,439)	(1,267,802)	(2,057)	–	(140,044)	(2,332,342)
Share of results of joint ventures	273,402	(13,115)	–	79,712	–	339,999
Share of results of associates	461,834	(24,773)	–	–	–	437,061
Gain on disposal of subsidiaries	–	254,982	–	–	–	254,982
Segment profit (loss) before taxation	3,771,024	4,465,922	471,654	79,712	(47,745)	8,740,567
Income tax expense	(767,350)	(3,223,082)	(81,930)	–	(142,538)	(4,214,900)
Segment profit (loss) after taxation	3,003,674	1,242,840	389,724	79,712	(190,283)	4,525,667
Less: segment profit attributable to non-controlling interests	(682,847)	(403,954)	(15,171)	–	–	(1,101,972)
Segment profit (loss) after taxation attributable to owners of the Company	2,320,827	838,886	374,553	79,712	(190,283)	3,423,695

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

49. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At 31 December 2024

	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Comprehensive healthcare operations HK$'000	Elimination and unallocated HK$'000	Consolidated HK$'000
Segment assets	**68,631,942**	**85,362,961**	**7,776,387**	**11,429**	**6,729,974**	**168,512,693**
Segment liabilities	**34,949,104**	**49,949,715**	**1,065,701**	**–**	**4,254,843**	**90,219,363**

At 31 December 2023

	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Comprehensive healthcare operations HK$'000	Elimination and unallocated HK$'000	Consolidated HK$'000
Segment assets	68,619,610	96,906,323	7,520,941	38,420	6,226,318	179,311,612
Segment liabilities	34,716,528	59,927,298	837,815	–	6,369,868	101,851,509

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than corporate cash and cash equivalents, certain investments, certain interests in joint ventures and some other unallocated assets; and
- all liabilities are allocated to operating segments other than corporate tax liabilities, corporate bank borrowings and some other unallocated liabilities.

49. SEGMENT INFORMATION (continued)

Other segment information

2024

	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Comprehensive healthcare operations HK$'000	Elimination and unallocated HK$'000	Consolidated HK$'000
Amounts included in the measurement of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	**3,971,033**	**1,219,179**	**125,199**	**–**	**9,189**	**5,324,600**
Depreciation and amortisation	**1,472,598**	**296,700**	**240,112**	**–**	**6,710**	**2,016,120**
Fair value changes on investment properties	**–**	**779,480**	**–**	**–**	**–**	**779,480**
Impairment loss on interest in associates	**200,000**	**7,079**	**–**	**–**	**–**	**207,079**
Impairment loss on trade receivables	**67,356**	**1,174**	**1,947**	**–**	**–**	**70,477**
Impairment loss on other receivables	**46,046**	**281,543**	**(407)**	**–**	**–**	**327,182**
Impairment loss on PHFS	**–**	**149,504**	**–**	**–**	**–**	**149,504**
Impairment loss on PUD	**–**	**757,709**	**–**	**–**	**–**	**757,709**
Impairment loss on properties, plant and equipment	**–**	**–**	**28,467**	**–**	**–**	**28,467**
Interest income	**(242,103)**	**(56,396)**	**(126,430)**	**–**	**(269,771)**	**(694,700)**
Interests in joint ventures	**3,194,996**	**7,585,255**	**–**	**11,428**	**–**	**10,791,679**
Interests in associates	**3,997,024**	**1,832,403**	**–**	**–**	**–**	**5,829,427**

2023

	Infrastructure and environmental protection HK$'000	Real estate HK$'000	Consumer products HK$'000	Comprehensive healthcare operations HK$'000	Elimination and unallocated HK$'000	Consolidated HK$'000
Amounts included in the measurement of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	415,019	4,358,672	191,039	–	677	4,965,407
Depreciation and amortisation	1,195,127	209,884	280,884	–	5,779	1,691,674
Fair value changes on investment properties	–	(101,360)	–	–	–	(101,360)
Impairment loss on interest in associates	–	166,406	–	–	–	166,406
Impairment loss on trade receivables	36,066	(35,864)	1,578	–	–	1,780
Impairment loss on other receivables	14,924	(6,510)	(162)	–	–	8,252
Impairment loss on PHFS	–	1,040,789	–	–	–	1,040,789
Impairment loss on PUD	–	184,187	–	–	–	184,187
Impairment loss on properties, plant and equipment	–	–	6,645	–	–	6,645
Interest income	(255,667)	(118,363)	(86,372)	–	(235,269)	(695,671)
Interests in joint ventures	3,348,400	7,975,037	–	38,420	–	11,361,857
Interests in associates	5,347,340	1,805,563	–	–	–	7,152,903

Note: Non-current assets excluded financial instruments and deferred tax assets.

49. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Hong Kong (place of domicile) and the PRC.

The Group's revenue from external customers by geographical location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers	
	2024	2023
	HK$'000	HK$'000
PRC	**26,563,405**	30,800,203
Asia areas, other than Hong Kong and the PRC	**1,142,310**	621,044
Hong Kong (place of domicile)	**691,819**	801,633
Other areas	**520,163**	475,075
	28,917,697	32,697,955

	Non-current assets (note)	
	2024	2023
	HK$'000	HK$'000
PRC	**73,729,891**	75,986,715
Asia areas, other than Hong Kong and the PRC	**28,625**	30,016
Hong Kong (place of domicile)	**981,761**	1,061,475
	74,740,277	77,078,206

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

No individual customer contributed to over 10% of the total revenue of the Group for both years.

50. 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 stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in note 33, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, repurchase of shares as well as the issue of new debt or the redemption of existing debt.

51. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
FVTPL		
Mandatorily measured at FVTPL		
– Held for trading	**218,608**	235,368
– Others	**1,644,478**	1,644,731
Equity instruments at FVTOCI	**1,737,796**	441,583
Financial assets at amortised cost (including cash and cash equivalents)	**62,554,519**	63,630,575
Financial liabilities		
Amortised cost	**71,860,673**	73,142,259

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets at FVTOCI, trade and other receivables, receivables under service concession arrangements, pledged bank deposits, bank deposits, cash and cash equivalents, trade and other payables and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC and Hong Kong and the exposure in exchange rate risks mainly arises from fluctuations in USD, HK$ and RMB exchange rates. The management monitors foreign currency exposure, especially in view of the current depreciation risk for RMB. The management will also consider hedging significant foreign currency exposure and adopting suitable measures where necessary in order to mitigate impacts due to the depreciation of the RMB to the Group.

The carrying amounts of the Group's monetary assets and monetary liabilities at the reporting date that are denominated in currencies other than the functional currency of the group entities ("foreign currency") are as follows:

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
RMB (against HK$)	**421,250**	368,044	**2,679**	1,900
USD (against RMB)	**424,974**	4,477,578	**215,490**	5,221,560
HK$ (against RMB)	**91,365**	81,801	**1,115,703**	1,115,720

The above foreign currency denominated monetary assets and monetary liabilities mainly represent the Group's trade and other receivables, pledged bank deposits, bank deposits, cash and cash equivalents, trade and other payables and bank and other borrowings.

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the currencies of RMB and HK$. Since HK$ is pegged to US$, the management does not expect significant foreign exchange exposure in relation to the foreign currency of US$.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the functional currency of each group entity against the above foreign currency. 5% (2023: 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 outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% (2023: 5%) increase in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of balances are in currencies other than the functional currency of the respective group companies. A positive (negative) number below indicates an increase (a decrease) in profit after taxation where the above foreign currency strengthens 5% against the functional currency of each group entity.

	2024 **HK$'000**	2023 HK$'000
Decrease in profit after taxation	**(12,640)**	(50,308)

(ii) Interest rate risk

The Group's fair value and cash flow interest rate risks mainly relate to fixed and variable rates borrowings and lease liabilities respectively. The Group's receivables under service concession arrangements, pledged bank deposits, fixed-rate amounts due to certain fellow subsidiaries/associates, loan to a joint venture/an associate, amounts due to non-controlling shareholders and fixed-rate bank and other borrowings have exposure to fair value interest rate risk due to the fixed interest rate on these instruments. The Group's bank balances and variable-rate bank and other borrowings also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate.

In order to exercise prudent management against interest rate risks, the Group continues to review market trends against its business operations and financial position in order to arrange the most interest rate risk management tools.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank balances and short-term bank deposits (collectively referred to as the "Bank Deposits") and variable-rate borrowings at the end of the reporting period. The sensitivity analysis does not consider the effect of interest expenses qualified for capitalisation.

For variable-rate borrowings and Bank Deposits, the analysis is prepared assuming that the amount of asset/liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points and 50 basis points (2023: 50 basis points and 50 basis points), respectively, increase or decrease are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis (continued)

If interest rates had been 50 basis points and 10 basis points (2023: 50 basis points and 10 basis points) higher/lower for bank borrowings and bank deposits respectively, and all other were variables were held constant, the Group's profit after taxation for the year would decrease/increase by HK$150,606,000 (2023: HK$143,429,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate Bank Deposits and borrowings.

(iii) Price risk

The Group is exposed to price risk through its listed investments classified as either financial assets at FVTPL or financial assets at FVTOCI. The management strictly monitors this exposure by maintaining a portfolio of investments with different levels of risks. The Group's price risk is mainly concentrated on equity instruments quoted in the Stock Exchange and the Shanghai Stock Exchange. In addition, a special team has been appointed by the management to monitor the price risk and hedging against such risk exposures will be made should the need arises.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks on quoted equity instruments held by the Group at the reporting date:

If the prices of the respective quoted equity instruments had been 5% (2023: 5%) higher/lower:

- profit after taxation for the year would increase/decrease by HK$9,127,000 (2023: HK$9,827,000) as a result of the changes in fair value of financial assets at FVTPL; and

- investment revaluation reserve would increase/decrease by HK$56,147,000 (2023: HK$1,463,000) as a result of the changes in fair value of financial assets at FVTOCI.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, contract assets, financial guarantees, receivables under services concession arrangements, pledged bank deposit, bank deposits and cash and cash equivalents. The Group's maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties and financial guarantees provided is arising from the amount of liabilities in relation to financial guarantee issued by the Group as disclosed in note 40.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group recognises lifetime ECL as prescribed by HKFRS 9 under simplified approach on trade receivables and contract assets; and recognises 12m ECL on receivables under service concession arrangements and other receivables. To measure the ECL of trade receivables and contract assets, they are assessed collectively using provision matrix based on shared characteristics including historical credit loss experience, industry specific factors to the debtors, general economic conditions and the available and supportive forward-looking information, including time value of money where appropriate. To measure the ECL of receivables under service concessions and other receivables, they are assessed individually on the recoverability based on historical settlement records, past experience, and also the available and supportive forward-looking information.

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Except for the credit-impaired trade receivables, other receivables and contract assets of HK$376,352,000, HK$1,197,797,000 and HK$nil, respectively (2023: HK$515,373,000, HK$2,432,993,000 and HK$368,047,000, respectively), the management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of trade and other receivables, and contract assets.

With respect to the credit risk of the Group's treasury operations, all bank balances, securities and debt investments of the Group must be placed and entered into with sound and reputable financial institutions. Strict requirements and restrictions in relation to the outstanding amount and credit ratings on securities and debt investments to be held are followed in order to minimise the Group's credit risk exposures.

The credit risk arising from receivable under service concession arrangements is limited as these receivables are guaranteed by the relevant governmental authorities in the PRC.

The Group's concentration of credit risk by geographical locations of customers are mainly in the PRC and Hong Kong which accounted for 100% (2023: 100%) and 0% (2023: 0%), respectively, of the trade receivables as at 31 December 2024.

The Group's credit risk on cash and cash equivalents and bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk in relation to amounts due from associates and joint ventures which account for 43% (2023: 49%) of other receivables. These counterparties have a sound financial background at the end of the reporting period by reference to their financial position and business prospects. The Group's credit risk position is monitored closely by the management.

The tables below detail the credit risk exposures of the Group's trade and other receivables, contract assets, financial guarantees, receivables under service concession arrangements, pledged/bank deposits and cash and cash equivalents, which are subject to ECL assessment:

	Notes	12-month or Lifetime ECL	**31 December 2024 Gross carrying amount**		31 December 2023 Gross carrying amount	
			HK$'000	**HK$'000**	HK$'000	HK$'000
Financial assets at amortised cost						
Trade receivables (note 27)	(ii)	Lifetime ECL – not credit-impaired	**6,762,744**		5,263,859	
	(ii)	Lifetime ECL – credit-impaired	**376,352**	**7,139,096**	515,373	5,779,232
Other receivables (note 27)	(i)	12-month ECL	**1,183,057**		1,437,381	
	(i)	Lifetime ECL – not credit-impaired	**453,604**		445,485	
	(i)	Lifetime ECL – credit-impaired	**1,197,797**	**2,834,458**	2,432,993	4,315,859
Amounts due from related parties	(i)	12-month ECL		**2,118,244**		2,916,759
Receivables under service concession arrangements (note 23)	(i)	12-month ECL		**23,522,936**		25,776,269
Pledged bank deposits (note 29)	(iii)	12-month ECL		**211,619**		183,023
Bank deposits (note 29)	(iii)	12-month ECL		**7,460,852**		2,382,773
Cash and cash equivalents (note 29)	(iii)	12-month ECL		**20,841,493**		25,225,026
Other items						
Contract assets (note 28)	(ii)	Lifetime ECL – not credit-impaired		**57,035**		83,487
	(ii)	Lifetime ECL – credit-impaired		**–**		368,047
Financial guarantees (note 40)	(iv)	12-month ECL		**3,352,467**		6,208,645

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

(i) For other receivables and receivables under service concession arrangements, the Group measures the loss allowance equal to 12m ECL. The Group applies internal credit risk management to assess whether credit risk has increased significantly since initial recognition, in which case the Group recognises lifetime ECL. Except for other receivables of HK$1,197,797,000 (2023: HK$2,432,993,000) which are credit-impaired and ECL has been provided amounting to HK$327,182,000 (2023: HK$8,252,000) as at 31 December 2024, the credit risk on other receivables and receivables under service concession arrangements are limited because the counterparties have no historical default record and the ECL on these items are considered insignificant.

(ii) For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items using a provision matrix, grouped by past due status.

During the year ended 31 December 2024, impairment allowance of HK$70,477,000 (2023: HK$1,780,000) and HK$327,182,000 (2023: HK$8,252,000) were made on credit impaired trade receivables and other receivables, respectively.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Trade receivables (credit-impaired) HK$'000	Other receivables (credit-impaired) HK$'000	Contract assets (credit-impaired) HK$'000
As at 1 January 2023	513,593	2,424,741	368,047
Changes due to financial instruments recognised and at 1 January 2023:			
– Impairment losses recognised	1,780	8,252	–
As at 31 December 2023	515,373	2,432,993	368,047
Changes due to financial instruments recognised and at 1 January 2024:			
– Impairment losses recognised	70,477	327,182	–
– Release upon liquidation of a subsidiary	(209,498)	(1,562,378)	(368,047)
As at 31 December 2024	376,352	1,197,797	–

(iii) Pledged bank deposits, bank deposits and cash and cash equivalents that are deposited with state-owned banks or financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, no loss allowance was recognised during the year.

(iv) For financial guarantee contracts, the gross carrying amount representing the maximum amount the Group has guaranteed under the respective contracts. Further details are set out in note 40.

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position are monitored closely by management. The following tables detail the contractual maturity for its non-derivative financial liabilities. The tables have 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. 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 at the end of the reporting period.

	Weighted average interest rate %	Less than 1 month or on demand HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2024 HK$'000
2024							
Non-interest bearing	–	12,321,977	–	–	–	12,321,977	12,321,977
Fixed interest rate instruments	2.65	26,927	51,249	5,972,150	6,293,061	12,343,387	12,023,705
Variable interest rate instruments	3.85	5,336,742	267,511	8,722,768	36,710,973	51,037,994	47,514,991
		17,685,646	318,760	14,694,918	43,004,034	75,703,358	71,860,673
Financial guarantee contracts	–	3,352,467	–	–	–	3,352,467	–
Lease liabilities	4.27	4,474	8,948	40,267	271,900	325,589	287,716
		3,356,941	8,948	40,267	271,900	3,678,056	287,716

	Weighted average interest rate %	Less than 1 month or on demand HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2023 HK$'000
2023							
Non-interest bearing	–	13,113,548	–	–	–	13,113,548	13,113,548
Fixed interest rate instruments	2.65	28,375	54,003	5,414,775	8,869,972	14,367,125	13,972,467
Variable interest rate instruments	3.99	155,979	322,651	11,170,649	38,170,386	49,819,665	46,056,244
		13,297,902	376,654	16,585,424	47,040,358	77,300,338	73,142,259
Financial guarantee contracts	–	6,208,645	–	–	–	6,208,645	–
Lease liabilities	4.70	5,318	10,699	48,121	122,026	186,164	165,261
		6,213,963	10,699	48,121	122,026	6,394,809	165,261

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 expectations at the end of the reporting period, the Group 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.

51. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities 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 are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	**Fair value as at 31 December 2024 HK$'000**	Fair value as at 31 December 2023 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL					
Listed equity securities	**218,608**	235,368	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	**7,478**	7,731	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control, the higher the discount factor, the lower the fair value.
Unlisted exchangeable bonds	**1,637,000**	1,637,000	Level 3	Equity component: adopted Trinomial Tree method under Black-Scholes model.	Volatility, the higher volatility, the higher fair value
				Debt component: adopted effective interest methods	Discount rate, the higher the discount rate, the lower the fair value
Financial assets at FVTOCI					
Listed equity securities	**1,497,254**	39,020	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	**240,542**	402,563	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control, the higher the discount factor, the lower the fair value

There was no transfer amongst Levels 1, 2 and 3 in both periods.

51. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity instruments at FVTPL HK$'000	Unlisted exchanges bonds at FVTPL HK$'000	Unlisted equity instruments at FVTOCI HK$'000	Total HK$'000
At 1 January 2023	7,939	–	340,135	348,074
Fair value loss in other comprehensive income	–	–	(19,279)	(19,279)
Acquisition	–	1,637,000	56,567	1,693,567
Transfer from disposal of a subsidiary	–	–	36,634	36,634
Exchange loss	(208)	–	(11,494)	(11,702)
At 31 December 2023	7,731	1,637,000	402,563	2,047,294
Fair value loss in other comprehensive income	–	–	(117,614)	(117,614)
Disposal	–	–	(34,058)	(34,058)
Exchange loss	(253)	–	(10,349)	(10,602)
At 31 December 2024	7,478	1,637,000	240,542	1,885,020

Fair value measurements and valuation processes

The directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise and will report the significant results and findings to the board of directors of the Company. 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.

52. 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 future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000	Bank and other borrowings HK$'000 (Note)	Dividend paid to non-controlling interests (included in other payables) HK$'000	Interests payable (included in other payables) HK$'000	Dividend payable (included in other payables) HK$'000	Amount due to related parties (included in other payables) HK$'000	Amounts due to fellow subsidiaries (included in other payables) HK$'000	Consideration payable (included in other payables) HK$'000	Total HK$'000
At 1 January 2023	210,763	58,730,993	1,621,456	246,569	–	223,503	125,737	576,337	61,735,358
Financing cash flows	(99,207)	1,051,178	(423,451)	(2,594,291)	(1,000,235)	(4,028)	(629)	(576,337)	(3,647,000)
Non-cash changes									
Dividend declared (note 12)	–	–	–	–	1,000,235	–	–	–	1,000,235
Dividend declared paid to non-controlling interests	–	–	523,513	–	–	–	–	–	523,513
Finance costs (including amounts capitalised in properties under development held for sale) (note 7)	10,918	–	–	2,623,468	–	–	–	–	2,634,386
New leases entered/lease modified	49,285	–	–	–	–	–	–	–	49,285
Transfer to other receivables	–	6,593	–	–	–	–	–	–	6,593
Exchange difference	(6,498)	(1,125,403)	(43,495)	(6,685)	–	(5,905)	(3,330)	–	(1,191,316)
At 31 December 2023	165,261	58,663,361	1,678,023	269,061	–	213,570	121,778	–	61,111,054
Financing cash flows	(96,537)	2,722,676	(513,474)	(2,351,165)	(1,021,979)	1,612	(118,929)	–	(1,377,796)
Non-cash changes									
Dividend declared (note 12)	–	–	–	–	1,021,979	–	–	–	1,021,979
Dividend declared paid to non-controlling interests	–	–	424,764	–	–	–	–	–	424,764
Finance costs (including amounts capitalised in PUD) (note 7)	16,068	–	–	2,248,177	–	–	–	–	2,264,245
New leases entered/lease modified	229,971	–	–	–	–	–	–	–	229,971
Transfer upon liquidation of a subsidiary	–	–	(711,087)	–	–	–	–	–	(711,087)
Transfer to other receivables	–	10,500	–	–	–	–	–	–	10,500
Exchange difference	(27,047)	(1,917,444)	(40,093)	(6,888)	–	(6,756)	(1,802)	–	(2,000,030)
At 31 December 2024	287,716	59,479,093	838,133	159,185	–	208,426	1,047	–	60,973,600

Note: The cash flows from bank and other borrowings comprise the net amount of new bank and other borrowings raised and repayment of bank and other borrowings.

53. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 **HK$'000**	2023 HK$'000
Non-Current Assets		
Property, plant and equipment	**3,130**	1,767
Investment	**1,637,000**	1,637,000
Investments in subsidiaries	**556,477**	556,477
	2,196,607	2,195,244
Current Assets		
Deposits, prepayments and other receivables	**20,550**	17,058
Amounts due from subsidiaries	**33,116,525**	33,269,065
Cash and cash equivalents	**1,394,716**	1,353,307
	34,531,791	34,639,430
Current Liabilities		
Other payables and accrued charges	**26,491**	31,889
Amounts due to subsidiaries	**323,051**	1,273,839
Taxation payable	**154,741**	157,032
	504,283	1,462,760
Net Current Assets	**34,027,508**	33,176,670
Total Assets less Current Liabilities	**36,224,115**	35,371,914
Capital and Reserves		
Share capital	**13,649,839**	13,649,839
Reserves	**22,574,276**	21,722,075
Total Equity	**36,224,115**	35,371,914

Zhang Qian
Chief Executive Officer

Xu You Li
Deputy Chief Executive Officer

54. RESERVES OF THE COMPANY

	Capital reserve HK$'000 (Note ii)	Retained profits HK$'000	Total HK$'000
At 1 January 2023	1,137,728	20,718,605	21,856,333
Profit for the year	–	865,977	865,977
Dividends paid (note 12)	–	(1,000,235)	(1,000,235)
At 31 December 2023	1,137,728	20,584,347	21,722,075
Profit for the year	–	1,874,180	1,874,180
Dividends paid (note 12)	–	(1,021,979)	(1,021,979)
At 31 December 2024	1,137,728	21,436,548	22,574,276

Notes:

(i) The Company's reserves available for distribution to shareholders as at 31 December 2024 comprised of retained profits of approximately HK$21,437 million (2023: HK$20,584 million).

(ii) The Company's capital reserve which arose in year 1997 upon reduction of share premium as confirmed by the Order of the High Court of Hong Kong was not realised profits and is an undistributable reserve.

FINANCIAL SUMMARY

	Year ended 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
RESULTS					
Revenue	27,137,601	38,747,951	31,348,592	32,697,955	**28,917,697**
Profit before taxation	6,917,061	10,746,014	5,511,078	8,740,567	**4,902,369**
Income tax expense	(2,993,918)	(6,633,048)	(2,181,308)	(4,214,900)	**(1,900,045)**
Profit for the year	3,923,143	4,112,966	3,329,770	4,525,667	**3,002,324**
Profit for the year attributable to					
– Owners of the Company	2,218,877	3,745,505	2,313,924	3,423,695	**2,807,653**
– Non-controlling interests	1,704,266	367,461	1,015,846	1,101,972	**194,671**
	3,923,143	4,112,966	3,329,770	4,525,667	**3,002,324**
	HK$	HK$	HK$	HK$	**HK$**
Earnings per share					
– Basic	2.014	3.429	2.128	3.149	**2.582**
– Diluted	2.014	3.429	2.128	3.149	**2.582**

	As at 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	194,882,370	207,710,535	193,933,752	179,311,612	**168,512,693**
Total liabilities	(112,814,987)	(126,352,834)	(117,139,841)	(101,851,509)	**(90,219,363)**
	82,067,383	81,357,701	76,793,911	77,460,103	**78,293,330**
Equity attributable to owners of the Company	43,678,766	47,439,454	45,524,021	46,603,040	**47,570,505**
Non-controlling interests	38,388,617	33,918,247	31,269,890	30,857,063	**30,722,825**
	82,067,383	81,357,701	76,793,911	77,460,103	**78,293,330**

PARTICULARS OF MAJOR PROPERTIES HELD FOR INVESTMENT PURPOSES

Details of the Group's major properties held for investment purposes as at 31 December 2024 are as follows:

	Location	Term of lease	Type of use	Group's interest
1.	Urban Development International Tower (城開國際大廈) No. 355 Hongqiao Road, Xuhui District, Shanghai, the PRC	Held under a land use right for a term expiring on 7 October 2053	Commercial	25.44%
2.	YOYO Tower (城開YOYO) No. 111 and 123 Tianyaoqiao Road, Xuhui District, Shanghai. the PRC	Held under a land use right with an unspecified term	Commercial	25.44%
3.	ShanghaiMart (上海世貿商城) No. 2299 Yanan Road West, Changning District, Shanghai, the PRC	Held under a land use right for a term expiring on 20 October 2049	Commercial, Office and Expo	21.99%
4.	Phase 2 of Shanghai Youth City (上海青年城) No. 1519 Husong Road, Jiuting Town, Songjiang District, Shanghai, the PRC	Held under a land use right for a term expiring on 8 July 2055	Commercial	43.12%
5.	Lot No. B2, Phase I of Top City (城上城) No. 1 Aoti Road, Yuanjiagang, Jiulongpo District, Chongqing, the PRC	Held under a land use right for a term expiring in February 2044	Commercial and Car Park Spaces	43.12%
6.	The commercial building at Phase 3 of Youngman Point, No. 2 Gan Lu Yuan Zhong Li, Qingnian Road, Chaoyang District, Beijing, the PRC	Held under a land use right for a term expiring on 5 February 2044	Commercial	43.12%
7.	Taiyuan Business Avenue (瀋陽城開中心), Tai Yuan Street, Heping District, Shenyang, Liaoning Province, the PRC	Held under a land use right for a term expiring on 11 January 2048 and 2 February 2050	Commercial and Office	43.12%
8.	The retail, office and basement car park portion of Changning United 88 (長寧八八中心) No. 88 Changning Road, Changning District, Shanghai, the PRC	Held under a land use right for a term expiring on 14 August 2052	Composite	48.60%
9.	Several levels of Golden Bell Plaza (金鐘廣場) No. 98 Huahai Road Central, Huangpu District, Shanghai, the PRC	Held under a land use right for a term expiring on 18 November 2043 and 22 August 2050	Commercial and Office	43.74%
10.	Several levels of commercial and Cultural Complex of Hi Shanghai (海上海) Lane 568 Feihong Road and Nos. 950, 970 and 990 Dalian Road, Yangpu District, Shanghai, the PRC	Held under a land use right for a term expiring on 19 September 2052	Composite	48.60%

Location	Term of lease	Type of use	Group's interest
11. Tower 3 of Shanghai Industrial Investment Center（上實中心） No. 195 Xianggang East Road, Laoshan District, Qingdao, the PRC	Held under a land use right for a term expiring on 8 September 2054	Commercial and Office	48.60%
12. Commercial units of Huangpu Estate（黃浦新苑） No. 1130 and Nos. 1-2, Lane 1108, Tibet Road South, Huangpu District, Shanghai, the PRC	Held under a land use right for a term expiring on 8 November 2050	Commercial	48.60%
13. The Land Lot No.9 Qiu and 1/920 Qiu, 90 Jiefang, Tilanqiao Street, East of Dantu Road, south of East Daming Road, west of HK323-02 Green Land, north of East Changzhi Road, Hongkou District, Shanghai, the PRC	Held under a land use right for a term of 40 years for culture and commercial use and 50 years for office use from 29 January 2021	Commercial, Office and Culture	48.60%
14. The Land Lot No. 21 Qiu and 1/929 Qiu, 91 Jiefang, Tilanqiao Street, East of Dantu Road, south of East Changzhi Road, west of Gaoyang Road, north of Tangshan Road, Hongkou District, Shanghai, the PRC	Held under a land use right for a term of 40 years for commercial use, 40 years for hotel use and 50 years for office use from 29 January 2021	Commercial, Office and Hotel	24.30%

GLOSSARY OF TERMS

Term used	Brief description
Canvest Environmental	Canvest Environmental Protection Group Company Limited (HKSE stock code: 1381)
Companies Ordinance	Companies Ordinance (Chapter 622) of the laws of Hong Kong
Company	Shanghai Industrial Holdings Limited (HKSE stock code: 363)
Director(s)	director(s) of the Company
Galaxy Energy	SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd.
General Water of China	General Water of China Co., Ltd.
Group	the Company and its subsidiaries
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules
Nanyang Tobacco	Nanyang Brothers Tobacco Company, Limited
Net Business Profit	Net profit excluding net corporate expenses
Ping An Securities	Ping An Securities Co., Ltd.
PRC	The People's Republic of China
SFO	Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
SGX	Singapore Stock Exchange
Shanghai Galaxy	Shanghai Galaxy Investment Co., Ltd.
Shanghai Jiyun	Shanghai Jiyun Infrastructure Construction Co., Ltd.
Shanghai Pharmaceutical Group	Shanghai Pharmaceutical (Group) Co., Ltd.
Shanghai Pharmaceuticals Holding	Shanghai Pharmaceuticals Holding Co., Ltd. (SSE stock code: 601607; HKSE stock code: 2607)
Share(s)	ordinary share(s) of the Company
Shareholder(s)	shareholder(s) of the Company
SI Development	Shanghai Industrial Development Co., Ltd. (SSE stock code: 600748)
SI Urban Development	Shanghai Industrial Urban Development Group Limited (HKSE stock code: 563)
SIIC	Shanghai Industrial Investment (Holdings) Company Limited
SIIC Environment	SIIC Environment Holdings Ltd. (SGX stock code: BHK; HKSE stock code: 807)
SIIC Longchuang	SIIC Longchuang Smart Energy Technology Company Limited
SSE	Shanghai Stock Exchange
Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited
SUS Environment	Shanghai SUS Environment Co., Ltd.
Wing Fat Printing	The Wing Fat Printing Company, Limited

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