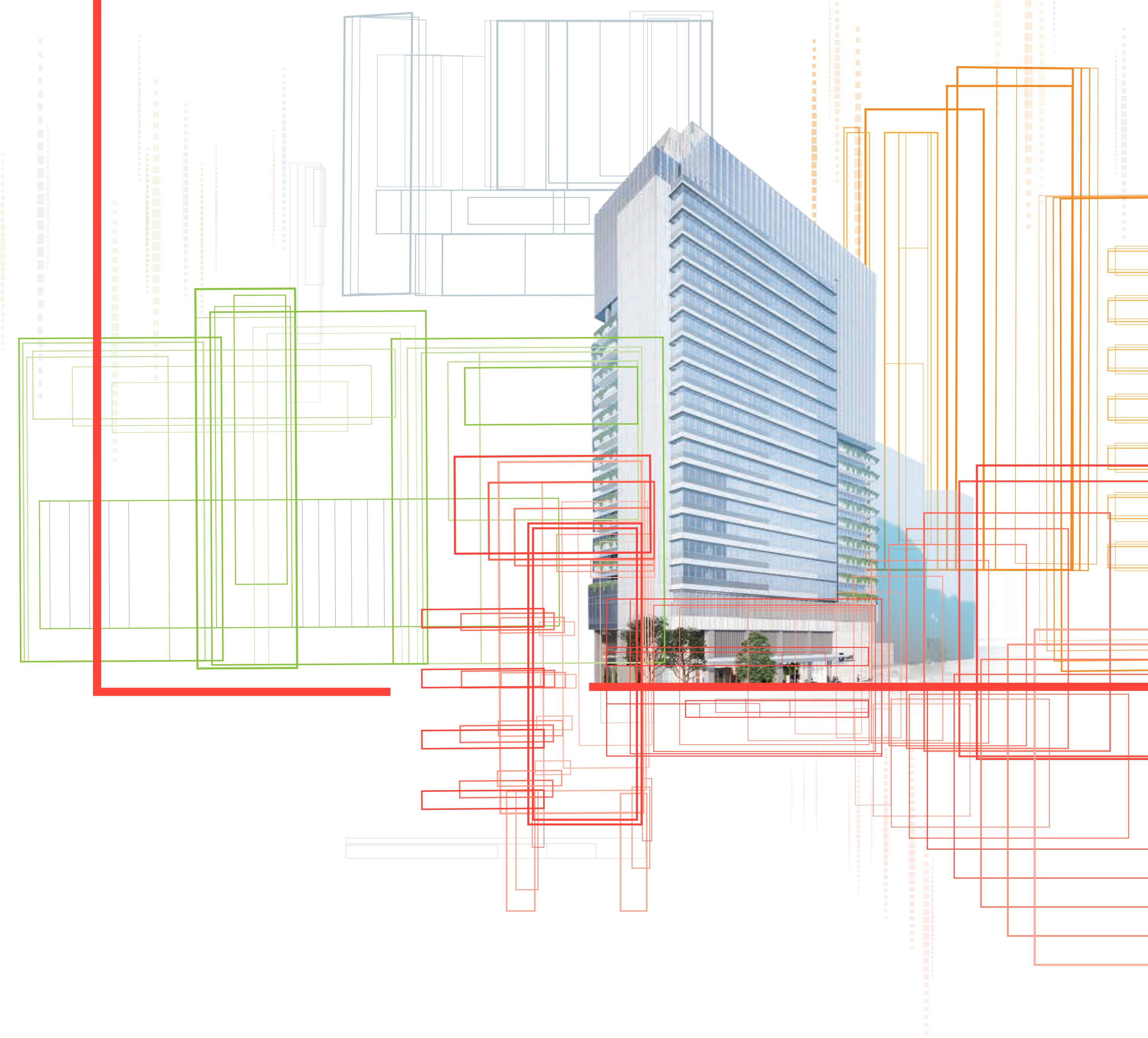
瑞安建業
SOCAM DEVELOPMENT
Stock Code : 983

WE BUILD TOGETHER

ANNUAL REPORT 2024



WE BUILD TOGETHER

People and community form the cornerstone of SOCAM's success. Every construction project and our corporate goal thrive on the collective efforts of our clients, employees, partners, and stakeholders.

Under the theme "We Build Together," the cover highlights how the power of "WE" drives the creation of sustainable communities. By embracing collaboration and leveraging innovative technologies, we remain committed to delivering long-term value to our stakeholders.

CONTENTS

ABOUT SOCAM

Listed on the Hong Kong Stock Exchange in 1997, SOCAM Development Limited is principally engaged in construction and property businesses, with operations spanning the Chinese Mainland, Hong Kong and Macau.

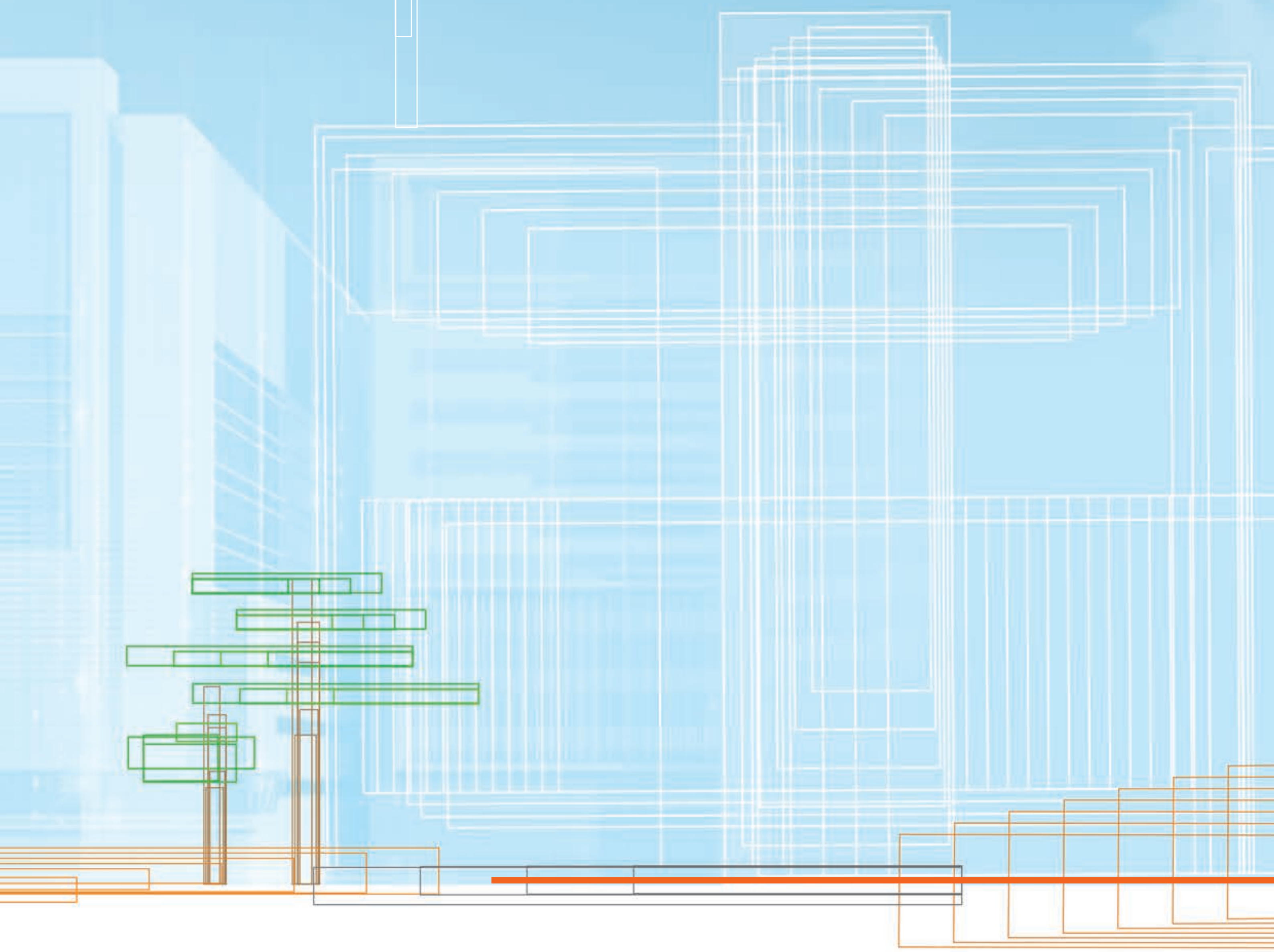
Rooted in Hong Kong's construction industry for over 50 years, our construction business has long been a building force in quality public housing, institutional buildings, public facilities, interior fit-outs and maintenance projects with its persistent pursuit of quality, innovation and excellence.

OUR VALUE

INTEGRITY · QUALITY · INNOVATION · EXCELLENCE

BETTER TOMORROW 2030

The "Better Tomorrow 2030" blueprint sets our sustainability vision and target. Committed to creating a resilient and sustainable community, SOCAM aims to drive sustainability in all business operations, from innovative technologies to smart construction, in order to bring a positive impact on the economy, environment and community for both the Group and the broader community.



2024 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

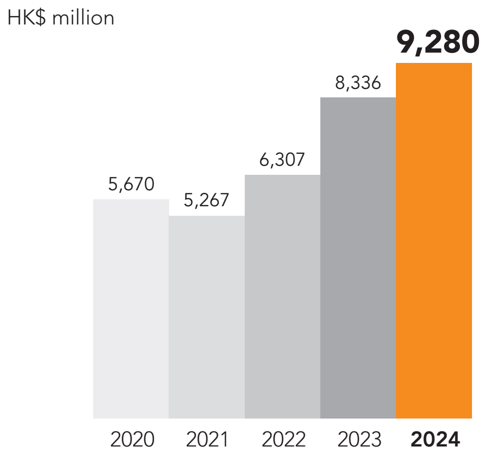
Year ended 31 December

HK$ million	**2024**	2023	2022	2021	2020
Turnover	**9,280**	8,336	6,307	5,267	5,670
Profit (loss) attributable to shareholders	**(364)**	(155)	(232)	76	52
Basic earnings (loss) per share (HK$)	**(0.98)**	(0.41)	(0.62)	0.20	0.14
Dividend per share (HK$)	**–**	–	–	0.07	–

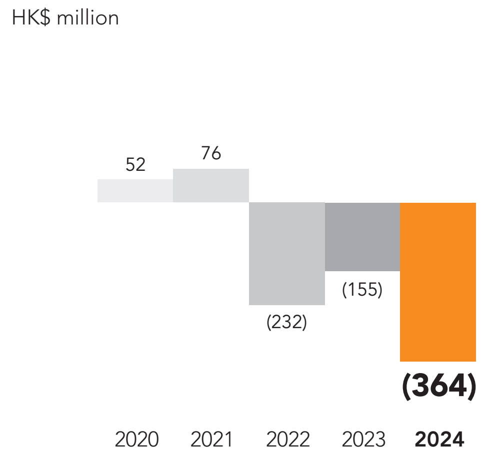
At 31 December

Total assets (HK$ billion)	**9.5**	9.2	9.1	9.6	9.8
Equity attributable to owners of the Company (HK$ billion)	**2.0**	2.4	2.6	3.3	3.1
Net asset value per share (HK$)	**5.32**	6.35	7.04	8.72	8.37
Net gearing	**107.1%**	88.9%	60.9%	46.9%	50.8%

Turnover

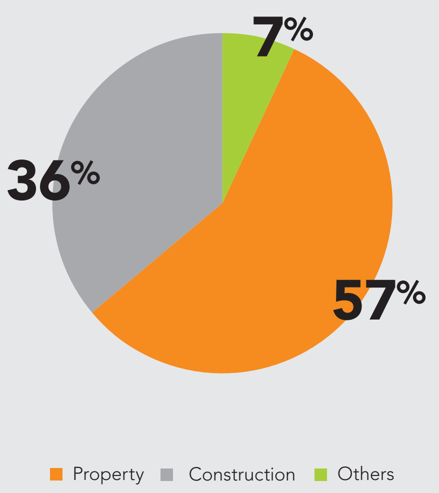


Profit (Loss) Attributable to Owners of the Company



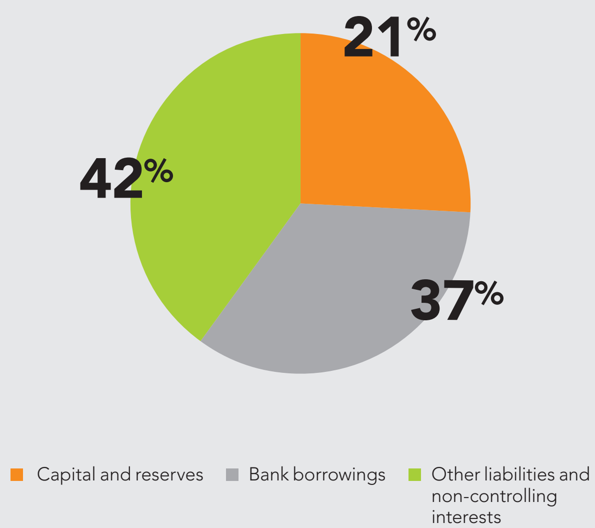
Assets Employed

At 31 December 2024



Capital and Liabilities

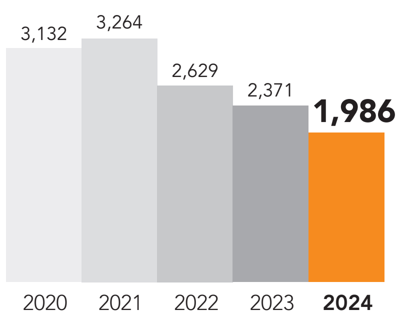
At 31 December 2024



Equity Attributable to Owners of the Company

HK$ million

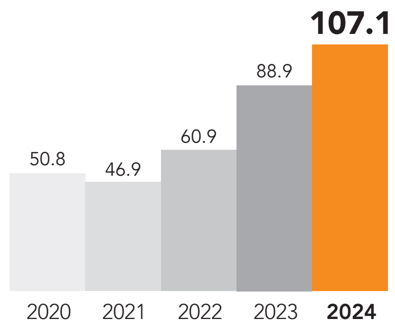
At 31 December



Net Gearing

Percentage

At 31 December



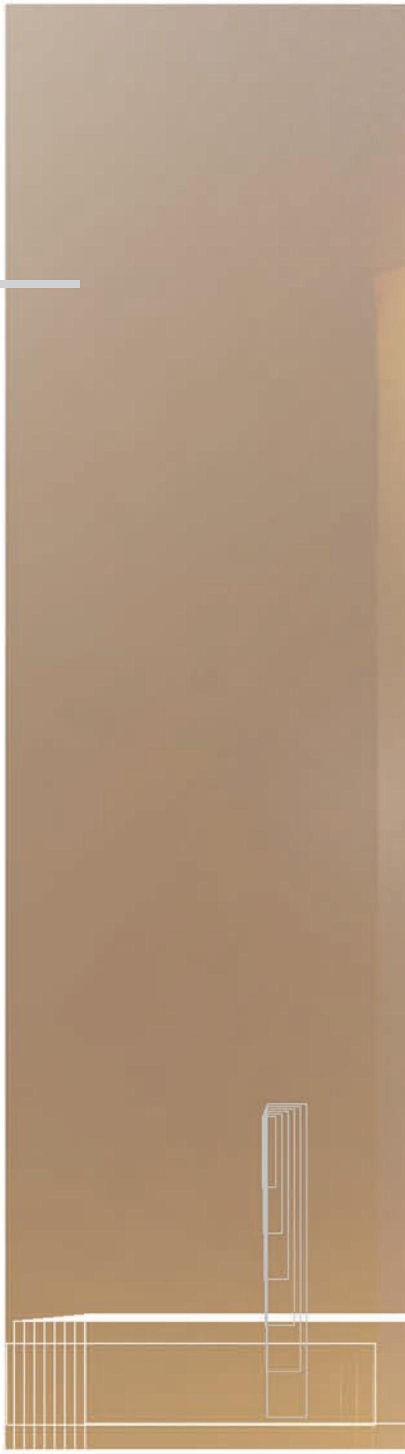
CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

The year 2024 exhibited a mixed picture. The world economy demonstrated remarkable resilience amid challenges, growing by an estimated 3.2% according to the International Monetary Fund. Inflation eased, but interest rates remained elevated and geo-political tensions increased. The Chinese Mainland economy, meanwhile, is undergoing structural transformation after decades of rapid expansion, placing more focus on future-oriented industries. Although the Central Government's 5% GDP growth target has been met, weak consumer sentiment and a prolonged property market downturn continue to pose significant concerns.

Hong Kong continued its recovery, posting a moderate 2.5% GDP growth, with the construction sector expanding at a similar rate. Despite a large fiscal deficit for the third consecutive year, the HKSAR Government has committed to major investments in transportation and other public infrastructure, as well as increasing the housing supply. Among them is the creation of the "Northern Metropolis" designed to foster the city's long-term development. These significant public works will give a boost to the construction industry in areas where our proven competencies and experience give us an edge.

Benefiting from government capital works projects, the Group made progress in strengthening its well-established income streams, and recorded a healthy increase in Group turnover during the year. Our construction business expanded its already strong order book, and added HK$11.5 billion of new contracts in Hong Kong and Macau, a record level in recent years.



> Benefiting from government capital works projects, the Group made progress in strengthening its well-established income streams, and recorded a healthy increase in Group turnover during the year.

VINCENT H. S. LO

Chairman

Profitability, however, was challenged in 2024, principally attributable to the low tender margins for some public housing construction projects secured by the Group during the COVID years amid intensified market competition, as well as higher finance costs due to tightened credit conditions.

Opportunities for Growth

More recently, a consolidation of the industry has emerged as debt-ridden companies exit, and while the market remains highly competitive, tenders are now being approached with more caution and positive margins for most of the recent contracts. At the same time, major new public construction projects are being taken forward. In 2025-2026, government spending in Hong Kong on infrastructure will continue to rise, and over the next five years, total public housing supply will reach 190,000 units. Looking further ahead, the Northern Metropolis strategy involves 1,700 hectares of land for development into an innovation and technology city over the next 10 years.

We see a sustained flow of construction works from the public sector in Hong Kong, where the Group has an acknowledged track record. In particular, we expect our fitting-out, renovation and building maintenance business to attain solid growth in the government, institutional and commercial sectors, as ageing buildings and facilities will stimulate demand. To stand us in good stead to seize the significant upcoming opportunities, the Group continues to extend its market reach and progressively seek admission to approved contractors lists in selected areas of government works.

Innovation in Construction Practices

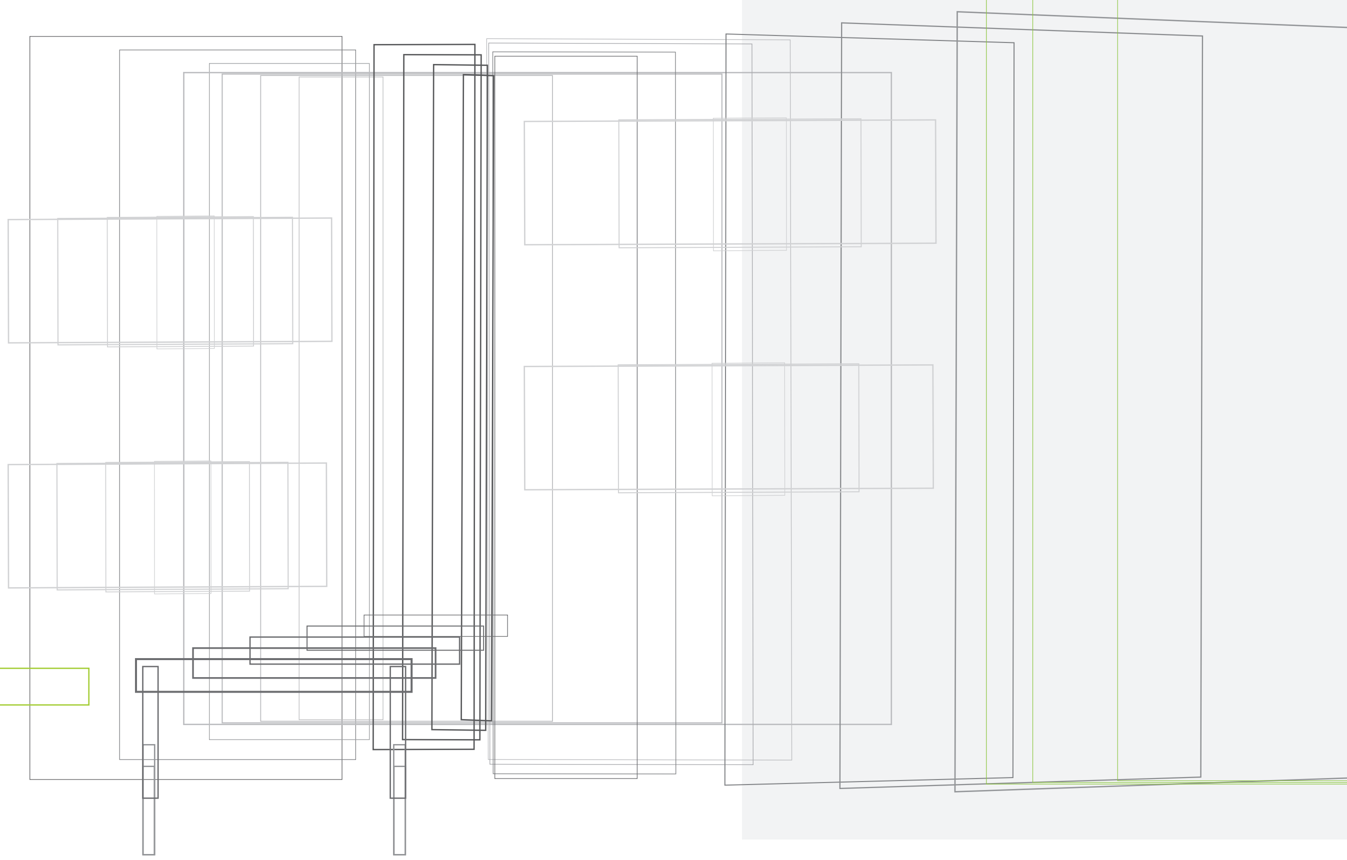
Crucial to maintaining SOCAM's competitiveness and long-term growth are technology innovation and adoption. Over the past years, SOCAM has been investing in its information technology infrastructure and innovative construction methods, an integral part of our business strategy to create value for our stakeholders.

Digitalisation is one way we aim to stay ahead of the curve. BIM – Building Information Modelling – is now driving our command of the entire building cycle in a smart and efficient way, from design, construction to project delivery. Since 2019, we have confidently added further layers to construction efficiency through using the Modular Integrated Construction (MiC) method at scale. We have brought such capabilities to bear in full on the public housing development at Anderson Road Quarry Site R2-7 and Site R2-6, which upon completion in early 2025 will mark the Hong Kong Housing Authority's first full adoption of MiC in public housing. Witnessing the success of our MiC projects paves the way for SOCAM to further enhance our competence in an area that is critical to sustainable construction in the future.

New technology is also improving site safety, a cultural trait that has been a long-established characteristic of SOCAM, with the wellbeing of our people one of our top concerns. From an already industry-low accident rate of 5.3 cases per thousand workers in 2019, the Group has recorded a further drop to 3.3 cases in 2024, a record low in recent years. The Group has also introduced artificial intelligence and the Smart Site Safety System (4S) for real-time monitoring of site activities to help identify safety hazards. We are now gradually expanding the use of 4S to all our projects, in an effort to lower accidents even further.

Fostering People and Partnerships

A long-time challenge the construction industry faces is the shortage of skilled labour. The economic recovery and the ageing workforce have kept the labour market tight. During 2024, SOCAM took the advantage of the labour importation scheme launched by the HKSAR Government to alleviate the manpower shortage. Our strategy, however, remains twofold. Firstly, we are



investing in technology that will generate increased automation and efficiency of the construction process. Secondly, we place great emphasis on attracting and developing local sources of skilled and unskilled labour, as well as nurturing local talents. Our mission to provide an environment in which our people can excel, develop and grow remains firm.

We also recognise the increasing demands of the industry and the community regarding safety, as well as the need for ever greater productivity and concern over environmental issues. Only by building a comprehensive construction value chain that is both efficient and robust, and integrating sustainability into all our business operations, will we be able to meet the needs of tomorrow's construction industry. To this aim, we have been forging partnerships with diverse expertise to help expand our capabilities, especially as regards construction-related technology, to provide smart solutions covering the whole building life cycle.

Seeking Divestment for Property Assets

In Mainland China, consumer sentiment continues to be sluggish. The "Double Reduction" policy, aimed at curbing after-school tutoring, along with the trend of consumption downgrade, has affected leasing performance. Operating in a fast-changing environment, the Group's efforts to enhance its retail assets and consumer experience nonetheless enabled it to achieve stable leasing income and occupancy rates in 2024.

That said, our property portfolio, taking up about 57% of the Group's total assets, remains a drag on our balance

Our construction order book has grown faster than expected in recent years and highlights our credentials. The considerable number of maintenance and interior fit-out contracts being awarded by the public and institutional sectors will also provide steady income flows in the coming years.

sheet. Amidst the weak investment sentiment towards commercial properties, it would be overly optimistic to expect a rapid recovery in the near term. The Board and I share an instinct for caution as we view our options for divestment. The market situation is ever-evolving and the Group will remain alert and responsive to divestment opportunities in order to further strengthen our financial position, and enhance shareholder value.

Outlook

The global economy is facing heightened uncertainties in 2025. Downside risks predominate given the potential impact of the Trump administration. Geopolitical tensions, trade protectionism and regional conflicts are poised to intensify. Tariff increases, and countermeasures in response, will cause serious disruption to global trade and investment flows, while a slowdown in the pace of interest rate cuts due to persistent inflationary pressures will dampen growth prospects.

Despite the many challenges, SOCAM is well-resourced to tap into the tremendous business opportunities for sustained growth. Our construction order book has grown faster than expected in recent years and highlights our credentials. The considerable number of maintenance and interior fit-out contracts being awarded by the public and institutional sectors will also provide steady income flows in the coming years. With a robust pipeline of potential projects and our strong execution capabilities, we anticipate securing new contracts worth a total of HK$6-8 billion in 2025. This will position us to actively contribute to the future development of the HKSAR, ensuring stable turnover, profit and cash flow in the years ahead.

Among our top priorities for 2025 are ensuring financial stability, which we see as vital for achieving our identified goals and strategic objectives. SOCAM will exercise prudence in financial management, and optimise our operational structure to revitalise profitability. We will also seek to review and address the risks facing our business, including talent development and recruitment, to ensure the Group remains well managed and open to growth prospects.

Note of Thanks

Finally, my sincere thanks go to my fellow Directors for their contribution and guidance during the past year. I am pleased to welcome our new Executive Director and Deputy Chief Executive Officer, Mr. Adrian Lo, who brings new dynamism and fresh perspectives to the Board, having served with the Group for six years.

On behalf of the Board, I extend my gratitude to all staff for their dedication to the Group during difficult times. The significant market opportunities in our areas of operation provide a solid basis for optimism regarding the longer term prospects for the Group. We look forward to contributing further to the development of Hong Kong, as we continue to invest in shaping the future landscape of the construction industry.

Vincent H.S. Lo
Chairman

Hong Kong, 27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

"Our strategy remains anchored on leveraging our core strengths to expand our core business and secure stable income amidst industry challenges."

FREDDY C. K. LEE
Chief Executive Officer

BUSINESS REVIEW

Our strategy remains anchored on leveraging our core strengths to expand our core business and secure stable income amidst industry challenges. Creating greater value for clients, shareholders, business partners and employees is our overarching aim.

In 2024, capitalising on the market opportunities in Hong Kong's public sector construction works, the construction business posted an increase in turnover and further strengthened its already robust order book, but recorded a reduced profit due to intense market competition and fluctuating materials prices. In the Mainland, the property business achieved higher leasing income and stable occupancies in its rental properties.

The Group's turnover for 2024 increased by 11.3% to HK$9.3 billion, from HK$8.3 billion for 2023. However, it reported net loss attributable to shareholders of HK$364 million for 2024, compared with the HK$155 million loss for 2023. The significant increase in net loss for 2024 was largely due to the lower profit contribution from the construction business, higher disposal loss of non-core property assets, and increases in net finance costs on tightened financial market conditions and net foreign exchange loss as a result of the further depreciation of the Renminbi against the Hong Kong dollar during the year.

MARKET ENVIRONMENT

Amidst the complex and severe global environment, the Group's principal markets saw sustained economic growth. China's economy in 2024 was generally stable with steady progress. Industrial production continued to increase and exports of goods grew rapidly, while employment and consumer prices stayed stable. However, domestic demand remained insufficient, retail sales expanded slowly, and investment in real estate development kept declining markedly, notwithstanding the string of economic stimulus measures launched by the Central Government aimed at revitalising key sectors.

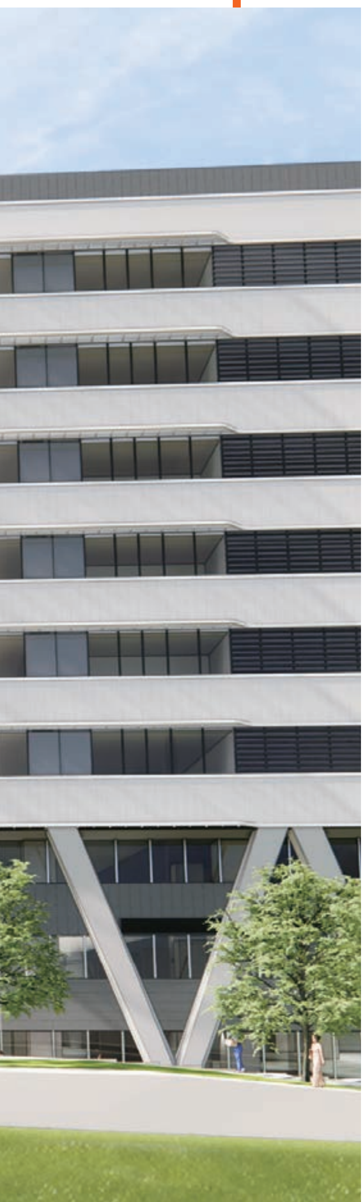
The Hong Kong economy expanded at a moderated pace in 2024, largely driven by the exports and imports of goods and services. Private consumption turned to a slight decline amid the change in residents' consumption patterns, despite the SAR Government's initiatives to boost consumer sentiment. The labour market remained tight, with low unemployment rate, alongside the continued economic growth.

In 2024, the increase in visitor arrivals sustained further recovery in Macau's hospitality and gaming sectors. The upsurge in gaming services exports, private consumption and investment underpinned the economic growth for the year.

CONSTRUCTION

SOCAM's long-term profit growth relies on strong customer value creation. SOCAM has a comprehensive construction value chain, with subsidiaries specialising in respective areas of construction works throughout the building cycle.

Teaching–Research Complex for The Chinese University of Hong Kong



MARKET REVIEW

Construction activities in Hong Kong saw moderate growth in 2024, which was predominantly driven by the public sector as the HKSAR Government continued to invest in public housing and infrastructure. While private sector construction activities declined amid a slackened property market and weak business sentiment, public works contracts were set to face more intense competition.

The enormous fiscal deficit calls for more prudent management of public finances. The HKSAR Government moves forward with public works projects according to priority and urgency, thus putting a constraint on public works spending in the coming years.

However, the supply of public housing and improvement of the public health infrastructure in Hong Kong are among the issues of great community concern. The HKSAR Government is determined to meet the supply target of 308,000 public housing units over the next ten years, from 2024/25 to 2033/34, under its long-term housing strategy, and complete the two ten-year hospital development plans (2017-2035) to tackle these pressing community issues. It also takes forward the development of the Northern Metropolis into an international innovation and technology city, spanning across 20 years, as a new engine for Hong Kong's future economic growth. These will give an impetus to the construction industry in the long run. The Group's construction business is poised to capitalise on the promising market opportunities ahead to drive further growth.

The labour market remained tight, as continued economic growth drove sustained demand for manpower. As a key pillar of the Hong Kong economy, the construction industry, with about 10% of the local labour force in its employ, faces persistent shortage of skilled workers. Under the labour importation scheme for the construction sector launched by the HKSAR Government in 2023 in a bid to fill in the temporary manpower gap, SOCAM imported around 450 contracted workers, and they joined our workforce, in batches, since January 2024.

Apart from manpower shortage, the ageing labour force, soaring building costs and fluctuating materials prices continue to undermine the development of the construction industry. The private sector construction activities in 2024 entered a period of contraction, as elevated interest rates and subdued investor confidence weighed on private investment. This has helped to ease the manpower shortage situation.

Over the year, the construction industry has faced significant financial stress due to intense competition and persistently high interest rates. Contractors are generally struggling to access bank credits amid the tightening financial market conditions. The long-standing delay payment problem has intensified, leading to project delays and disruptions, and a series of wage arrears incidents. Consequently, some major players were forced out of the market. In December 2024, the HKSAR Government introduced a legislation, which will come into operation in August 2025, to improve payment practices in the industry, among others. This will help enhance the cash flow of various tiers of contractors and suppliers in the supply chain of the industry, reduce project procurement costs and improve project delivery.

The fit-out and renovation market in Hong Kong was generally stable in 2024, but experienced a slowdown in the second half year, particularly for the commercial sector. In contrast, hotel/casino operators in Macau have increased their spending on fit-out and refurbishment works across various areas of their premises and facilities, as the tourism industry gains momentum. Riding on this trend, our fit-out business in Macau saw significant growth in 2024, and will continue to grow in the years ahead.

INTEGRATING CONSTRUCTION TECHNOLOGY

Innovation and technology are key to the sustainable development of the construction industry. The Group's success also relies on its ability to deliver services and products that exceed its clients' expectations, while keeping pace with the technological and societal changes that affect the markets in which it operates.

Over recent years, we have advanced the modernisation of our information technology infrastructure and digital capabilities, and intensified the integration of cutting-edge technologies into our construction projects, aiming to uplift operational performance, enhance site safety, elevate competitive edge and reduce waste. We have also strengthened our Building Information Modelling team, expanded the Modular Integrated Construction (MiC) capacity, and stepped up wider adoption of artificial intelligence (AI), Multi-trade Integrated Mechanical, Electrical and Plumbing and robotics in the construction processes.

Following the Kwu Tung North project and Kam Tin Transitional Housing completed in 2023, SOCAM demonstrates its capabilities again in the public housing development at Anderson Road Quarry Site R2-7 and Site R2-6, which is the pioneering project of the Hong Kong Housing Authority (HKHA) that fully adopts MiC, offering a total of 1,410 public housing units in the first half of 2025. In the construction process, we utilised advanced technologies, including the Smart Site Safety System (4S) and digital management platform to enhance quality and site safety, reduce construction time and minimise labour-intensive processes. We are gradually extending the use of the 4S to all our capital projects and some of our maintenance projects.

The HKHA promotes wider application of advanced technology, including MiC 3.0, and construction robotics in public housing construction. We have increased investment in enhancing our competence and competitiveness to get well-prepared for meeting the new procurement trend and contract requirements of the government projects.

In the longer-term, our goal is to deliver greener, smarter, safer and sustainable construction solutions. SOCAM has launched a joint research and development project (R&D Project) with The Hong Kong University of Science and Technology that integrates Building-integrated Photovoltaics (BIPV) and MiC in public housing construction projects. BIPV is to install specific claddings onto prefabricated building façade to absorb solar energy and turn the absorbed energy into electricity supply to the building. This R&D Project is the first successful attempt at integrating these new technologies in the construction of public housing projects, to enable the public housing estates, after completion, to gain access to solar energy.

HK$201 million
Profit
(2023: HK$413 million)

HK$8.9 billion
Turnover
(2023: HK$8.1 billion)

2.3%
Profit margin
(2023: 5.1%)

OPERATING PERFORMANCE

The Group's construction business reported increased turnover, yet reduced profit, for 2024, and achieved significant expansion of its order book during the year amid a hyper-competitive tendering environment.

The business recorded a turnover of HK$8.9 billion for 2024, a 10% increase from HK$8.1 billion for 2023. Profit was HK$201 million for 2024, a 51.3% decline against the profit of HK$413 million for 2023. The decrease in profit was largely attributable to: (a) lower overall gross profit being recognised in 2024, primarily related to certain public housing build-only development projects awarded in 2021 and 2022, which carried limited tender margins amid the then prevailing severe market competition; (b) shortfall in the anticipated contract price fluctuation compensation for these public housing projects scheduled for completion in 2025; and (c) profits from certain construction projects with higher margins completed in prior years were taken up in 2023. Pre-tax profit margin dropped significantly to 2.3% in 2024, from 5.1% in 2023.

In 2024, the Group has succeeded in securing a total of HK$11.5 billion new construction, maintenance, fit-out and renovation contracts in Hong Kong and Macau, lifting our workload to a record level in recent years, and substantially higher than the HK$6.6 billion awarded in 2023. As at 31 December 2024, the gross value of contracts on hand was HK$36.9 billion and the value of outstanding contracts to be completed was HK$20.5 billion, increased by 38.2% and 30.6% respectively in comparison to HK$26.7 billion and HK$15.7 billion as at 31 December 2023. The strong order book will help ensure healthy growth in turnover, profit and cash flow in the coming few years.

SITE SAFETY

SOCAM prioritises site safety in our daily operations, while technology plays a crucial role in enhancing site safety. We have widely adopted 4S and advanced technologies at construction sites in monitoring safety

Design and Construction of "Reprovisioning of Kong Wan Fire Station"

Sha Tau Kok Checkpoint reconstruction project

hazards, and complemented these with virtual reality safety training for the site workers. Over the years, we consistently recorded accident rate substantially below the industry average in Hong Kong, and met our stiff target to reduce accident rate by 25% that was set in 2019.

With respect to the incident that occurred at Shui On Joint Venture's construction site of the Kwai Chung Hospital (Phase 2) Redevelopment project in March 2024, where a subcontractor's worker was pronounced dead, Shui On Construction Company Limited (SOC) and Shui On Building Contractors Limited (SOBC) were temporarily suspended from tendering for new works contracts till early July. Upon further review, in October, the Labour Department informed us that, based on the evidence, the case had been excluded from its record of industrial fatality on construction sites. Consequently, the Development Bureau also confirmed that the suspension orders imposed on SOC and SOBC were removed from its records. However, the affected Group companies had suffered significant loss of potential job opportunities arising from the several months of unwarranted suspensions.

SOCAM's long-term profit growth relies on strong customer value creation. SOCAM has a comprehensive construction value chain, with subsidiaries specialising in respective areas of construction works throughout the building cycle. The Group continues to identify attractive business opportunities to further extend our market coverage. In January 2025, Pacific Extend Limited (PEL) succeeded in gaining admission to Group B under the "Buildings" category in the approved list of public works contractors of the Development Bureau. In addition, SOBC is currently applying to the Development Bureau for upgrade to Group II under the "Turn-key Interior Design and Fitting-out Works" category in the approved specialist contractors list.

Shui On Building Contractors Limited and Pacific Extend Limited

SOBC ranks the upper quartile on the Building Performance Assessment Scoring System (PASS) of the HKHA, which accredits SOBC's reliability and capability to deliver quality, timely and safe construction services consistently in the HKHA's public housing programme.

SOBC and PEL were awarded new construction and maintenance contracts in a total amount of HK$3.7 billion in 2024, which included:

- two term contracts for design and construction of minor building/civil engineering works for CLP Power Hong Kong Limited (CLP) at its premises, both for a term of three years, plus two years (optional) (HK$900 million in aggregate);
- a 3-year term contract for minor works on buildings and lands and other properties in Hong Kong for which the Architectural Services Department (ASD) is responsible (HK$982 million);
- a 3-year district term contract for maintenance, improvement and vacant flat refurbishment works for public housing estates in Kwai Chung, awarded by the HKHA (HK$672 million);
- a term contract for architectural and building works for MTR Corporation Limited (MTRC) at its railways and premises in Hong Kong for a term of two years, plus two years (optional) (HK$168 million per year);
- a 5-year term contract for maintenance, improvement and refurbishment works for buildings and hydraulic systems at Terminal 2 of the Hong Kong International Airport for the Airport Authority (HK$156 million); and
- the first design and build contract for the security access management system for the new extension projects of MTRC up to 2030 (HK$151 million).

During the year, apart from the new contracts, SOBC and PEL made progress on their existing contracts, including:

- the construction of public housing developments at Anderson Road Quarry Sites RS-1, R2-6 and R2-7 for the HKHA;
- the construction of public housing developments at Sheung Shui Areas 4 and 30 Site 1 Phase 1 and Site 2 Phase 2 for the HKHA;
- the term contract for minor works for New Territories East Cluster for the Hospital Authority;
- the term contract for alterations, additions, maintenance and repair of aided schools, buildings and lands, and other properties in various districts for the Education Bureau;
- the term contracts for maintenance, improvement and vacant flat refurbishment works for public housing estates in various districts for the HKHA;
- the term contract for the design and construction of fitting-out works to buildings and lands and other properties in Kowloon and New Territories for which the ASD is responsible;
- the term contract for the design and construction of minor works to government and subvented properties on Hong Kong Island, Lantau Island and Outlying Islands (South) for which the ASD is responsible;
- the term contracts for design and construction of minor building and civil engineering works, and building structure refurbishment works for CLP; and
- the term contract for maintenance, improvement and refurbishment works for buildings at the Hong Kong International Airport for the Airport Authority.

SOBC and PEL completed the following major contracts during the year:

- a 3-year term contract for minor works on buildings and lands and other properties for which the ASD is responsible for the whole territory of Hong Kong;
- a 4-year term contract for architectural and building works for MTRC; and
- two 3-year term contracts for distribution and transmission cables trenching and laying works for CLP.

Shui On Construction Company Limited and Shui On Joint Venture

SOC secured new contracts in a total amount of HK$6.9 billion in 2024, which included:

- the contract for the design and construction of Lai Chi Kok Reception Centre for the ASD (HK$3,908 million); and
- the main contract for the construction of Teaching–Research Complex for The Chinese University of Hong Kong (HK$2,938 million).

Apart from the new contracts, SOC was on schedule for its existing contracts during the year, including:

- the design and construction of Western Police Married Quarters for the ASD;
- the design and construction of an integrated development with an open space garden and a public vehicle park in Sham Shui Po for the ASD; and
- the design and construction of a new divisional fire station cum ambulance depot in Wanchai for the ASD.

During the year, Shui On Joint Venture made progress on the design and construction contracts, comprising the redevelopment of Kwai Chung Hospital (Phase 2) for the Hospital Authority, and provision of the Drainage Services Department Building at the Cheung Sha Wan Sewage Pumping Station for the ASD. In addition, the Joint Venture also granted to Pat Davie Limited (PDL) and PEL contracts for demountable partition works and smart building elements works, respectively, for the Drainage Services Department Building at the Cheung Sha Wan Sewage Pumping Station project, in a strategy to leverage relevant in-house construction expertise and experience of the Group for greater cost effectiveness.

Pat Davie Limited

PDL remains a high-performing interior fit-out and refurbishment contractor that delivers quality workmanship and innovative design solutions tailored to client needs, enabling it to thrive in the highly-competitive markets of both Hong Kong and Macau. In 2024, it secured new contracts with an aggregate value of HK$964 million, primarily in the commercial and institutional sectors in Hong Kong and the hospitality and gaming industry in Macau, and contributed higher profit on increased turnover and steady cash flow to the Group.

The major contracts secured by PDL during the year included:

- interior fit-out works at Hong Kong Cyberport;
- renovation works on common corridors, lift lobbies and toilets of various office buildings in Taikoo Place;
- revitalisation works at Airport Authority Building in Hong Kong International Airport;
- upgrading of office facilities and meeting rooms in HKIA Tower at Hong Kong International Airport;

A PDL interior fit-out project for The Londoner, Macau

- fit-out works on Chairman's Club in Galaxy Macau;
- fit-out works on International Gourmet Pavilion in Wynn Palace; and
- fit-out works on All Day Dining Restaurant and lobby lounges in Celebrity Tower and Star Tower at Studio City Phase 1 in Macau.

The interior fit-out markets in Hong Kong and Macau are characterised by a high demand for modern, flexible, and aesthetically pleasing spaces, particularly in the commercial, hospitality and retail sectors. PDL continued to execute well on the projects it secured, and managed delivery timelines and budgets efficiently. Contracts worth a total of HK$1.4 billion were completed during the year. Notable ones included revamp works for Departure Kerb of Hong Kong International Airport Terminal 1, fit-out works on the Main Stadium in Kai Tak Sports Park, fit-out works on functional rooms, common areas and acoustic sensitive areas in the Hostel and Academic Building Complex for Hong Kong Baptist University, and addition and alteration, and fit-out works at Shui On Centre in Hong Kong; and refurbishment works on mass gaming floor and Covent Garden in The Londoner, Macau and modification and refurbishment works on the gaming area on ground level of Galaxy Macau.

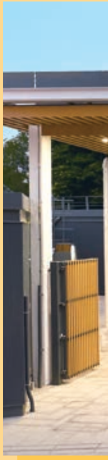
After the year-end, PDL was awarded new contracts totalling HK$238 million, including the asset enhancement works at Yat Tung Shopping Centre for Link REIT, interior fit-out works for the residential development at 8-10 Lomond Road, refurbishment works on the hotels in Galaxy Entertainment Group, and fit-out works on the NBA flagship store in The Londoner, Macau.

BUILDING FOR OUR FUTURE

At the centre of the Company's culture is a determination to improve and innovate, and to conduct business and staff relationships in a spirit of integrity and fair play, building a better tomorrow for the economy, community and the environment.

SUSTAINING OUR COMMUNITY

We engage in ongoing maintenance and upgrades for public facilities. These efforts ensure the longevity and efficiency of facilities that affect many people's daily lives. Through continual optimisation and effective maintenance works, we create a more sustainable and efficient environment that benefits the community by helping our clients provide reliable and safe facilities.



1 **Viewing Platform Overlooking Po Pin Chau**
Constructing a scenic viewing platform that provides breathtaking views of Po Pin Chau, enhancing visitor experience and promoting tourism.

2 3
4 5

2 **Sha Tau Kok Checkpoint Reconstruction Project**
Modernising the Sha Tau Kok Checkpoint to improve border control efficiency and enhance the traveller experience.

3 **Student Activities Centre for Hong Kong International School Association**
Creating a dynamic space for students to engage in extracurricular activities, fostering a vibrant campus life.

4 **Recycling Station (Wong Tai Sin)**
Establishing a dedicated facility for the collection and processing of recyclable materials, promoting environmental sustainability.

5 **Sham Shui Po Park Reconstruction Project**
Revitalising Sham Shui Po Park to provide enhanced recreational facilities and green spaces for the local community.

PROPERTY

We strive to make our malls vibrant and exciting places to visit, while adding more green and leisure elements, to enable our assets to achieve sustainable growth in value in the longer run.

Veneto Phase 1, Tianjin

MARKET REVIEW

Despite the steady expansion of the national economy in 2024, slow growth on the consumer side continues to prevail. Domestic demand remains relatively weak, highlighting the deficiency of household consumption capacity and confidence. The prolonged property downturn has severely suppressed investment and consumption sentiment. The negative wealth effect from falling property and stock prices along with concerns over job prospects contributes to the faltering consumption. As Mainland consumers become more cautious and scale back on spending, the emerging "consumption downgrade" phenomenon poses a growing threat to the economy.

The advent of new technologies and evolving consumer behaviour have also reshaped the consumption patterns and lifestyle. The emerging consumer model, which integrates livestreaming e-commerce and instant delivery services, currently drives the rapid growth of online retail sales. As digital transformation accelerates, the proliferation of big data, AI and other innovative technologies will further enhance the efficiency and appeal of online shopping, profoundly impacting the retail and commercial leasing sector.

The Group continued to revitalise our dining and entertainment offerings in our shopping malls, and revisit tenant fix. The repositioning of our malls to "Green and Fun Community Mall" remains conducive to the development of the business going forward.

OPERATING PERFORMANCE

All our shopping malls logged noticeable increase in customer footfall during the year. However, the general consumption sentiment stayed relatively weak. In addition, the "Double Reduction" policy remained a drag on the leasing performance of our rental properties.

The Group's efforts on adding vitality to our retail properties over the past few years bore fruits, as we reported higher leasing income and stable occupancies in 2024.

The Group's property business recorded a loss of HK$119 million for 2024, considerably lower than the loss of HK$141 million for 2023, mainly attributable to less valuation losses of its property portfolio. Total turnover increased significantly from HK$264 million for 2023, to HK$388 million for 2024 which comprised leasing income of HK$105 million, sales revenue of HK$51 million and Hong Kong property management services income of HK$232 million.

Property Portfolio

As of 31 December 2024, the Group owned six projects in the Mainland, comprising a total gross floor area (GFA) of 386,000 square metres, of which 369,100 square metres GFA were completed properties, and 16,900 square metres GFA of the Nanjing Scenic Villa project are currently under development.

Location	Project	Retail (sq. m.)	Office/ SOHO (sq. m.)	Villa (sq. m.)	Carparks & Others (sq. m.)	Total GFA* (sq. m.)
Chengdu	Centropolitan	43,000	33,300	–	81,800	158,100
Chongqing	Creative Concepts Center	21,000	–	–	9,900	30,900
Guangzhou	Parc Oasis	–	–	–	4,200	4,200
Nanjing	Scenic Villa	–	–	10,900	7,200	18,100
Shenyang	Shenyang Project Phase I	62,200	1,600	–	18,300	82,100
Tianjin	Veneto Phase 1	63,600	–	–	–	63,600
	Veneto Phase 2	27,700	1,300	–	–	29,000
Total		**217,500**	**36,200**	**10,900**	**121,400**	**386,000**

* The GFA shown excludes sold and delivered areas.

The property portfolio of the Group at 31 December 2024 is mainly composed of the following:

(a) a shopping mall, an office tower and car parking spaces in Chengdu Centropolitan, which is a large-scale mixed-use development situated in Chengdu's CBD;

(b) a shopping mall and car parking spaces in Chongqing Creative Concepts Center, which is a composite building close to the busy Jiefangbei Square in the heart of Chongqing;

(c) a shopping mall and car parking spaces in Shenyang Project Phase I, which is a large-scale mixed-use complex located on the "Golden Corridor" in Shenyang;

(d) a European-style outlet shopping centre in Tianjin Veneto Phase 1 located near Tianjin's Wuqing Station on the Beijing-Tianjin intercity railway line; and

(e) retail shops and SOHO units in Tianjin Veneto Phase 2, adjacent to Tianjin Veneto Phase 1.

LEASING PERFORMANCE

The Group owns and operates four shopping malls and an office building in the Mainland, with a combined GFA of 223,100 square metres. For 2024, total leasing income increased steadily to HK$105 million, from HK$102 million for 2023.

HK$119 million
Loss
(2023: HK$141 million)

HK$388 million
Turnover
(2023: HK$264 million)

HK$105 million
Leasing income
(2023: HK$102 million)

Occupancy Rates of Retail and Office Properties in Mainland China:

Project	Total GFA (sq.m.)	Occupancy Rate As at 31 December 2024	As at 31 December 2023
Chengdu Centropolitan			
Retail	43,000	**89%**	87%
Office	33,300	**88%**	82%
Chongqing Creative Concepts Center			
Retail	21,000	**91%**	95%
Shenyang Tiandi			
Retail	62,200	**92%**	92%
Tianjin Veneto Phase 1			
Retail	63,600	**72%**	72%

We attained stable performance in occupancy rate in our retail and office premises in Chengdu. Challenges persist for our outlet mall in Tianjin due to intensified competition among shopping centres in the Wuqing region, on increased supply. As Chongqing has become one of the hottest tourism destinations in China, we are in the course of adjusting the positioning of our shopping mall in response to the change of customer demographics, while offering more tourism-related outlets. This has temporarily dragged down the mall occupancy to 91% towards the year-end.

Asset Enhancement

Refurbishment works on our outlet mall in Tianjin Veneto Phase 1 were substantially completed in late 2024. The new look has brought about significant upsurge in foot traffic and tenant sales. We noted upcoming upgrade of

Repositioning into "Green and Fun Community Mall" some major shops in our mall on the drawing board, and are close to entering into new leases for several high-quality brands.

To drive further improvement in occupancy and profitability, we continue to meet the constantly changing trends and consumer expectations. Chief among these expectations is a more sustainable lifestyle and many of the enhancements we make reflect this, such as improvements to energy efficiency and the provision of more green spaces and play equipment to enhance the customer experience and drive turnover. All our community malls regularly organise exciting promotional events, such as interactive dramas, experience platforms, games, family concerts and entertainment for children.

Property Sales

The Group held a small property inventory for sale, which mainly consisted of retail shops and SOHO units in Phase 2 of Tianjin Veneto, properties under development in Nanjing Scenic Villa and a number of car parking spaces in various projects.

The Group realised gross consideration of HK$61 million from sales of property inventory and investment properties, and recorded loss of HK$38 million for 2024, compared with HK$12 million revenue and HK$3 million loss for 2023. The property sales for 2024 were mainly derived from sales of the retail shops in Phase 2 of Tianjin Veneto and car parking spaces in Shenyang Project Phase I.

Exciting promotional events to enhance customer experience

Exacerbated by the prolonged downturn in the Mainland's real estate market, the investment sentiment for commercial properties remained weak. The notable increase in retail sales and foot traffic in the newly-refurbished Tianjin Veneto Phase 1 has helped improve the sales of the inventory in Phase 2 of this project.

Property Management

Pacific Extend Properties Management Limited (PEPM) consistently excels in carrying out property and facilities management contracts for its clients, including the HKHA, Urban Renewal Authority and various government departments in Hong Kong.

In 2024, PEPM continued to execute its strategic plan to diversify from managing residential estates towards facilities management of residential and commercial premises, carparks and shopping centres. This approach yielded encouraging result and produced a more balanced portfolio. In 2024, it secured new contracts with an aggregate value of HK$589 million, including:

- a 3-year term contract for the provision of property management services to certain residential buildings under the Nga Tsin Wai Road/Carpenter Road Development Scheme for the Urban Renewal Authority;

- a 2-year term contract for the provision of property management services and security and guarding services to Tsuen King Garden Phase 1 in Tsuen Wan;

- a 3-year term contract for the provision of property management agency services to Lung Cheung Office Block and Housing Department offices in Wong Tai Sin;

- a 3-year term contract for the provision of property management agency services to the shopping centre, non-domestic premises and carparks in Yung Ming Court in Tseung Kwan O for the HKHA;

- a 3-year term contract for the provision of property management services to Ping Tin Estate, Kai Tin Estate, On Tin Estate, Wan Hon Estate and Tsui Ping (South) Estate in Kwun Tong, comprising 16,000 public rental housing units in total, for the HKHA;

- a 3-year term contract for the provision of management and supporting services to Dr Sun Yat-sen Museum and Fireboat Alexander Grantham Exhibition Gallery for the Leisure and Cultural Services Department; and

- a 3-year term contract for the provision of management and maintenance services to Shui On Centre in Wanchai.

Utilising its extensive expertise and experience in property and facilities management, and collaborating closely with other business operations within the Group, PEPM posted a record turnover of HK$232 million for 2024, compared with HK$150 million for 2023, and contributed higher income and cash flow to the Group.

OUTLOOK

> By focusing on innovation, efficiency and adaptability, SOCAM is well-positioned to overcome obstacles and achieve long-term success.

China has embarked on a trajectory towards sustainable growth, given its solid economic fundamentals and technological advancements. However, it continues to face significant domestic challenges and a harsh external environment in the near term future. The economic expansion in recent years past, led by industrial output and exports, was unbalanced. Inadequate domestic demand remains a key feature of the economy, as it grapples with deep property distress, falling home prices, constrained household debt capability and high youth unemployment. The Central Government is expected to ramp up more fiscal stimulus and monetary easing to foster market confidence and spur continued high-quality economic development.

Hong Kong economy looks set to expand moderately in the near term, supported by inbound tourism and the SAR Government's wide range of initiatives to boost market sentiment. The Financial Secretary forecast a 2-3% growth in real terms for 2025. Challenges remain prominent. External risks on exports are mounting, investment and consumer confidence stay low, domestic cost pressures are on the rise, and the city's fiscal position comes under stress. Nevertheless, proactively aligning with the country's development strategies and enhancing infrastructure connectivity and commercial linkages within the Greater Bay Area will present a positive medium to long-term economic outlook.

Labour shortage, ageing workforce and high construction costs continue to impede the development of the construction industry, undermining Hong Kong's competitiveness. In this difficult environment characterised by growing complexity, financial prudence and effective project management become increasingly crucial. Building contractors must step up efforts to enhance operational efficiency and liquidity, strengthen cost control and supply-chain management, and manage risks and price fluctuations to improve profitability.

While the Group continues to expand our market reach and drive business development, we are equally committed to implementing cost-saving initiatives across all areas of our operations, to ensure our business remains competitive and sustainable.

Construction innovation and technology are a pivotal force for industry advancement. SOCAM, being at the forefront of adopting smart construction technologies, is ready to potentially spearhead the wider application of technology solutions and digitalisation in the construction processes to enhance productivity, quality, safety and sustainability. The launch of our self-developed 4S system is a significant step towards leveraging technology to identify potential hazards and improve workers' safety at construction sites. We envisage our vigorous efforts in innovative technologies will not only give us a competitive edge in tendering for and execution of construction works, but also significantly mitigate risks and safeguard the wellbeing of our employees and workers.

As we navigate this challenging environment, we remain confident about the sustainable development of our construction business. By focusing on innovation, efficiency, and adaptability, we are well-positioned to overcome obstacles and achieve long-term success.

The market segments in Hong Kong, in which SOCAM operates, are poised for further growth. Subject to the government budget constraint, the expanding public housing construction works, the ongoing hospital development plans, upcoming public infrastructure projects and continued fit-out and enhancement works for institutional clients will still offer considerable business opportunities to SOCAM in the years ahead.

The thriving tourism and gaming sectors in Macau call for continued refurbishment and upgrading of the casino-hotels. Additionally, as part of the SAR's economic diversification strategy to promote the long-term development of the city, significant private investments in non-gaming facilities will take place in the coming years. Our fitting-out and refurbishment business stands to benefit from the vast job opportunities that arise.

Consumer preferences and technologies are reshaping the shopping experience. The Group's shopping malls will embrace a multi-faceted approach to offer consumers greater experiential retail experience and excitement, so as to drive tenant sales, and uplift our leasing performance. We strive to make our malls vibrant and exciting places to visit, while adding more green and leisure elements, to enable our assets to achieve sustainable growth in value in the longer run.

WE CARE ABOUT WORK SAFETY

Site-safety is a long-established imperative for SOCAM. We uphold best-in-industry work safety standards and practices, which are central to everything we do in our daily operations.

FINANCIAL REVIEW

Pak Loh Chiu Chow Restaurant at Galaxy Macau – a PDL interior fit-out project

FINANCIAL RESULTS

The Group's results for the year ended 31 December 2024 recorded a loss attributable to shareholders of HK$364 million on a turnover of HK$9,280 million, comparing with the loss of HK$155 million and turnover of HK$8,336 million for 2023.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

An analysis of the total turnover is as follows:

	Year ended 31 December 2024 HK$ million	Year ended 31 December 2023 HK$ million
Turnover		
Construction and maintenance	**8,892**	8,072
Mainland property	**156**	114
Hong Kong property management	**232**	150
Total	**9,280**	8,336

Turnover from the construction and maintenance works reported a 10% overall increase for the year ended 31 December 2024, where the building and construction business contributed a significant 60% of the segment's revenue. All the design and construction projects as well as the four public housing construction projects progressed well with increased turnover recognised in the current year, which more than offset the reduction in revenue from the maintenance business. Revenue from the interior fitting-out business recorded a steady increase in revenue of 8% to approximately HK$1,600 million for 2024.

An analysis of the results attributable to shareholders is set out below:

	Year ended 31 December 2024 HK$ million	Year ended 31 December 2023 HK$ million
Construction	**201**	413
Property		
Loss from property sales	**(38)**	(3)
Net rental income	**33**	27
Fair value changes on investment properties, net of deferred tax provision	**(76)**	(133)
Impairment loss on property inventories	**(15)**	–
Hong Kong property management	**10**	5
Net operating expenses	**(33)**	(37)
	(119)	(141)
Net finance costs	**(237)**	(212)
Corporate overheads and others	**(77)**	(54)
Release of exchange gains	**3**	29
Net foreign exchange losses	**(50)**	(33)
Taxation	**(34)**	(77)
Non-controlling interests	**(51)**	(80)
Total	**(364)**	(155)

Construction

Average net profit before tax margin was reduced to 2.3% of turnover in 2024, comparing to the 5.1% in the previous year. The decrease in margin was primarily related to certain public housing build-only development projects having relatively lower margins, which were awarded during the COVID years amid intensified market competition. Moreover, there were shortfalls in anticipated contract price fluctuation compensation for these projects scheduled for completion in 2025. If these public housing build-only projects were excluded, the adjusted average net profit before tax to turnover margin would be revised to 5.4% for 2024. On the other hand, profit in the prior year was lifted by the increased contributions from completed projects with relatively lower turnover recognised.

Property

Operating performance of the four shopping malls and the office tower of Chengdu Centropolitan was gradually improving. While rental income was maintained at a stable level, net rental results were enhanced over the last year on stable occupancies, as well as tightened control over leasing expenses.

In the last quarter of 2024, the Group commenced the disposal of various car parking spaces in certain of our Mainland property projects. Loss on disposal of our property assets in Mainland China was increased from HK$3 million in 2023, to HK$38 million in 2024 for an aggregate consideration of approximately HK$61 million.

At 31 December 2024, the Group's investment properties were valued at HK$3,818 million. Excluding the effect on the depreciation of the Renminbi against the Hong Kong dollar in the current year, there was a 2.2% gross depreciation of fair value on a portfolio basis.

Net finance costs

The Group's borrowings were predominantly Hong Kong Interbank Offered Rate ("HIBOR") based Hong Kong dollar bank borrowings. Whilst the Group's net bank borrowings were maintained at a relatively stable level, the persistently high HIBOR coupled with the increased average bank borrowings balance in 2024 has caused the increase in net finance costs for the current year to HK$237 million.

Net foreign exchange losses

During 2024, the Renminbi registered a 2.2% depreciation against the Hong Kong dollar. This resulted in net foreign exchange losses totalling HK$114 million recorded for the current year, of which HK$50 million and HK$64 million were recognised in the consolidated statement of profit or loss and the consolidated statement of changes in equity respectively, comparing with the foreign exchange losses of HK$33 million and HK$49 million respectively for the previous year, on a 1.5% depreciation.

The depreciation of the Renminbi had effectively reduced the Hong Kong dollar payable amount, which was offset by a corresponding Renminbi receivable when they were net settled during 2023. Such difference of approximately HK$23 million was recognised as a gain in the profit or loss in 2023.

ASSETS BASE

The total assets and net assets of the Group are summarised as follows:

	31 December 2024 HK$ million	31 December 2023 HK$ million
Total assets	**9,460**	9,166
Net assets	**1,986**	2,371
	HK$	HK$
Net asset value per share	**5.3**	6.4

Total assets of the Group was HK$9.5 billion at 31 December 2024, comparing to HK$9.2 billion at 31 December 2023. The decrease in both net assets of the Group and net asset value per share was principally attributable to the HK$364 million loss for the year and the 2.2% depreciation of Renminbi against the Hong Kong dollar during the current year, which caused a HK$64 million direct reduction in equity.

An analysis of the total assets by business segments is set out below:

	31 December 2024 HK$ million	**%**	31 December 2023 HK$ million	%
Construction	**3,402**	**36**	2,876	32
Property	**5,437**	**57**	5,705	62
Corporate and others	**621**	**7**	585	6
Total	**9,460**	**100**	9,166	100

Increase in total assets of the construction division at 31 December 2024 was a reflection of the increased business activities during the year. Decrease in property assets was mainly due to the fair value adjustment of our investment property portfolio in Mainland China and the exchange retranslation adjustment on depreciation of Renminbi.

EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company decreased to HK$1,986 million on 31 December 2024, from HK$2,371 million on 31 December 2023, for the reasons mentioned above.

Net bank borrowings of the Group, which represented the total bank borrowings, net of bank balances, deposits and cash, amounted to HK$2,127 million on 31 December 2024, as compared with HK$2,108 million on 31 December 2023.

The maturity profile of the Group's bank borrowings is set out below:

	31 December 2024 HK$ million	31 December 2023 HK$ million
Bank borrowings repayable:		
Within one year	**2,636**	1,618
After one year but within two years	**310**	1,425
After two years but within five years	**553**	65
Total bank borrowings	**3,499**	3,108
Bank balances, deposits and cash	**(1,372)**	(1,000)
Net bank borrowings	**2,127**	2,108

The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, increased to 107% on 31 December 2024, from 89% on 31 December 2023, which was mainly caused by the loss for the year and depreciation of Renminbi against the Hong Kong dollar as mentioned above, while the net bank borrowings remained stable.

Included in the amount repayable within one year at 31 December 2024 of HK$2,636 million, there was a term loan of HK$1,100 million due in January 2025, for which refinancing was completed upon its maturity by a new 5-year term loan of HK$700 million together with a repayment of HK$400 million.

TREASURY POLICIES

The Group's financing and treasury activities are centrally managed and controlled at the corporate level.

The Group's bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating-rate basis. Investments in Mainland China are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is primarily at project level where the sources of repayment are also Renminbi denominated. Given that income from operations in Mainland China is denominated in Renminbi and property assets in Mainland China are normally priced in Renminbi on disposal, the Group expects that the fluctuations of the Renminbi in the short-term will affect the Group's business performance and financial status. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES

At 31 December 2024, the number of employees in the Group was approximately 3,362 (31 December 2023: 2,321) in Hong Kong and Macau, and 256 (31 December 2023: 279) in subsidiaries and joint ventures in Mainland China. Remuneration packages are maintained at competitive levels and employees are rewarded on a performance-related basis. Other staff benefits, including provident fund schemes and medical insurance, remained at appropriate levels. The Group continued to retain and develop talents through various initiatives such as Trainee and Apprentice Development Programmes for fresh graduates from various disciplines, Managerial Development Program for middle managers, Leadership Development Program for project managers as well as Talent Development Program for selected high potential management staff. Likewise, in Mainland China, staff benefits are commensurate with market levels, with emphasis on building the corporate culture and professional training and development opportunities are provided for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre and competent staff.

Further details could be found in the Environmental, Social and Governance Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

"SUSTAINABILITY AT THE HEART OF OUR JOURNEY"

At SOCAM, we remain proactive in incorporating social and environmental considerations into our business strategies and daily operations. We seek to have a beneficial impact on the wider community as well as to promote a harmonious workplace, with particular emphasis on investing in the next generation.

SOCAM plays an active role in the construction and property industries in Hong Kong, Macau and the Chinese Mainland. In each area of operation, we aspire to set an example of the best practice. In 2020, embracing the "Shui On We Care" spirit, we refreshed our strategy - the "Better Tomorrow 2030", setting out our ambitions and focus areas across three major pillars, namely: Our Economy, Our Environment and Our Community, explained in more detail in the following pages. The plan is driven by long-term vision and targets which facilitate change at all levels within the Company, as we actively seek to innovate to build a better tomorrow.

With a refined focus, we set benchmarks on our ESG performance to actively respond to sustainability issues. The Plan is a forward-thinking approach to actualising our actions into a positive impact, and putting sustainability as part of SOCAM's long-term outlook.

SUSTAINABILITY STRATEGIES AND GOVERNANCE

As one of the key players in the construction industry, we have consistently demonstrated our core values – commitment to quality, excellence and innovation. Our diverse portfolio in construction projects ranges from public housing, design-and-build of institutional projects, interior fit-out, and maintenance, showcasing our collective wealth of knowledge and experience that contributes to the well-being of the wider community. In our property business on the Chinese Mainland, we have successfully established a strong market position in the niche property market. Over the years, we have completed numerous landmark and asset management projects in second- and third-tier cities, earning recognition for contributing to community development.

As we dedicate to fostering industry resilience, and enhance the livability of the communities where we operate. The "Better Tomorrow 2030" reaffirms our unwavering commitment to achieving sustainable development. Through strong governance commitment, monitoring of sustainability performances, we are continuously driving economic growth, building a sustainable environment, and a caring community.

BETTER TOMORROW 2030

Our vision for building a "Better Tomorrow" is built on three essential pillars, which form a holistic approach to sustainability and provide a clear framework and guidelines to guide our actions, efforts and performance.

THE 3 PILLARS ON ESG

Pillar ONE

BETTER ECONOMY

- To contribute to the growth of the economy, build trusting relationships, and to pursue long-term development of the Company's businesses through innovation and talent development.

Pillar TWO

BETTER COMMUNITY

- To enhance site safety and community wellbeing, fostering a caring culture, and develop long-term social impact programs to create long-term value for the society.

Pillar THREE

BETTER ENVIRONMENT

- To address the climate change by reducing carbon emissions and creating a sustainable supply chain.

Moving forward, with a vision to promote a clean, healthy and livable environment and a safe workplace, SOCAM will consistently implement an array of initiatives. These include the wider adoption of innovations and technology, exploring circular construction, creating sustainable supply chains and strengthening waste management to minimise our environmental impacts. The Group's overarching aim is to make a meaningful and lasting impact in the longer term, while remaining cognisant of investors appetite for more thorough ESG disclosures.

Mid-term Targets by 2024 ······ By 2030 (2024 as base year)

Economy

Being a Good Employer

Reduce Turnover rate	▲ 25% Overall training hours
2024 Performance *(vs 2020 base year)*	
15.5% vs 9.3%	▲ **130%**

By 2030:
- ▼ **20%** Turnover rate
- ▲ Average training hours **20 hours**

Environment

Decarbonisation

▼ 25% of Carbon intensity	▼ 25% of Waste generation
2024 Performance *(% to 2020 base year)*	
▼ **11%**	▼ **45%**

By 2030:
- ▼ **20%** of Carbon intensity
- ▼ **20%** of Waste intensity
- ▼ **20%** of Energy intensity
- ▼ **20%** of Water intensity

Sustainable Supply Chain

By 2030:
- ▲ Annual training for suppliers on sustainable practices
- ▲ **100%** acknowledgment from suppliers on "Sustainability Guidelines"

Community

Safety First

▼ 35% of Accident Rate
2024 Performance *(% to 2019 base year)*
▼ **38%**

By 2030:
- ▼ Accident rate < **3.3** cases
- ▼ No Fatalities

Caring Community

▲ Social investment value
2024 Performance *(% to 2020 base year)*
▲ **276%** Volunteering hours

By 2030:
- ▲ **50%** Volunteering hours

Alignment with United Nations' Sustainable Development Goals (SDGs)

Our efforts to integrate the principles and targets of the United Nations' SDGs into our business practices aim to contribute to the global agenda of creating a more equitable, inclusive, and environmentally responsible world.

SDG 8: Decent Work and Economic Growth

- Prioritises "site safety" in daily operations, and promotes wellbeing and a healthy work place for employees.
- Encourages and rewards merit, teamwork and provides a place whereby our people can excel, develop and grow.

SDG 9: Industry, Innovation and Infrastructure

- Through responsible practices, actively adopts sustainable and smart construction methods, leverages innovative technologies, and builds resilient infrastructure that meets tomorrow's needs of the community.

SDG 11: Sustainable Cities and Communities

- Focuses on designing and constructing buildings and infrastructure that minimise environmental impact and promote energy efficiency.
- Incorporates green building practices, such as the use of sustainable materials, energy-saving technologies, and efficient water management systems.

SDG 13: Climate Action

- Employs sustainable building designs and green technologies to reduce energy consumption and greenhouse gas emissions.
- Integrates climate adaptation measures to ensure that buildings and infrastructure can withstand extreme weather and flooding.

Board Statement

At SOCAM, our commitment to sustainability begins at the top. The Board, through the Audit Committee, oversees the overall management of ESG and climate-related risks. This involves crafting and implementing a clear ESG management strategy that prioritises and addresses key issues. Regular assessments of our progress towards ESG goals ensure we stay on track and adapt as needed.

In light of recent updates to ESG reporting requirements by HKEX, we are proactively realigning our practices in preparation for the changes expected in 2025. The Board is dedicated to clearly defining its approach to managing climate-related risks and opportunities, ensuring effective oversight and continuous vigilance.

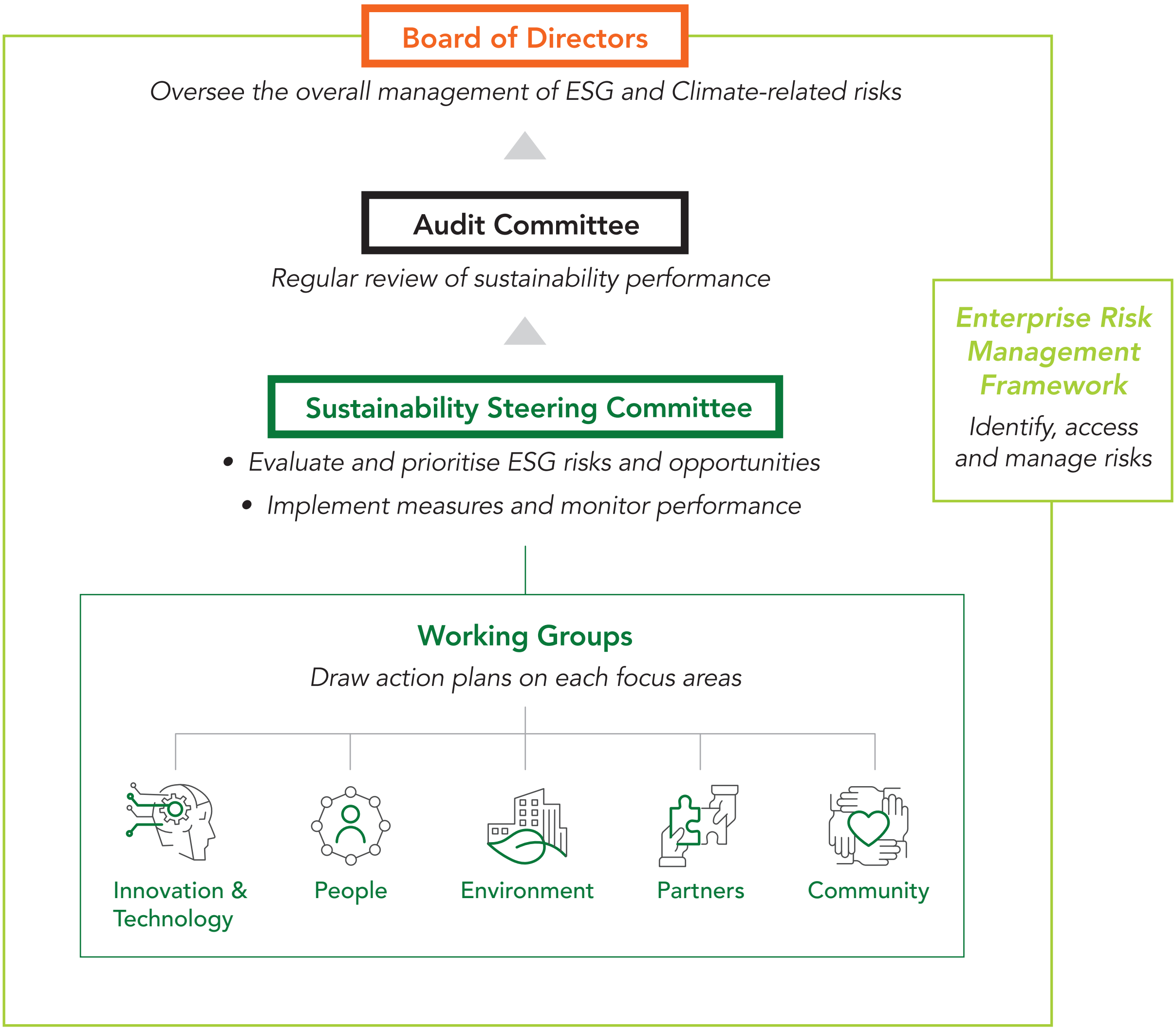
As part of our commitment, we have established a comprehensive framework with mid-term goals, to enable us harness emerging climate-related opportunities and drive sustainable growth.

The Sustainability Steering Committee

SOCAM's ESG performance is overseen by the Group's Sustainability Steering Committee, comprising our CEO and heads of various business and functional units, supported by five ESG sub-groups. The Committee implements relevant measures, monitors performance on a regular basis, considers stakeholder feedback to achieve continuous improvement, evaluates and prioritises material ESG risks and opportunities, and reports to the Audit Committee biannually.

The Board is updated regularly by the Audit Committee on matters relating to the progress against ESG related targets, and the management of sustainability performance concerning the Group's key material issues, providing a clear sustainability roadmap.

In line with our sustainability policy, we regularly assess our strategies to ensure we allocate the necessary resources and expertise for effective implementation. Each sector is represented by its own working group on the Committee, comprising staff members from different SOCAM operational areas. This structure allows us to achieve focused working groups and ensures an overall diversity of voices and skill sets.

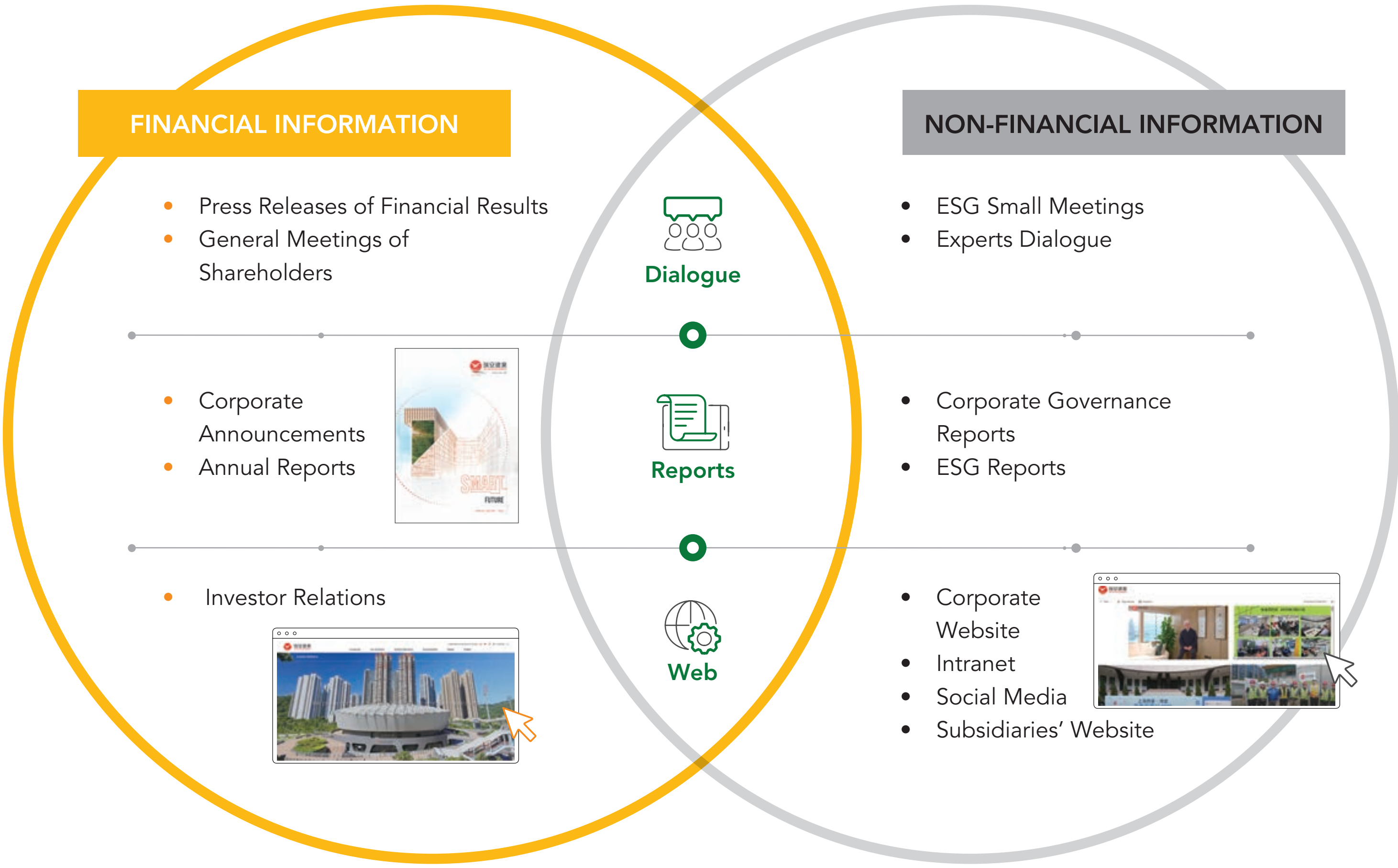


LISTENING TO OUR STAKEHOLDERS

Stakeholder Engagement

The Group values its stakeholders and actively seeks their feedback. We identify the most material topics that we believe have the greatest impact on our business, people and the environment. Assessing these topics enables us to prioritise them based on their impact on our value chain, and effectively address them in our policies and programmes.

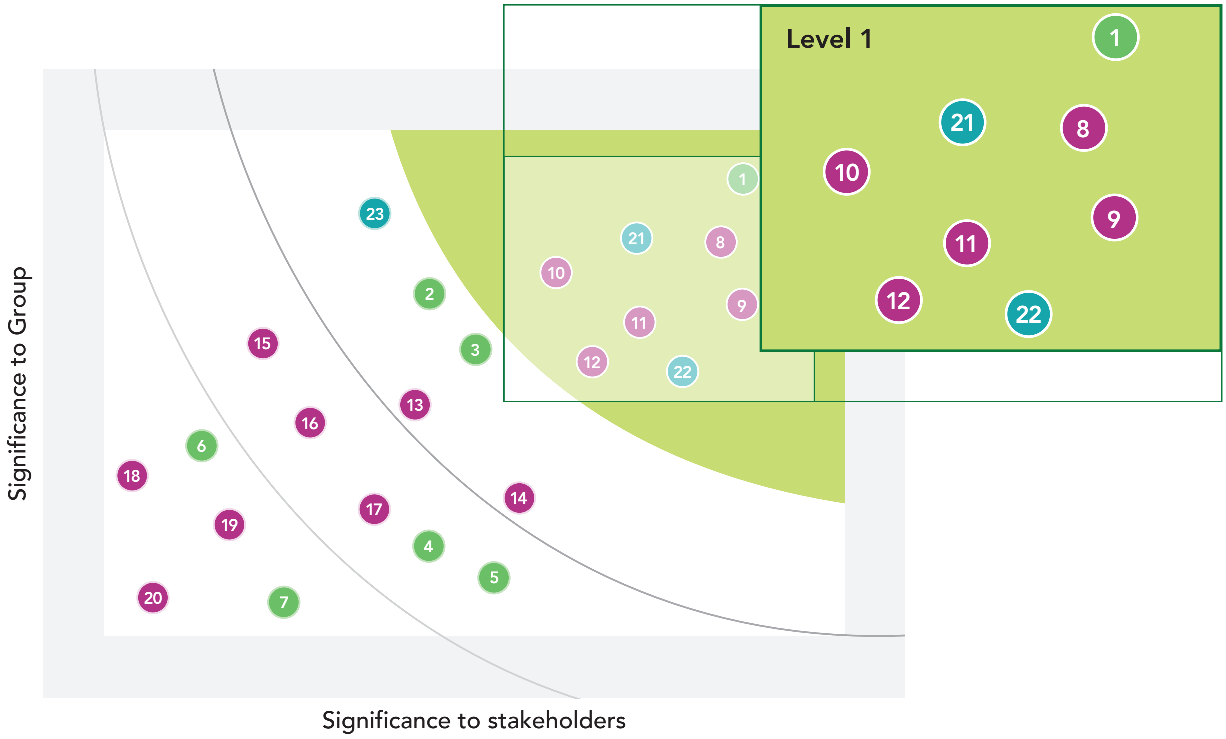
Our ongoing dialogue is enriched by conducting online surveys to gauge stakeholder perceptions of our operations' impact. As we develop our operational and ESG strategies, we carefully consider stakeholder expectations through various engagement methods and communication channels.



Materiality Assessment

Our materiality assessment is based on trend analysis and stakeholder input and is conducted every three years. In 2022, we solicited input from a diverse group of stakeholders, including shareholders, investors, regulatory bodies, subcontractors, suppliers, clients, tenants, employees, and the public at large.

The insights gained from this survey are illustrated in the materiality matrix below. They serve as a vital reference for shaping our strategies, targets, and disclosures, ensuring that we remain responsive to the needs of those we serve.



Environmental	1	**Addressing Climate Change** ●	5	Green Building
	2	Resources Management	6	Effluent and Waste
	3	Indoor Air Quality	7	Biodiversity
	4	Water Resources		
Social	8	**Community Engagement and Wellbeing** ●	15	Provision of Quality Construction
	9	**Workplace Safety and Health** ●	16	Supplier Management
	10	**Innovation and Technology** ●	17	Remuneration and Benefits
	11	**Diversity and Equal Opportunity** ●	18	Data Privacy
	12	**Talent Management** ●	19	Customer Satisfaction
	13	Employee Communication	20	Anti-discrimination
	14	Training and Development		
Governance	21	**Business Ethics** ●	23	Economic Performance
	22	**Anti-corruption** ●		

Pillar ONE

BETTER ECONOMY

- Innovative Smart Construction
- Integrity and Business Ethics

Building Smart and Liveable City

Building Economic Strengths

Construction plays a pivotal role in a community's growth. Leveraging robust infrastructure, it provides essential facilities such as schools, hospitals, and housing, which are fundamental to social development. By creating jobs and stimulating local economies, construction projects enhance the quality of life and foster a sense of community. Sustainable building practices including Building Information Modelling (BIM), Modular Integrated Construction (MiC), robotics, and artificial intelligence (AI), further amplify these contributions.

Through our diverse range of construction projects, we aim to bring social values and address Hong Kong's pressing needs, particularly in public housing and maintenance. At the same time, we accelerate the adoption of construction technologies, streamlining construction timelines and speeding up housing projects, and deliver sustainable, long term benefits to stakeholders.

Public Housing & Elderly Homes using MiC

We leverage modern construction methods to facilitate fast and affordable living options, ensuring everyone has access to safe and comfortable homes. The Anderson Road public housing Project is progressing smoothly and is expected to complete in 2025, providing 1,410 public housing units. This project represents a significant milestone for the Group as it is the first project to adopt the "Just-in-Time" approach for installation of MiC modules on-site.

Previously, in 2023, the Group completed the Kwu Tung North Multi-Welfare Services Complex Project, which provided 1,750 care home units for the elderly. In the same year, the transitional housing development project in Kam Tin, the first to adopt full steel MiC, helped to address the urgent housing needs of the community by delivering a total of 1,028 units.

Leveraging innovative technologies to promote the development of smart cities

Public Facilities in general

Through the construction of government buildings and public facilities, we are dedicated to serving the public good. Our current projects include Hong Kong's first Automated Parking System (APS) carpark, which optimises space and improves urban mobility. We have also built modern hospitals that provide state-of-the-art medical care, fire stations that ensure the safety and security of our communities, and government department headquarters that facilitate efficient public administration.

By optimising land use and incorporating innovative design principles, we aim to create eco-friendly and sustainable buildings that address the diverse needs of the community. Our focus on green construction practices includes the use of energy-efficient materials, renewable energy sources, and smart technologies to minimise environmental impact. These efforts not only contribute to a healthier and more resilient urban environment but also generate social value by enhancing the quality of life for residents.

Maintenance

PEL, our maintenance and minor works arm, is dedicated to delivering comprehensive maintenance services that enhance the functionality and longevity of buildings and facilities. Maintenance efforts are pivotal in supporting clients as they provide essential services to the public, maximising the lifecycle value of buildings while strengthening the infrastructure that underpins daily life. Our scope of work includes assisting the MTRC in maintaining seamless transportation operations, supporting CLP in delivering reliable electricity, and collaborating with the Housing Authority to preserve and upgrade public housing estates. The team remains proactive in exploring new technologies and innovative solutions to improve the quality and efficiency of maintenance work, and hence the community's quality of life.

MODERN CONSTRUCTION TECHNOLOGIES

Modular Integrated Construction (MiC)

Modular Integrated Construction (MiC) is a modern construction technology designed to enhance productivity and promote sustainability, contributing to the creation of a more resilient built environment. The core of MiC lies in strategically shifting the manufacturing of components off-site and assembling them on-site.

This method requires the early engagement of module suppliers and local contractors to ensure compliance with relevant regulations. Components are fabricated, tested, and trial-assembled in a controlled factory environment, significantly reducing on-site construction activities, improving efficiency, site safety, and overall building quality. Since we first adopted this method in 2019, we have successfully completed three projects that fully utilised MiC.

Building Information Modelling (BIM) projects

We extensively apply BIM technology in our daily construction operations. This digital process focuses on creating and managing comprehensive virtual representations of buildings or infrastructure projects, precisely integrating 3D models and intelligent data. BIM enhances coordination among project stakeholders and minimises errors and waste generated during construction. Our growing team is expanding the application of BIM technology in our current projects, including but not limited to the following:

- Drainage Services Department Building
- Sheung Shui Public Housing Development
- Public Housing Development at Anderson Road
- Fire Station and Ambulance Depot in Wan Chai
- Redevelopment of Kwai Chung Hospital (Phase 2)

With the rapid advancement of digital technologies, the construction industry is undergoing unprecedented transformation. By integrating real-time data with BIM, we have significantly enhanced our project management processes enabling the delivery of higher-quality and more cost-effective construction projects while moving closer to the vision of creating intelligent construction sites. Additionally, we have developed the Centralised Project Information Management (CPIM) system to optimise workflows, provide valuable insights into digital transformation, and comprehensively improve construction site management efficiency.

First public housing project fully adopting MiC

USE OF AI AND ROBOTICS IN AUTOMATION PROCESS

We are at the forefront of adopting artificial intelligence and automation technologies, and are developing a large-scale language model that leverages years of safety management expertise to create an AI-powered chatbot. This smart assistant provides workers with instant safety guidance, further strengthening site safety management.

In our public housing projects in Sheung Shui and Anderson Road, we started to employ robotics for tasks including plastering and painting, allowing operators to remotely control these machines from the ground.

Equipped with advanced dust collection capabilities, robots can handle high risks tasks such as working at heights or dealing with toxic fumes, protecting human work from potential risks. They deliver consistent, high-quality results across walls and ceilings, ensuring stable and uniform finishes.

Our robots excel in construction tasks, autonomously navigating worksites to perform plastering, sanding, and painting with precision. Equipped with advanced dust collection and disposal capabilities, they deliver consistent, high-quality results across walls, beams, and ceilings, ensuring stable and uniform finishes.

With the aid of these new technology, some former painters have transitioned into skilled robot operators, exploiting the opportunities created by technological advancements in the industry and upgrading of skills.

Robotics technology enhancing construction site safety

INTEGRITY AND BUSINESS ETHICS

Effective governance is the cornerstone of enhancing business performance and creating value for stakeholders. At SOCAM, we are dedicated to fostering a corporate culture that prioritises integrity. Leading by example, we handle all business affairs and employee relationships with a spirit of fair play that adheres to the highest standards of business ethics, striving to be a socially responsible corporate citizen.

The Company has established a "Whistle-blowing Policy" that governs the procedures and guidelines for reporting misconduct or malpractice within the organisation. Reporting channels are displayed on our company website to cater to diverse stakeholders, ensuring that a transparent and accountable culture is maintained.

Our management is fully committed to promoting and enforcing the "Code of Business Ethics," ensuring that employees fully understand and comply with it. We also require all business partners to share the same values and commitments, working together to establish a fair and equitable business environment.

Anti-Corruption Policy

In the construction industry, where public safety is paramount, we understand that high ethical standards are essential.

The Board stands firm with a zero-tolerance policy towards fraud and corruption. The Employee Handbook provides clear guidelines for all employees, covering legal requirements related to conflicts of interest, insider trading, anti-competition, and anti-corruption, ensuring that every employee adheres to the relevant standards.

Anti-Corruption Training

Maintaining integrity and business ethics is essential for ensuring the delivery of high-quality projects. We have incorporated anti-corruption training into both the induction programs for new joiners and our regular training plans. These initiatives aim to raise awareness of ethical behaviour within the Group. In 2024, we provided over 293 hours of anti-corruption training to our employees and directors, further strengthening our commitment to integrity and ensuring that we serve the community with accountability.

Supply Chain Management

Close collaboration with suppliers and the enhancement of digital capabilities are becoming increasingly important for improving production efficiency and minimising environmental impacts. We work closely with our supply chain partners to uphold a shared commitment to ESG topics, including labour rights, safety, ethics, and environmental protection.

MEASURES TO MANAGE ESG RISKS ALONG THE SUPPLY CHAIN

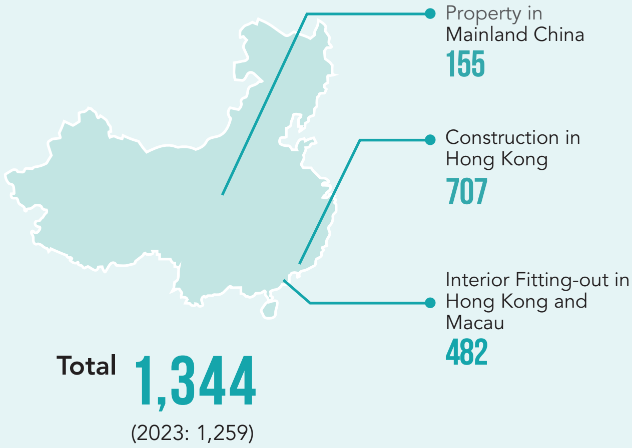
- Registration Questionnaire / Pre-qualification Assessment
- Supplier Code of Conduct / Guidance Note
- Inspections / Factory Visits
- Supplier / Subcontractor Performance Appraisal

The Group's procurement department has standardised procedures to select, evaluate, supervise and review the performance of suppliers and sub-contractors. Assessments are conducted quarterly to review the quality of materials, progress of work, site safety, environmental protection performances and wage payments conditions.

Suppliers Sustainability Guidelines

During the year, we have developed a sustainability guidelines, urging our partners and suppliers to adhere to the corporate standards of responsible practices, covering business ethics, anti-corruption, health and safety, green sourcing, and environmental protection.

Number of Subcontractors and Suppliers



Pillar TWO

BETTER COMMUNITY

- Safety First
- Talent Development
- Youth Engagement

Creating a harmonious and positive workplace

WE PUT SAFETY FIRST

Site-safety is a long-established imperative for SOCAM. As a key industry player in promoting safety within the industry, our construction division continues to emphasis and allocate resources to ensure a low accident rate at our sites. From an already industry-low accident rate of 5.3 cases per thousand workers in 2019, the Group recorded a further drop to 3.3 cases in 2024, marking the lowest rate in recent years. The Group also introduced and deployed artificial intelligence to monitor site operations and to identify safety hazards.

Nurturing a Safety Culture

In 2024, we made significant progress in encouraging higher safety awareness across our workforce, ensuring that safety remains a fundamental focus in our daily operations. We introduced the biennial "Excellence in Innovation Award" to recognise employees who propose creative solutions for improving workplace safety. The award-winning design is a good example featuring a newly redesigned protective canopy with a prefabricated, integrated iron platform that enables quick installation, significantly lower risks associated with working at heights. This award demonstrates our continuous initiatives to fostering a safety culture.

To encourage our employees think critically about safety in the workplace, and inspire our supervisors to make safety a top priority in their everyday responsibilities roles, we also launched the "Supervisory Safety" award across business units to recognise exceptional supervisory performance in promoting safety. These initiatives are instilling a safety-first mindset into the very DNA of our workforce.

Employed AI cameras to monitor the construction sites in real time

Customised Training Solutions

We make use of our online and physical resources to foster a strong safety and learning culture. The establishment of the Ping Che Training Centre has been instrumental in conducting comprehensive training for frontline supervisors and management, away from the usual workplace distractions.

Since 2021, we have launched a 24/7 Online Safely Training Platform, enabling employees to access training materials anytime and anywhere with greater convenience.

Integrating Smart Technology

To further enhance safety, we developed and launched the Smart Site Safety System (4S). Harnessing the power of 5G and advanced technologies, this helps monitor our construction sites in real time to oversee high-risk activities at sites, ensuring quick responses to possible potential hazards. Smart helmets and watches are also utilised to integrate with the 4S system, particularly for confined space work and mobile crane operations, ensuring workers remain within safe zones while monitoring their health conditions and locations.

In 2024, seven of our construction sites and contracts received the "4S Smart Site Safety System" label from the Development Bureau of HKSAR and the Construction Industry Council. These include but not limited to the following:

- Redevelopment of Kwai Chung Hospital (Phase 2)
- Drainage Services Department Office Building at Cheung Sha Wan
- Western Police Married Quarters
- Fire Station and Ambulance Depot in Wan Chai
- Open Space with Public Vehicle Park at Sham Shui Po

Leveraging AI & Robotics to prevent accidents

We partnered with Amazon Web Services, leveraging cloud computing and artificial intelligence to elevate construction site safety management on all fronts and build custom AI models. We installed AI-powered cameras and sensors to monitor site conditions in real-time, and automatically push alerts to project management, allowing swift intervention and effective prevention of accidents. These initiatives have built an all-front safety network for construction sites while upgrading our site teams with intelligent solutions.

Safety Training in 2024

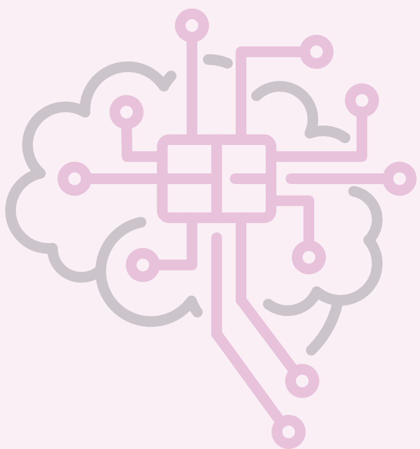
SOCAM continued to promoted safety training, with a total of 189,857 participants trained during the year. We continued to strengthen supervisor skills and knowledge and stress on protective measures, heighten workers awareness through intensive training and implementation of stringent guidelines and in-house safety rules. In March, we organised the "HSE Target seminar" to step up engaging our employees, partners and subcontractors.

Accident Rate in 2024

	2024	2023	2022
Accident Rate (cases per 1,000 workers)	**3.3**	3.3	3.1
Work-related injury	**21**	17	12
Lost days due to work-related injury	**2,073**	2,084	1,989
Work-related fatalities	**0**	1	0

Strengthening communications on site safety

Professional equipment and safety training



EMPLOYEE DEVELOPMENT

At SOCAM, we value each employee as a member of the Shui On Community. Employee wellness is naturally a key concern for us, as it fosters a supportive and collaborative work environment. We continue to expand our training courses, covering industry trends, technical skills and professional knowhow. By identifying learning and talent development needs, we are building a skilled and capable workforce to support business growth.

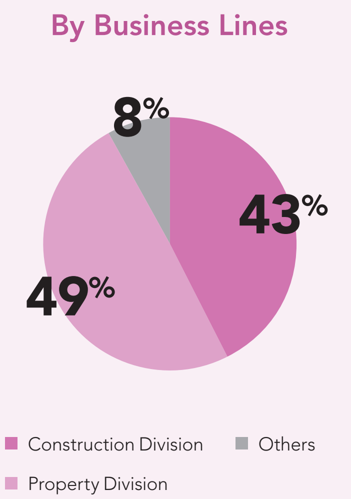
ATTRACTING & RETAINING TALENTS

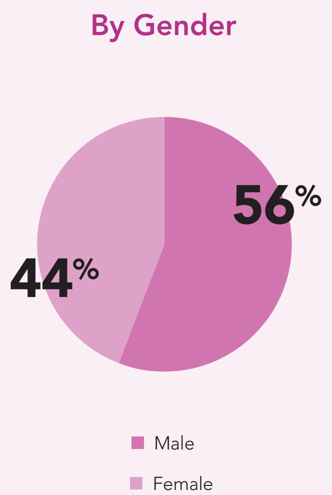
The construction industry serves as a vital stakeholder in our community, holding particular significance due to its substantial contribution to economic growth and infrastructure development in the city. Attracting and retaining talent is essential for both Hong Kong's success and our company's future. In the long term, cultivating talented team contributes to advancement and innovation within the construction industry, thereby promoting its overall development. We recognise that we have challenges to address, amidst the market conditions and with our turnover rate, standing at 15.5% in 2024, we are taking measures to maintain a stable workforce in the coming years.

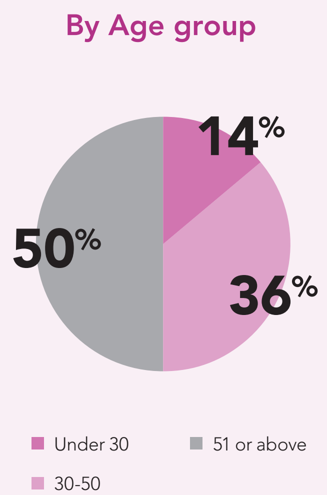
Embracing technology and innovation

Embracing technology and innovation, we offer exciting opportunities for our team to work with state-of-the-art tools and the latest construction technologies, allowing them to develop their skills and expand their professional knowledge. Through site visits, experts dialogues, sharing sessions and hands-on workshops, our team stays ahead of industry trends, and contributes effectively to our projects and drives innovation.

Our Employees







Nurturing Leaders

In today's diverse business environment, corporates and employees must cater to a variety of needs. We have developed training strategies that focus on nurturing future leaders in the construction industry. They include Young Leaders Development Programme, Graduate Engineer Programme, and Apprentice Scheme that encompass leadership development, management skills, construction expertise, and health and safety training.

Fostering Diversity & Inclusion

We encourage a diverse team and an inclusive working environment to attract a broader talent pool, and foster a workplace culture that is both supportive and collaborative.

In 2024, SOCAM joined as is one of the cornerstone partners of the "EmpowHER 2B Business Collective", collaborating with Standard Chartered Bank (Hong Kong) to empower women to realise their potential. This initiative provides mentorship matching and job shadowing opportunities, while also supporting home carers in achieving their dreams, creating shared value between businesses and society.

A Healthy Workplace

We continued to providing a range of employee wellness programmes to foster a happy and engaging office culture that emphasises team spirit, collaboration and

In 2024, we conducted safety training for 189,857 participants

EmpowHER2B Business Collective

support. We offer flexible work arrangements, quarterly birthday parties, sports and leisure activities, annual dinner and theme talks that promote social interactions and create a positive work environment.

Continuous Learning

Life-long learning has been a pillar of our corporate culture. In 2024, our training hours amount to a total of 43,418 hours, through physical and online training platform, and achieve a 130% increase compared to 2020. This empowers our employees with essential skills and fosters a culture of continuous learning.

43,418

Employee Training Hours
(2023: 44,809)

15.13

Average Training Hour
(2023: 17)

76.7%

Employee Training Rate
(2023: 87.6%)

COMMUNITY AND YOUTH ENGAGEMENT

We see investment in youth as a very worthwhile way to contribute to society, in helping young people become more fulfilled, self-reliant, and to become leaders for our next generation. We also look to supporting talented youths in our community, helping them overcome challenges and realise their potential.

Business Case Competition to engage students

In partnership with the Hong Kong General Chamber of Commerce, we launched the Business Case Competition, encouraging students to propose solutions to real-world business challenges. During the 2024/25 competition, students received mentorship from professionals during their proposal submission on the Yen Chow Street Public Vehicle Park project in Sham Shui Po. This project is poised to be Hong Kong's first underground smart parking system, addressing the area's parking shortage with an Automated Parking System (APS) that significantly increases capacity.

We received nineteen well researched proposals, collectively enhancing social impact, promoting sustainability, and fostering community engagement. Through sharing and working together, students return with fresh ideas and creative ways to spread the sustainability message, preparing them to become responsible leaders in the future.

Inspiring students' creativity

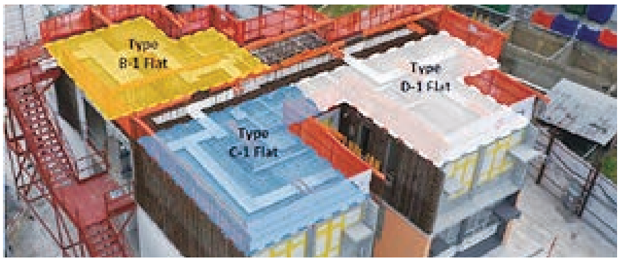
A research project on adopting BIPV in MiC public housing

Partnership with Local Universities on Low Carbon Construction Project

SOCAM and The University of Science and Technology jointly launched a R&D project on adopting Building Integrated Photovoltaics (BIPV) in a MiC public housing construction project.

Reducing carbon emission and adopting renewable energy in high-density communities are always a challenge to Hong Kong. With the aim of providing greener, smarter, and more sustainable construction solutions, this R&D project demonstrates the impacts of integration between BIPV system and Modular Integrated Construction. By installing specific claddings onto building façade to absorb solar energy, in conjunction with IoT and big data, it turns the absorbed energy into electricity for supply to the households in the housing estate, after completion.

This R&D Project is a testament to the joint effort by the research team, and the first successful attempt in incorporating the two technologies in public housing construction.



2,029

Volunteering Hours
(2023: 1,128)

561

No. of Employees Volunteered
(2023: 367)

HK$1 million

Donation
(2023: HK$1.5 million)

Color the Community - Refurbishment of Public Housing Estates

The "Happy Family • Colourful and Fun Estate Project" is a government initiative aimed at enhancing the visual appeal and functionality of ten selected public housing estates in Hong Kong through facade beautification and minor improvements works. PEL, our maintenance arm, plays a key role in the building exterior murals and landscape improvement project for Sun Chui Estate, which has a history of nearly 40 years, to ensure high-quality visuals.

By creating vibrant and cheerful squirrel visuals, the project rejuvenates the residential environment into a colourful canvas of comfort and energy, fostering well-being and a sense of belonging within the community.

Initiatives to Support the Local Construction Industry

SOCAM actively participated in various activities organised by the Construction Industry Council and the industry associations, including sports competition, social gathering, experience sharing and site visits, to advocate sportsmanship and teamwork spirit, fostering friendships among practitioners for industry cohesion and development.

A Caring Spirit

Established in1982, the Shui On Seagull Club comprises dedicated members who support NGOs and charities in Hong Kong and the Chinese Mainland on volunteering programmes. Our team contributes both on weekends and working days under SOCAM's Community Service Leave Policy.

In 2024, we continued partnering with NGOs particularly for youths and the elderly, and stepped-up our volunteering hours from 540 in 2020 to 2,029 in 2024, a 276% increase.

Shui On Seagull Club actively participates in various volunteer activities

The "Happy Family • Colourful and Fun Estate Project"

Activities	Organisation
Sports for the Millions	The Community Chest of Hong Kong
Cycling for Millions 2024	Pok Oi Hospital
"Meili" Together	Heep Hong Society
Love in Motion - Elderly Visits	Hong Kong Young Women's Christian Association (YWCA)
Walk For Water 2024	A Drop of Life
One-day trip with elderly	YWCA
Hoi Fu Welcomes the Olympics Inclusive Parent-Child Sports Day	Heep Hong Society
Summer Baking Together	Caritas Jockey Club Integrated Service for Young People - Wong Tai Sin
Summer Activity Closing Ceremony 2024 Carnival	Hong Kong PHAB Association Jockey Club Shatin Integrated Service Centre for Children and Youth
Mobile phone strap D.I.Y	Wai Ji Christian Service and YWCA
More than Market	Wai Ji Christian Service
Elderly Smartphone Teaching Class	YWCA
Beach Clean-Up and Barbecue Day	Shui On Seagull Club
"Christmas Sentiments" Gift Donation	Caritas Jockey Club Integrated Service for Young People - Wong Tai Sin
Shui On Seagull Club Charity Walk	Shui On Seagull Club

SOCAM collaborates with stakeholders to drive meaningful impact

Pillar THREE

BETTER ENVIRONMENT

- Adopting Sustainable Solutions
- Crafting Green Projects
- Setting Environmental Targets

Adopting MiC and Target Technologies for Low-Carbon Construction

To further address the climate change issue and align with the HKSAR government's carbon neutrality vision, SOCAM has made decarbonisation one of its main goals, pledging to achieve 20% reduction in carbon emission intensity and waste intensity by 2030. The Group is ramping up efforts to exploring environmental sustainability solutions to reduce its carbon footprint through energy conservation, waste reduction and recycling. We are also making every efforts to minimise the impact of our construction activities on neighbouring communities, particularly in terms of noise.

Innovation, environmental targets and green buildings are the 3 strategic directions of the Group's environmental stewardship.

3 strategic directions

INNOVATION

ENVIRONMENTAL TARGETS

GREEN BUILDINGS

LOW CARBON CONSTRUCTION

We are on a transformative journey to reduce our carbon footprint across all construction operations. By leveraging innovative technologies, sustainable practices and eco-friendly materials, we are crafting a legacy of greener infrastructure for Hong Kong's future generations. We engage with the community to ensure our projects uplift building resilience, and encourage industry practitioners to join us in promoting the development of low-carbon construction.

Through our adoption of the IFRS S2 framework, we ensure transparency in disclosing our climate-related risks, opportunities, strategies and visions.

Climate Disclosure Framework

Under the IFRS S2 framework, our disclosure outlines the processes we use to systematically identify and assess the impacts of climate change on our operations and supply chain. This includes evaluating risks such as extreme weather events, regulatory changes, and shifts in market demand for sustainable practices.

Governance

Under the leadership of the CEO, the Sustainability Steering Committee is responsible for evaluating ESG-related risks and opportunities, including climate-related matters, and reports regularly to the Audit Committee. Subsequently, the Audit Committee advises the Board, which has the ultimate responsibility to oversee all ESG and climate-related matters, and review progress made against ESG-related goals.

Strategy

In response to various aspects of climate change, the Group has developed short-term, medium-term, and long-term strategies. These strategies are integrated into the Group's business development and market positioning to ensure that we address climate challenges while seizing related opportunities.

Risk Management

ESG and climate-related issues are incorporated into our risk management and internal control systems to ensure the effective identification, assessment, and mitigation of climate risks, while transforming them into opportunities for sustainable development.

Metrics and Targets

We have been measuring and disclosing our energy consumption and Scope 1, 2, and 3 GHG emissions, and is committed to achieving our mid-term targets.

As part of our commitment to fighting climate change, we targeted a 25% reduction in carbon intensity and waste generation by 2024. We recorded a slight decrease of 11% in carbon intensity due to the significant increase in our construction projects' turnover. On a positive note, we achieved an impressive 45% reduction in waste generation. This shows our continuous efforts towards a greener future. Moving ahead, we will focus on reducing carbon, waste, energy and water intensity by 20% by 2030.

Climate Risk Management and Opportunities

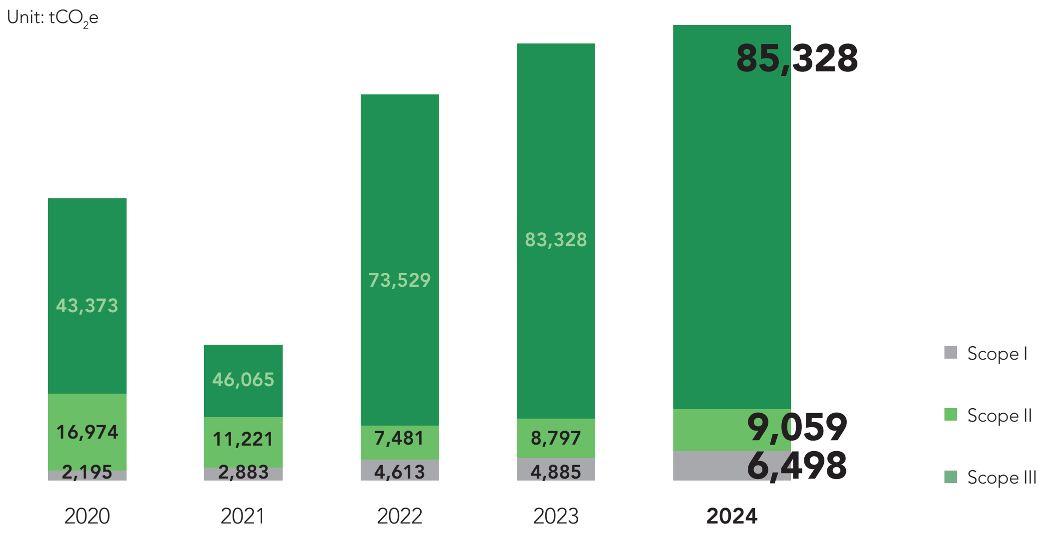
We have identified climate risks and opportunities relevant to our business operations and developed corresponding management action plans to ensure we effectively address challenges and seize potential opportunities. Below is a summary of our actions:

Climate Risks/Opportunities		Potential Impacts	Mitigation Strategies
Physical Risks/Opportunities			
Acute	Increased frequency and severity of extreme weather events	• Operational sites and Infrastructure damages due to strong wind, typhoons, flooding and other weather events • Increased costs because of projects delays • Increased capital expenditures spent on mitigation measures • Increased operational costs due to health and safety incidents • Reduced asset value due to the exposure of continuous climate risks	• Conduct precautionary safety training and emergency drills for employees • Implement flexible work arrangements when necessary • Improve crisis management and transition plans • Develop a strong supply chain to ensure continuity of operations • Carry out climate risk assessment and research on climate-resilient designs • Promote the use of energy-efficient systems
Chronic	Prolonged period of extreme hot weather	• Higher manpower costs because of increased health issues • Higher electrical and mechanical failure rate under extreme heat	• Launch health and safety campaigns to promote the prevention of heat strokes • Provide adequate rest time with reference to the new three-tier heat warning system of the HKSAR government • Install cooling facilities at operational sites
Transition Risks/Opportunities			
Legal Risk	Tightened regulations and policies on decarbonisation	• Increased costs of compliance and operation • Increased capital expenditures for the procurement of energy-efficient equipment • Impose Carbon Tax	• Commit to sustainability initiatives and comply with all applicable laws and regulations • Set targets in response to Hong Kong's Climate Action Plan 2050
Industry Risk	Increased competitive pressure on green construction and green building materials	• Reduced tenders and contracts due to competition • Increased capital expenditures for the procurement of new technologies	• Source and introduce new technological applications and green materials
Market Risk	Increased expectations from stakeholders	• Increased operating costs in response to stakeholder demands on applying green practices	• Communicate timely with stakeholders on sustainability measures • Digitalise operations and implement energy saving initiatives
Technological Opportunity	Advancement in green building technology	• Increased revenue through the use of low carbon infrastructure • Long-term opportunities to embrace technology to improve efficiency and branding	• Replace materials with green and reuseable alternatives to lower costs • Keep abreast of the latest smart building technology available in the market

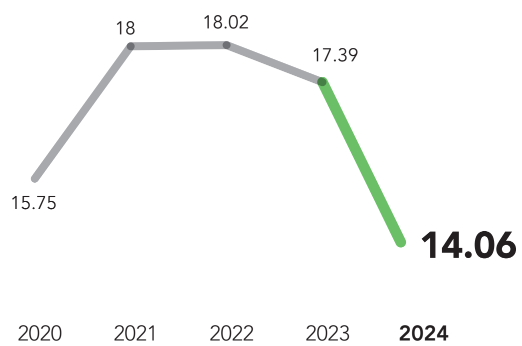
Setting Environmental Targets

Acknowledging the significance of environmental sustainability, we established a dedicated carbon reduction target group in 2024. This group will concentrate on creating practical strategies for carbon reduction and exploring new technologies and practices that align with our sustainability objectives, aiming to find innovative solutions to minimise our carbon footprint. We have also accredited ISO14001, an environmental management standard, to ensure effective environmental management practices. In 2024, the Group recorded GHG intensity of 14.06 tCO_2e per million revenue, representing a 19.1% reduction compared to 17.39 tCO_2e per million revenue in 2023.

THE GROUP'S GHG EMISSION BREAKDOWN BY SCOPE 1,2 & 3



GHG Intensity



Mid-term targets by 2024

Carbon Intensity

Target: Reducing the carbon intensity 25% by 2024 using 2020 baseline

– 11%

Waste Generation

Target: Lowering the waste generation 25% by 2024 using 2020 as baseline

– 45%

Use of advanced technologies

We utilise energy modelling and simulation applications in our daily operations to identify energy-saving opportunities. By implementing energy-efficient systems, we reduce both energy consumption and greenhouse gas emissions.

Reduce fossil energy - Enertainer

Traditional diesel generators, which rely on fossil fuels, emit significant air pollutants during combustion. We adopted the Enertainer since 2020, an energy storage system specifically designed for construction. Compared to diesel generators, the Enertainer features a much smaller carbon footprint, operates almost silently and smokelessly, and has the potential to reduce carbon emissions by up to 85%. We have already implemented this system at our major construction sites, significantly reducing the environmental impact of our operations.

Green Procurement & Local Suppliers Preference

We advocate for local procurement to reduce our carbon footprint and support local economies. Our "Contractor and Supplier Code of Sustainable Development" outlines green procurement guidelines. By adhering to these principles and prioritising local suppliers, we contribute to HKSAR's goal of achieving carbon neutrality by 2050.

Extending the use of energy storage system

ESG Strategies under different Climate Scenarios

When developing an ESG strategy, it is crucial to assess how various climate scenarios impact operations, stakeholders, and communities. Limiting global warming to 1.5°C is essential for mitigating severe climate-related risks. Even under a stabilised 1.5°C scenario, the construction industry continues to face challenges, necessitating ongoing adaptation measures to reduce carbon footprint.

If global temperatures exceed this threshold, risks will rise significantly. Climate disasters could disrupt construction operations, increase costs due to resource scarcity, and exacerbate social inequalities. Recognising these risks, we actively monitor global climate trends and conduct scenario analyses to evaluate their potential impact on projects, supply chains, and operational continuity. We are also enhancing data-driven climate projections to update and refine our risk mitigation strategies.

RESOURCES MANAGEMENT

The Group has implemented policies and measures to efficiently manage resource utilisation, aiming to enhance energy efficiency and minimise the consumption of non-essential materials and generation of construction waste.

Energy Management

The primary sources of energy consumption for the Group are electricity and diesel fuel used by generators and excavators, primarily stemming from the daily operations of construction sites and property management. Since the Group's main energy consumption comes from electricity, we integrate energy conservation and emission reduction into our business operations and development goals. The Group has established the "Shui On Energy Policy Statement" and is accredited with ISO 50001 certification, specifying our energy management practices in daily operations. Our GHG emission intensity has been gradually decreasing over the years, demonstrating our effectiveness in energy conservation.

Water Management

The Group acknowledges the global water scarcity challenge and actively implements strategies to address this issue by fostering a culture of water conservation among employees. We have introduced measures such as installing sensors on water taps to reduce consumption and using a water circulation system to recycle wastewater for cleaning purposes.

WASTE MANAGEMENT

The construction industry is a significant contributor to waste generation. In our office operations, we produce live waste, which is managed responsibly through effective recycling practices. To further enhance our sustainability efforts, we employ modern construction techniques such as BIM and MiC. These approaches enable us to optimise resource use and reduce waste during the construction process. The Group has implemented formal policies and procedures aimed at minimising waste generation.

Hazardous Waste

Due to the nature of its business, the Group did not generate significant hazardous waste during our daily operation. However, the Group has formulated guidelines and procedures for the disposal of hazardous waste. If any hazardous waste is generated, the Group must engage qualified chemical waste collectors to treat such waste to comply with relevant environmental laws and regulations.

Non-hazardous Waste and Construction Waste

Inert construction waste refers to materials that do not undergo significant changes during disposal and are typically non-hazardous. This category includes concrete leftover from construction or demolition, unused or broken bricks, excavated soil and stones, and asphalt waste from road construction and repair. Inert waste is often recyclable and can be repurposed for various applications. Proper management of inert waste is crucial for minimising landfill use and promoting sustainable construction practices. Most inert and non-inert construction waste is temporarily stored in designated areas before being recycled by licensed contractors.

In recent years, our focus on using BIM to reduce construction waste has paid off, resulting in a 17% reduction in waste generation compared to previous year.

Building "Green Healing Village" conducive to effective rehabilitation

45,717,827 kWh

Total Energy Consumption

(2023: 41,288,334 kWh)

332,508 m^3

Total Water Consumption

(2023: 202,994 m^3)

6,370 kWh/million turnover

Energy Intensity

(2023: 7,403 kWh/million turnover)

46.3 m^3/million turnover

Water Consumption Intensity

(2023: 36.4 m^3/million turnover)

Green Building Practices

From building design and construction methods to estate management operations, green practices and resources management have been incorporated into all our construction projects. We prioritise the use of green building materials and leverage MiC and BIM technologies to minimise overall building material usage and reduce construction waste.

Kwai Chung Hospital Redevelopment (Phase 2), which embodies the design concepts of 'Green Healing Village' demonstrates a forward-thinking approach to green building and humane hospital. The new hospital enhances patient comfort through extensive green terraces, home-like ward designs, and landscape gardens. With well integration of non-institutional injury-preventive features and smart medical facilities, this creates a therapeutic environment conducive to effective rehabilitation.

The ultimate goal of our green building practices is to preserve natural resources and reduce our carbon footprint. We are creating a more sustainable, resilient, and energy-efficient built environment for future generations.

I. PERFORMANCE DATA SUMMARY

Area		Unit	2024	2023[1]
Employee Profile & Turnover[2]	**Head count at Year End**			
	Group-wide	Person	**3,618**	2,600
	By Gender			
	Male	Person	**2,032**	1,625
	Female	Person	**1,586**	975
	By Business Lines			
	Construction Division	Person	**1,539**	1,393
	Property Division	Person	**1,792**	1,079
	Others	Person	**287**	128
	By Employee Category			
	Senior Management	Person	**117**	122
	Middle Management	Person	**318**	310
	General Staff	Person	**2,573**	1,921
	Workers	Person	**610**	247
	By Age Group			
	Under 30	Person	**497**	452
	30 – 50	Person	**1,325**	1,099
	51 or above	Person	**1,796**	1,049
	By Geographical Region			
	Hong Kong and Macau	Person	**3,362**	2,319
	Mainland China	Person	**256**	281
	Turnover Rate (%)			
	Group-wide	%	**15.5**	15.1
	By Gender			
	Male	%	**15.6**	15.4
	Female	%	**15.3**	14.7
	By Age Group			
	Under 30	%	**34.8**	25.9
	30 – 50	%	**24.7**	14.7
	51 or above	%	**3.4**	10.9
	By Geographical Region			
	Hong Kong	%	**16.3**	29.4
	Macau	%	**18.8**	11.8
	Mainland China	%	**4.7**	4.1
Training & Development[3, 4]	**Training Hours**			
	Group-wide (excluding HSE training)	Hours	**43,418**	44,809
	By Gender			
	Male	Hours	**25,125**	28,822
	Female	Hours	**18,293**	15,987
	By Employee Category			
	Senior Management	Hours	**2,513**	3,600
	Middle Management	Hours	**4,059**	5,873
	General Staff	Hours	**33,038**	34,159
	Workers	Hours	**3,808**	1,177
	Average Training Hour			
	Group-wide	Hours	**15.13**	17
	By Gender			
	Male	Hours	**15.5**	17.73
	Female	Hours	**14.7**	16.39
	By Employee Category			
	Senior Management	Hours	**23.3**	29.5
	Middle Management	Hours	**14.2**	19
	General Staff	Hours	**16**	17.8
	Worker	Hours	**9.4**	4.8
	Percentage of Employees Trained			
	Group-wide	%	**76.7**	87.6
	By Gender			
	Male	%	**80.1**	89.2
	Female	%	**72.3**	84.8

Area		Unit	2024	2023[1]
	By Employee Category			
	Senior Management	%	**105.1**	95.1
	Middle Management	%	**110.1**	96.5
	General Staff	%	**81.7**	92.2
	Worker	%	**32.6**	36.8
Health & Safety	Lost days due to work-related injury	Day	**2,073**	2,084
	Work-related injury rate	Cases per 1,000 workers	**3.3**	3.3
	Work-related injury	Number	**21**	17
	Work-related fatalities	Number	**0**	1
	Participants in safety training	Person	**189,857**	187,522
Environment[5]	**Resources Consumption**			
	– Petrol	kWh	**901,481**	2,681,686
	– Diesel	kWh	**24,957,760**	16,121,760
	– Natural gas	kWh	**5,463,919**	6,885,384
	– Acetylene	kWh	**212,499**	148,110
	Total Direct Energy Consumption	kWh	**31,535,659**	25,836,940
	– Heat	kWh	**1,906,242**	1,906,242
	– Electricity	kWh	**12,275,926**	13,545,153
	Total Indirect Energy Consumption	kWh	**14,182,168**	15,451,395
	Total Energy consumption	kWh	**45,717,827**	41,288,334
	Energy Intensity	kWh/million turnover	**6,370**	7,403
	Water	m^3	**332,508**	202,994
	Water intensity	m^3/million turnover	**46.33**	36.4
	Type of Air Pollution			
	Nitrogen Oxides (NOx)	tonnes	**0.07**	0.1975
	Sulphur Oxides (SOx)	tonnes	**0.04**	0.0302
	Particulate Matter ("PM")	tonnes	**0**	0.0145
Greenhous Gas Emissions[6, 7]	Scope I	tCO_2e	**6,498.23**	4,885.23
	Scope II	tCO_2e	**9,058.99**	8,796.64
	Scope III	tCO_2e	**85,328.30**	83,327.96
	Total	tCO_2e	**100,885.52**	97,009.83
	GHG intensity	tCO_2e/million turnover	**14.06**	17.39
	Non-hazardous waste			
	Inert construction waste	tonnes	**67,189.69**	85,270.61
	Non-inert construction waste	tonnes	**26,955.41**	28,574.04
	Paper waste	tonnes	**34.33**	28.19
	Total	tonnes	**94,179.43**	113,872.84
	Waste intensity	tonnes/million turnover	**13.12**	20.42
Supplier(s)	Property in Mainland China	No.	**155**	173
	Construction in Hong Kong	No.	**707**	744
	Interior Fitting-out (Hong Kong and Macau)	No.	**482**	342
Community	Volunteer hours (including non-staff)	Hours	**2,029**	1,128
	Donations	HK$	**1 million**	1.5 million

Notes:

1. Figures restated due to methodology & units' adjustment in Energy consumption for year-to-year comparison.
2. The 2024 Turnover rate is calculated by the number of leavers during the Year divided by the total number of employees as at the end of the Year. The 2023 turnover rate has been restated accordingly.
3. The average training hours, as recorded by HR department, are calculated by dividing the total number of training hours received within a specific category by the monthly average number of total employees in that category.
4. The training rate for senior management and management exceeds 100% as it also includes the training data of employee who left during the Year.
5. Energy consumption for heating is estimated based on the floor area of our facility that received heating supplies.
6. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
7. Intensity is calculated using the turnover in significant projects, measured in millions of dollars, as the base. For 2024, the turnover was HK$7,177 million, while for 2023, it was HK$5,577 million.

II. ABOUT THIS REPORT

Introduction

This Environmental, Social and Governance Report ("the Report") provides an overview of the initiatives, plans and performance of SOCAM Development Limited ("SOCAM", the "Group" or "We", together with its subsidiaries) in Environmental, Social and Governance ("ESG") and demonstrates its commitment to sustainable development. It covers the efforts from Construction Division, Maintenance Division, Interior Fitting-out Division and Property Division of the Group.

Reporting Period

This is the Group's 9th sustainability report to demonstrate the Group's commitment and efforts on ESG issues. This Report outlines the Group's sustainability, strategies and management approaches to material topics, and also covers the Group's sustainability performance, for the year from 1 January 2024 to 31 December 2024 ("2024", "Year").

Reporting Scope

Environmental Data are collected from the Hong Kong headquarters, 11 major construction projects, 21 interior fitting out projects and 18 maintenance projects in Hong Kong and Macau, and 4 property projects in the Mainland China. The Group reviews its reporting scope from time to time to ensure completeness and that the material topics of the Group's overall portfolio are covered.

Reporting Framework

This Report has been prepared in accordance with the mandatory disclosure requirements and "comply or explain" provisions of the ESG Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Please refer to the Stock Exchange Content Index in this report for information on the location of specific disclosures.

Reporting Principles

During the preparation of this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as follows:

- "Materiality" – A materiality assessment was conducted to identify material issues during the reporting period, thereby adopting the confirmed material issues as the focus for the preparation of this ESG Report. The materiality of issues was reviewed and confirmed by the Board. Please refer to the sections headed "Engaging Stakeholders" for further details.

- "Quantitative" – Supplementary notes are added along with quantitative data disclosed in this ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of environmental KPI.

- "Balance" – This report aims to provide a holistic and fair view of the sustainability performance of the Group and has not omitted any information related to material ESG topics.

- "Consistency" – The approach adopted for the preparation of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

III. HKEX ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Governance Structure		
General Disclosure	A statement from the board containing the following elements: (i) A disclosure of the board's oversight of ESG issues; (ii) The board's ESG management approach and strategy, including the process used to evaluate, prioritise and management ESG-related issues (including risks to the issuer's businesses); and (iii) How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	**Sustainability Strategies and Governance**
Reporting Principles		
General Disclosure	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report; (a) Materiality: The ESG Report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. (b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. (c) Consistency: The issuer should disclose in the ESG Report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	**This Report discloses the Group's ESG performance in compliance with the HKEX ESG Reporting Guide. We continue to apply the Reporting Principles of Materiality, Consistency, Quantitative and Balance in preparing our ESG Report.**
Reporting Boundary		
General Disclosure	A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	**About this Report**
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	**During the Year, the Group was not aware of any material non-compliance with environmental-related laws and regulations that would have a significant impact on the Group.**
KPI A1.1	The types of emissions and respective emissions data.	**Performance Data Summary**
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	**Better Environment – Setting Environmental Targets, Performance Data Summary**
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	**Better Environment – Waste Management Performance Data Summary**
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	**Better Environment – Waste Management Performance Data Summary**
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	**Better Environment**
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	**Better Environment – Waste Management**
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	**Better Environment – Resources Management Performance Data Summary**
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	**Performance Data Summary**
KPI A2.2	Water consumption in total and intensity.	**Performance Data Summary**
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	**Better Environment – Resources Management**

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	**Due to the geographical locations of our operations, we source our water from the municipal water supply, and do not encounter any issue in sourcing water that is fit for purpose.**
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	**No significant amount of packaging material used.**
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	**Better Environment**
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	**Better Environment**
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	**Better Environment** – **Climate Disclosure Framework**
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	**Better Environment** – **Climate Risk Management and Opportunities**
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	**During the Year, the Group was not aware of any material non-compliance with any relevant laws and regulations in relation to employment practice that would have a significant impact on the Group.**
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	**Performance Data Summary**
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	**Performance Data Summary**
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	**During the Year, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group.**
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	**Performance Data Summary**
KPI B2.2	Lost days due to work injury.	**Performance Data Summary**
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	**Better Community** – **Nurturing a Safety Culture, Customised Training Solutions, Integrating Smart Technology**
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	**Better Community** – **Nurturing a Safety Culture, Customised Training Solutions**
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	**Performance Data Summary**
KPI B3.2	The average training hours completed per employee by gender and employee category.	**Performance Data Summary**
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	**During the Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group.**
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	**Better Environment** **– Green Procurement & Local Suppliers Preference**
KPI B5.1	Number of suppliers by geographical region.	**Performance Data Summary**
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	**Better Economy** **– Supply Chain Management, Suppliers Code of Conduct**
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	**Better Economy** **– Supply Chain Management, Suppliers Code of Conduct**
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	**Better Economy** **– Supply Chain Management, Suppliers Code of Conduct**
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	**During the Year, the Group was not aware of any incidents of non-compliance with related laws and regulations concerning product responsibility that would have a significant impact on the Group.**
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	**There were no cases of product recall during the Year.**
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	**We do not receive any material complaints during the Year.**
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	**Our construction business has limited involvement in intellectual property rights.**
KPI B6.4	Description of quality assurance process and recall procedures.	**During the Year, we did not receive any complaints regarding the quality inspection process or product recall procedures.**
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	**During the Year, we were not aware of any significant non-compliance with laws and regulations involving serious violations of privacy matters.**
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	**During the Year, the Group was not aware of any material non-compliance with related laws and regulations of anti-corruption that would have a significant impact on the Group.**
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	**No concluded legal case regarding corrupt practices were recorded during the Year.**
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	**Better Economy** **– Integrity and Ethics, Anti-Corruption Policy**
KPI B7.3	Description of anti-corruption training provided to directors and staff.	**Better Economy** **– Anti-Corruption Training**
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	**Better Community** **– Initiatives to Support the Local Construction Industry, A Caring Spirit**
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	**Better Community** **– Community and Youth Engagement**
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	**Performance Data Summary**

WE CARE ABOUT OUR TEAM

At SOCAM, we value each employee as a member of the Shui On Community. We make unrelenting efforts to provide employees with safe and rewarding workplaces.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lo Hong Sui, Vincent *GBM, GBS, JP*
Chairman and Executive Director

Mr. Lee Chun Kong, Freddy
Executive Director and Chief Executive Officer

EXECUTIVE DIRECTORS

Mr. Lo Hong Sui, Vincent

GBM, GBS, JP

aged 77, has been the Chairman of the Company since 1997. He is the Chairman of the Shui On Group, which he founded 54 years ago, and the Chairman of Shui On Land Limited ("SOL"), which he established in 2004 and became listed in Hong Kong in 2006. He is also a director of Shui On Company Limited ("SOCL"), the controlling shareholder of the Company, and certain subsidiaries of the Company. Mr. Lo is the Honorary President of the Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government and an Honorary Court Chairman of The Hong Kong University of Science and Technology. He is currently a Non-executive Director of Great Eagle Holdings Limited, a company listed in Hong Kong. He stepped down as a Non-executive Director of Hang Seng Bank, Limited, a company listed in Hong Kong, in May 2022.

Mr. Lo was awarded the Grand Bauhinia Medal in 2017, the Gold Bauhinia Star in 1998 and appointed a Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. He was named Businessman of the Year at the Hong Kong Business Awards in 2001 and won the Director of the Year Award from The Hong Kong Institute of Directors in 2002 and Chevalier des Arts et des Lettres by the French government in 2004. He was honoured with "Ernst & Young China Entrepreneur Of The Year 2009" and also, as "Entrepreneur Of The Year 2009" in the China Real Estate Sector. Mr. Lo was made an Honorary Citizen of Shanghai in 1999 and Foshan in 2011. In 2012, the 4th World Chinese Economic Forum honoured Mr. Lo with the Lifetime Achievement Award for Leadership in Property Sector. In 2022, Mr. Lo was named "Life Trustee" by the Urban Land Institute.

Mr. Lee Chun Kong, Freddy

aged 63, re-joined the Shui On Group in May 2019 as the Deputy Chief Executive Officer of the Company and has been an Executive Director and the Chief Executive Officer of the Company since October 2019. Mr. Lee is also a director of certain subsidiaries of the Company. He joined the Shui On Group in 1986 and has nearly 20 years of experience in construction management in Hong Kong and 23 years of experience in property development in Mainland China. Mr. Lee was appointed as an Executive Director and a Managing Director of SOL, a company listed in Hong Kong, in June 2010 and was the Chief Executive Officer of SOL from March 2011 to January 2014. He left the Shui On Group in July 2014. Prior to joining the Company, he was the Senior Managing Director – Projects of the Chongbang Group, a real estate investment and development group in Shanghai. Mr. Lee holds a Master's degree

Mr. Lo Adrian Jonathan Chun Sing
Executive Director and Deputy Chief Executive Officer

Ms. Lo Bo Yue, Stephanie
Non-executive Director

in Construction Management from the City University of Hong Kong and a Bachelor's degree in Quantity Surveying from Reading University, England. He is a Member of the Royal Institution of Chartered Surveyors in the United Kingdom and a Member of The Hong Kong Institute of Surveyors. He currently serves as a Director of Project Mingde Foundation.

Mr. Lo Adrian Jonathan Chun Sing

aged 36, was appointed as Executive Director and Deputy Chief Executive Officer of the Company with effect from 1 January 2025. He is also a director of certain subsidiaries of the Company. Mr. Lo joined the Company in October 2018 as Executive Assistant to the Chief Executive Officer and was the Director – Corporate Development before he took up the current position. Prior to joining the Company, Mr. Lo founded and operated his own restaurant and catering business for five years. Before running his own business, he was a management trainee at Maxims Restaurant Group for two years. He holds a Bachelor of Arts degree in East Asian Studies with a focus in political science from Trinity College, Hartford, CT. Mr. Lo is the son of Mr. Lo Hong Sui, Vincent, being the Chairman of the Company, the younger brother of Ms. Lo Bo Yue, Stephanie, being a Non-executive Director of the Company, and a director of SOCL, the controlling shareholder of the Company.

NON-EXECUTIVE DIRECTORS

Ms. Lo Bo Yue, Stephanie

aged 42, has been a Non-executive Director of the Company since January 2019. Ms. Lo is currently the Vice Chairman and Executive Director of SOL, a company listed in Hong Kong. She is also the Vice Chairman and Executive Director of Shui On Xintiandi Limited, a subsidiary of SOL. She joined the Shui On Group in August 2012 and has over 21 years of working experience in property development industry in Mainland China, architecture and interior design as well as other art enterprises. Prior to joining the Shui On Group, Ms. Lo worked for various architecture and design firms in New York City, amongst which was Studio Sofield, a firm well-known for its capabilities in retail design. She holds a Bachelor of Arts degree in Architecture from Wellesley College in Massachusetts. She currently serves as a Member of the Fourteenth Shanghai Committee of the Chinese People's Political Consultative Conference. She has been selected as a Young Global Leader of the World Economic Forum in 2020. Ms. Lo is the daughter of Mr. Lo Hong Sui, Vincent, being the Chairman of the Company, the elder sister of Mr. Lo Adrian Jonathan Chun Sing, being the Executive Director and Deputy Chief Executive Officer of the Company, and a director of SOCL, the controlling shareholder of the Company.

Mr. Chan Wai Kan, George
Non-executive Director

Mr. Chan Kay Cheung
Independent Non-executive Director

Mr. Chan Wai Kan, George

aged 67, has been a Non-executive Director of the Company since September 2023. Mr. Chan rejoined the Shui On Group in July 2017 as the Executive Director of Shui On Investment Company Limited, which is a subsidiary of SOCL, the controlling shareholder of the Company. As from July 2023, Mr. Chan's engagement has shifted to a part-time arrangement. He first joined the Shui On Group in January 2007 as the Director of Finance at SOL, a company listed in Hong Kong, and subsequently served as the Executive Director of Finance at China Xintiandi Limited, a subsidiary of SOL. Besides his tenure with the Shui On Group, Mr. Chan had held various senior management positions across a range of enterprises in the real estate, toy, and magazine publishing industries. He currently serves as an Independent Non-executive Director of Town Health International Medical Group Limited, a company listed in Hong Kong. Mr. Chan holds a Bachelor of Science degree in Economics and Accountancy from City, University of London in the United Kingdom and a Master of Business Administration degree from The Chinese University of Hong Kong. He is a Member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kay Cheung

aged 78, has been an Independent Non-executive Director of the Company since January 2010. Joining The Bank of East Asia, Limited ("BEA") in 1965, Mr. Chan possesses extensive knowledge and experience in the banking industry. He was an Executive Director and the Deputy Chief Executive of BEA and the Vice Chairman of The Bank of East Asia (China) Limited. Mr. Chan is a Fellow of The Hong Kong Institute of Bankers. He currently serves as an Independent Non-executive Director of China Electronics Huada Technology Company Limited and Chu Kong Shipping Enterprises (Group) Company Limited, both of which are listed in Hong Kong.

Mr. Lau Ping Cheung, Kaizer

aged 73, has been an Independent Non-executive Director of the Company since June 2023. Mr. Lau is a chartered surveyor and has substantial experience and involvements in construction, real estate and infrastructure projects both in Hong Kong and Mainland China. He is currently the Managing Director of Biel Asset Management Company Limited. He worked previously in the Shui On Group for over 17 years until he left in 2017, at which time he held the position of Director –

Mr. Lau Ping Cheung, Kaizer
Independent Non-executive Director

Mr. Wong Hak Wood, Louis
Independent Non-executive Director

Project Development at SOCAM Asset Management (HK) Limited, a subsidiary of the Company. Mr. Lau is the former President of The Hong Kong Institute of Surveyors and a former Chairman of the Royal Institution of Chartered Surveyors (Hong Kong Branch). He is a former Non-executive Director of the Urban Renewal Authority and a former Member of the HKSAR Legislative Council, the Lantau Development Advisory Committee and the Long Term Housing Strategy Steering Committee. He is also a former Council Member of the City University of Hong Kong and The Hong Kong Polytechnic University as well as a former Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lau currently serves as an Independent Non-executive Director of China Resources Mixc Lifestyle Services Limited and SEM Holdings Limited, both of which are listed in Hong Kong. He is one of the founders and the Chairman of Hong Kong Coalition of Professional Services. Mr. Lau holds a Higher Diploma in Quantity Surveying from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and a Master's degree in Construction Project Management from The University of Hong Kong. He is a Fellow of The Hong Kong Institute of Surveyors.

Mr. Wong Hak Wood, Louis

aged 74, has been an Independent Non-executive Director of the Company since September 2023. Mr. Wong has over 40 years of experience in the construction and property sectors. He joined the Shui On Group in 1981 and had been director of various major operations in its construction and construction materials divisions since 1993. He was an Executive Director of the Company between January 1997 and September 2004 and a Non-executive Director of the Company between September 2004 and June 2006. From October 2008 until his retirement in March 2011. Mr. Wong was an Executive Director of SOL, a company listed in Hong Kong. During his tenure with the Shui On Group, he had also served as the Managing Director of Shui On Properties Limited and a director of SOCL, the controlling shareholder of the Company. Mr. Wong was a Member of the Chinese People's Political Consultative Conference Committee of Luwan District of Shanghai and the Vice President of the Shanghai Real Estate Trade Association. He previously served as a Member of the Construction Industry Training Authority, the First Vice President of the Hong Kong Construction Association, a Director of the Real Estate Developers Association of Hong Kong, a Member of the Construction Advisory Board in Hong Kong, a Member of the Occupational Safety and Health Council in Hong Kong and a Member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption. He holds a Bachelor of Science degree in Civil Engineering from the University of Manchester. He is a Fellow of the Institution of Civil Engineers and a Member of the Hong Kong Institution of Engineers and was a Fellow of the Chartered Institute of Building.

SENIOR MANAGEMENT

Mr. Ko Siu Pang, Raymond

aged 63, is an Executive Director of Shui On Building Contractors Limited and Shui On Construction Company Limited. He also holds directorships in certain other subsidiaries of the Company. Mr. Ko joined the Shui On Group in 1987 and has over 40 years of experience in construction. He holds a Master of Science degree in Project Management from the University of South Australia. He is a Member of The Hong Kong Institution of Engineers and a Council Member of The Hong Kong Construction Association, Limited.

Mr. Fong Sze Hoi, Kevin

aged 48, is the Director and General Manager of Pacific Extend Limited and also a director of certain other subsidiaries of the Company. Mr. Fong worked in the Shui On Group between 2003 and 2008 and re-joined the Group in 2009. He has over 20 years of experience in building maintenance, construction, and management. Mr. Fong obtained two Bachelor's degrees in Architecture and Design Studies from the University of Adelaide, South Australia, an Executive Diploma in Advanced Business Management from the Chinese University of Hong Kong and a Global Business Leader Programme from the University of Hong Kong. He is a Member of the Royal Institution of Chartered Surveyors in the United Kingdom and a Member of the Hong Kong Institute of Facility Management.

Mr. Ng Yat Hon, Gilbert

aged 64, is an Executive Director of Pat Davie Limited, specialising in interior fitting out and renovation in Hong Kong and Macau. He also holds directorships in certain other subsidiaries of the Company. Mr. Ng joined the Shui On Group in 1996 and has over 40 years of experience in construction. He holds a Bachelor's degree in Civil Engineering from The University of Manchester and a Master's degree in Project Management from The University of New South Wales. He is a chartered civil engineer.

Mr. Lee Kevin

aged 40, is the Head of Corporate Development. He is also a director of Pacific Extend Properties Management Limited and certain other subsidiaries of the Company. Mr. Lee joined the Company in November 2021 and was the Head of Smart Facilities Management before he took up the current position in January 2025. Before joining the Company, Mr. Lee pursued a career in investing at Morgan Stanley for over 13 years. Prior to Morgan Stanley, Mr. Lee was a business analyst at McKinsey & Company. He holds Bachelor of Arts degrees in Economics and Statistics from the University of Chicago.

Mr. Lam Kwok Kong, Wilson

aged 54, is the Director – Corporate Finance and also a director of certain subsidiaries of the Company. Mr. Lam joined the Company in 2006 and was the General Manager – Finance and Accounts before he took up the current position in January 2019. Prior to joining the Company, Mr. Lam worked in KPMG and has accumulated more than 10 years of accounting, auditing and financial management experience. He holds a Bachelor of Arts degree in Accountancy from the City University of Hong Kong. He is an Associate of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of integrity, transparency, accountability and independence. The Board of Directors of the Company believes that good corporate governance is essential for sustainable development and growth of the Company, enhancement of its credibility as well as shareholders' value. In light of the regulatory requirements and the needs of the Company, the Board has reviewed the Company's corporate governance practices along with the adoption and improvement of the various procedures and documentation, which are detailed in this report.

Throughout the year ended 31 December 2024, the Company complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for certain deviations as specified with considered reasons in the sections headed "Board Committees" below.

CORPORATE CULTURE AND STRATEGY

The Company instils a corporate culture across the Group based on adherence to a comprehensive set of corporate governance principles and its commitment to integrity, quality, innovation and excellence. The Board plays a leading role in defining the purpose, vision and values of the Group, setting strategy for sustainability and continuous development of the Group, and in fostering the desired culture in alignment therewith that is reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders.

The Group's Purpose	Vision	Values
To achieve sustained profitability to provide an attractive return to shareholders and to finance growth of the Group.	To build a better tomorrow for stakeholders: • Customers To be the top choice contractor/ service provider • Shareholders To create value and return • Employees To be the top choice employer • Society To contribute to economy, environment and community	Shui On Spirit to quest for perfection, characterised by: • Integrity • Ownership • Community • Learning • Enjoyment of work

At the centre of the Company's culture is a determination to improve and innovate, and to conduct business and staff relationships in a spirit of integrity and fair play. Our staff handbook, as supplemented by new employee orientation, staff training programmes and the Employee Recognition Award Scheme implemented since 2023, illustrates the cornerstone and pillars of the corporate culture and provide guidance for working at the organisation.

In 2020, the Company embarked on its sustainable development strategy "Better Tomorrow 2030", with a mission to become a sustainable and resilient business through continuous innovation, talent development and adoption of sustainable practices in business operations. Further details about the strategy are set out in the Environmental, Social and Governance Report contained in this Annual Report. In addition, in 2022, a 10-year vision plan was formulated and adopted by the Board, setting the blueprint of the Group's future development and initiatives for fulfilling its vision over the next 10 years. To tie in with the vision plan, each business division has set its 3-year business plan 2023-2025, which was considered and approved by the Board in principle. The divisions continuously review their business strategies in light of the prevailing market conditions and provide regular reports to the Board on the implementation progress of their respective business plans.

THE BOARD

The overall management of the Group's businesses is vested in the Board, which monitors the Group's operating and financial performance. Members of the Board are collectively responsible for promoting the success of the Group by directing and supervising its affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

The Board is responsible for all major aspects of the Group's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, internal control and risk management systems, material transactions (including, in particular, those which may involve conflicts of interest), major capital expenditure, appointment of Directors and Board Committee members, and other significant financial and operational matters. The Board also plays a central support and supervisory role in the Company's corporate governance duties to ensure the Company maintains a sound governance framework for long-term sustainable shareholders' value.

All operational decisions are delegated to the Executive Directors. The day-to-day management, administration and operation of the Group are the responsibilities of senior management of different business divisions, and their functions and work tasks are periodically reviewed. The Board gives clear directions to management as to their powers and circumstances where management should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Group that are outside the limits of the authority given to them by the Board.

The relevant roles of the Board and management and their relationships are clearly delineated, and functions reserved to the Board and those delegated to management are set out in a Board Charter adopted since 2008. The Board Charter is reviewed by the Board annually to ensure that it remains appropriate to meet the Company's needs.

The Board continues to seek improvement in its functioning. To this end, the Chairman holds informal meetings with the Independent Non-executive Directors at least annually, without the presence of other Directors and management, to evaluate the performance of the Board and management. Informal meetings would also be held between the Executive Directors and the Non-executive Directors to promote effective working relationship.

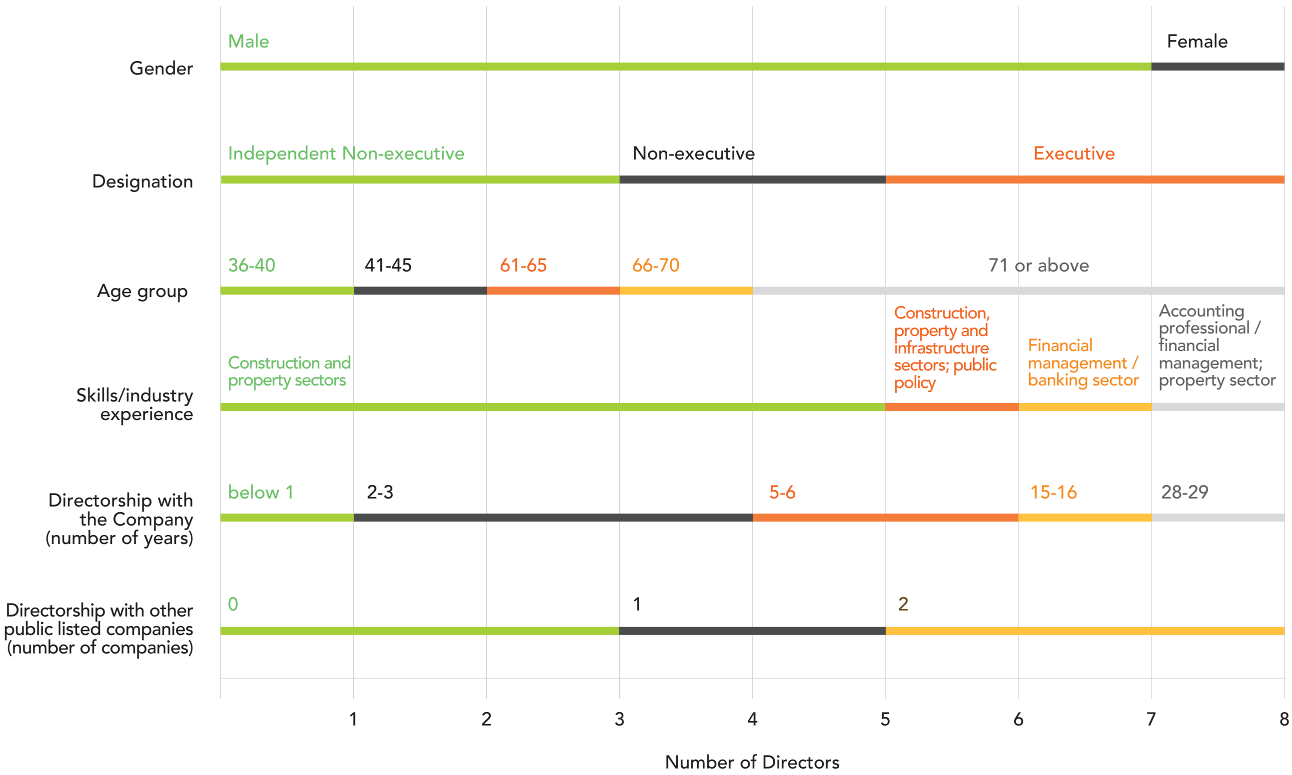
Composition

At the date of this report, the Board comprises eight members, including three Executive Directors and five Non-executive Directors, three of whom are Independent Non-executive Directors. The existing composition of the Board is set out as follows:

Executive Directors:	Mr. Lo Hong Sui, Vincent *(Chairman)* Mr. Lee Chun Kong, Freddy *(Chief Executive Officer)* Mr. Lo Adrian Jonathan Chun Sing *(Deputy Chief Executive Officer)*
Non-executive Directors:	Ms. Lo Bo Yue, Stephanie Mr. Chan Wai Kan, George
Independent Non-executive Directors:	Mr. Chan Kay Cheung Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis

Mr. Lo Adrian Jonathan Chun Sing, who was appointed as Executive Director and Deputy Chief Executive Officer effective 1 January 2025, obtained the legal advice from an external law firm as required under Rule 3.09D of the Listing Rules on 23 December 2024. He has confirmed his understanding of the obligations as a Director of the Company.

An analysis of the existing Board composition is set out in the following chart:



Members of the Board have a diverse mix of business, financial and professional expertise. Brief biographical details of the Directors are set out in the Directors and Senior Management section of this Annual Report.

The composition, structure and size of the Board are reviewed at least annually by the Nomination Committee to ensure that it has a balance of appropriate skills, experience and diversity of perspectives to meet the business needs of the Group.

Board independence

Board independence is considered an important element of corporate governance. Mechanisms have been established to ensure independent views and input are provided to the Board, which are reviewed by the Board annually to ensure their effectiveness. A summary of such mechanisms is set out below:

- Composition

  The Board ensures the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, Independent Non-executive Directors will be appointed to the Board Committees as far as practicable to ensure independent views are available.

- Independence assessment

  The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of Independent Non-executive Directors, and is mandated to assess annually the independence of Independent Non-executive Directors to ensure that they can continually exercise independent judgment.

- Compensation

  No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

- Board decision-making

  Directors (including Independent Non-executive Directors) are entitled to seek further information from management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

  A Director (including Independent Non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Throughout 2024 and up to the date of this report, the Board has three Independent Non-executive Directors who comprise more than one-third of the Board, with at least one of them possessing the related financial management expertise. The Audit Committee is comprised solely of Independent Non-executive Directors, all of whom have also been appointed to the Remuneration Committee, the Nomination Committee, the Finance Committee and the Investment Committee of the Board.

The Nomination Committee reviewed the annual independence confirmation received from each Independent Non-executive Director, having regard to the criteria under Rule 3.13 of the Listing Rules. The Committee was of the view that all the Independent Non-executive Directors remain independent and free of any relationship that could materially interfere with the exercise of their judgment.

Chairman and Chief Executive Officer

The distinct roles of the Chairman and the Chief Executive Officer are acknowledged. Their respective responsibilities are clearly defined in the Board Charter.

The Chairman is responsible for ensuring the effectiveness of the Board in fulfilling its roles and responsibilities. He provides leadership to the Board in setting the overall strategy and making major development decisions of the Group and monitoring their implementation, to ensure value creation for shareholders. He takes part in cultivating and maintaining good relationships with strategic associates and creating a favourable environment for the development of the Group's businesses.

The Chief Executive Officer is responsible for leading the management and day-to-day operation of the business divisions to achieve their business and financial targets, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board.

Appointment, re-election and removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Bye-laws of the Company. The Board, with the recommendation of the Nomination Committee, is responsible for developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession of Directors and assessing the independence of Independent Non-executive Directors.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In 2013, the Board adopted a Board Diversity Policy upon the recommendation of the Nomination Committee with an aim to promote diversity of the Board. A summary of the Board Diversity Policy is provided in the Nomination Committee Report contained in this Annual Report. The implementation of the Board Diversity Policy is annually reviewed by the Nomination Committee to ensure that the Board composition reflects an appropriate mix of skills, experience and diversity that is relevant to the Company's strategy and business and contribute to the effectiveness and efficiency of the Board.

The process for the nomination of Directors is led by the Nomination Committee. When recommending nominations to the Board for approval, the Nomination Committee will consider the merit and contribution that the selected candidates will bring to the Board, having due regard to a range of diversity perspectives (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) as set out in the Board Diversity Policy. In 2018, upon the recommendation of the Nomination Committee, the Board formally adopted a Nomination Policy setting out the nomination procedures and the process and criteria to select and recommend candidates for directorship. A summary of the Nomination Policy is provided in the Nomination Committee Report contained in this Annual Report.

In accordance with the Bye-laws of the Company, all Directors newly appointed by the Board shall hold office until the first annual general meeting of the Company after their appointment. Besides, every Director shall be subject to retirement by rotation at the annual general meeting of the Company at least once every three years. All retiring Directors shall be eligible for re-election by shareholders at the annual general meeting of the Company. Given the said rotation requirement for Directors, there is no specific term of appointment for the Non-executive Directors (including Independent Non-executive Directors) of the Company.

Pursuant to the Bye-laws of the Company, Mr. Lo Hong Sui, Vincent, Mr. Lee Chun Kong, Freddy, Mr. Lo Adrian Jonathan Chun Sing and Mr. Chan Kay Cheung shall retire at the forthcoming annual general meeting of the Company to be held on 29 May 2025. All the said Directors, being eligible, will offer themselves for re-election at the annual general meeting.

Board Committees

The Board has set up six standing Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Finance Committee, the Investment Committee and the Executive Committee, to oversee particular aspects of the Group's affairs.

Each of these Committees has been established with written terms of reference, which were approved by the Board, setting out the Committee's major duties. The terms of reference of the Committees are reviewed by the Board from time to time to cope with any regulatory changes and the needs of the Company. The updated terms of reference of the various Committees are available on the websites of the Company and the Stock Exchange.

Code provision E.1.2 of the CG Code provides that the terms of reference of the Remuneration Committee should include, amongst others, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of individual Executive Director and senior management; (ii) review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and (iii) review and approve the remuneration proposals for management with reference to the Board's corporate goals and objectives. The Remuneration Committee has reviewed its functions and considered that these responsibilities in relation to the remuneration and compensation of management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the management in the daily business operations of the Group. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of individual Executive Director. After due consideration, the Board adopted the revised terms of reference of the Remuneration Committee with the said responsibilities in relation to the remuneration and compensation of management excluded from its scope of duties, which deviates from code provision E.1.2. Notwithstanding such deviation, the Remuneration Committee is still responsible for reviewing, approving and making recommendations to the Board on the guiding principles applicable to the determination of the remuneration packages of senior management.

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice has been formally adopted, and the Board approved the amendment to the terms of reference of the Remuneration Committee in this respect, which also deviates from the stipulation in code provision E.1.2 that the Remuneration Committee should make recommendations to the Board on the remuneration of Non-executive Directors. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

The Board Committees are provided with sufficient resources to discharge their duties and, upon request, are able to seek independent professional advice at the Company's expense.

The major roles, compositions and frequencies of meetings of the Board Committees are summarised as follows:

	Major roles and functions	Composition at the date of this report	Frequency of meetings
Audit Committee	• To review the consolidated financial statements of the Group • To review the accounting policies adopted by the Group and their implementation • To review the effectiveness of the risk management and internal control systems • To review management's assessment of the risks facing the Group, including, amongst others, the environmental, social and governance and corruption risks • To monitor and oversee compliance with the Group's anti-corruption policy • To oversee the engagement of, services provided by and remuneration of the external auditor and its independence • To review and monitor the effectiveness of the internal audit function	**Independent Non-executive Directors** Mr. Chan Kay Cheung *(Chairman)* Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis	At least four times a year
Remuneration Committee	• To make recommendations to the Board on the policy and structure for remuneration of Directors and senior management • To determine the remuneration package of individual Executive Director • To review and approve performance-based remuneration of Executive Directors with reference to the corporate goals and objectives • To review and approve matters relating to share schemes under Chapter 17 of the Listing Rules	**Independent Non-executive Directors** Mr. Lau Ping Cheung, Kaizer *(Chairman)* Mr. Chan Kay Cheung Mr. Wong Hak Wood, Louis **Executive Director** Mr. Lo Hong Sui, Vincent **Non-executive Director** Ms. Lo Bo Yue, Stephanie	At least twice a year

	Major roles and functions	Composition at the date of this report	Frequency of meetings
Nomination Committee	• To review the structure, size and composition of the Board at least annually • To make recommendations to the Board on candidates nominated for appointment or re-appointment as Directors in accordance with the Nomination Policy and on succession planning for Directors • To make recommendations to the Board on membership of the Board Committees • To assess the independence of Independent Non-executive Directors • To review annually the time commitment required of Directors • To review the Board Diversity Policy and monitor its implementation • To implement and oversee regular evaluation of the Board's performance	**Executive Director** Mr. Lo Hong Sui, Vincent *(Chairman)* **Non-executive Director** Ms. Lo Bo Yue, Stephanie **Independent Non-executive Directors** Mr. Chan Kay Cheung Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis	At least once a year
Finance Committee	• To set overall financial objectives and strategies for the Group • To adopt a set of financial policies for the Group and oversee its consistent application throughout the Group • To review funding for investment projects/ major capital expenditure to be undertaken and advise on the financing viability of the investment projects/major capital expenditure • To monitor cash flow and review financing requirements of the Group and compliance of bank loan covenants	**Non-executive Director** Mr. Chan Wai Kan, George *(Chairman)* **Executive Directors** Mr. Lee Chun Kong, Freddy Mr. Lo Adrian Jonathan Chun Sing **Independent Non-executive Directors** Mr. Chan Kay Cheung Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis (Notes 1 and 2)	At least four times a year
Investment Committee	• To review investment and disposal recommendations on target property projects and projects currently owned by the Group respectively • To make recommendation to the Board as to whether the Group should acquire a property project or, as the case may be, dispose of a property project and if so, the terms, timing and strategy • To review the overall investment/ divestment strategy of the Group, make recommendation to the Board on any proposed change to the strategy, and monitor its implementation	**Executive Directors** Mr. Lee Chun Kong, Freddy *(Chairman)* Mr. Lo Adrian Jonathan Chun Sing **Independent Non-executive Directors** Mr. Chan Kay Cheung Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis (Note 2)	On an as needed basis

	Major roles and functions	Composition at the date of this report	Frequency of meetings
Executive Committee	• To monitor the macro business environment and market trends with respect to the current and potential business areas of the Group • To evaluate and set business strategies for ensuring the long-term growth and competitiveness of the core businesses of the Group • To formulate corporate goals and plans and allocate human and financial resources for their execution • To monitor the execution of approved strategies and business plans • To review and approve acquisitions and disposals of assets in the ordinary course of business with investment costs/net book values not exceeding certain thresholds • To review the operating performance and financial position of the Company and its strategic business units on a monthly basis	**Executive Directors** Mr. Lee Chun Kong, Freddy *(Chairman)* Mr. Lo Hong Sui, Vincent Mr. Lo Adrian Jonathan Chun Sing **Other key executives** including heads of various business units and the corporate finance function (Note 2)	Monthly

Notes:

1. Mr. Chan Wai Kan, George was appointed as the Chairman of the Finance Committee in place of Mr. Lee Chun Kong, Freddy effective 29 August 2024.

2. Mr. Lo Adrian Jonathan Chun Sing was appointed as a member of the Finance Committee and the Investment Committee effective 1 January 2025, while he has been a member of the Executive Committee since 1 April 2020.

The work performed by the Audit Committee, the Remuneration Committee and the Nomination Committee during the year is summarised in the separate reports of these Committees contained in this Annual Report.

Board and Board Committee meetings

The Board meets regularly at least four times a year to review and discuss the Group's strategies, operating and financial performance as well as governance matters, in addition to meetings for ad hoc matters. The frequencies of the Board Committee meetings have been set out in the section above.

Regular Board meetings are scheduled in advance each year to facilitate maximum attendance of Directors. At least 14 days' notice of a regular Board meeting is given to all Directors who are given an opportunity to include matters for discussion in the agenda. For regular meetings of the Board Committees, the same practice is followed so far as is practicable.

Papers for Board meetings or Committee meetings together with all relevant information are normally sent to all Directors or Committee members at least three days before each meeting to enable them to make informed decisions with sufficient details.

Relevant senior executives are invited to attend the regular Board meetings and, where necessary, other Board and Board Committee meetings to make presentations and answer enquiries.

The Company Secretary of the Company is responsible for maintaining minutes of all meetings of the Board and its Committees. Draft minutes are circulated to Directors for comment within a reasonable time after each meeting and the final version thereof, as approved formally by the Board or the relevant Committee, is filed for record purposes. All Directors have access to the minutes of the Board and Committee meetings of the Company.

According to the current Board practice, any material transaction involving a conflict of interest with a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws also contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates have a material interest.

Access to information

Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Management has an obligation to supply to the Board and its Committees adequate, complete and reliable information in a timely manner to enable them to make informed decisions. A Director's portal has been in place to facilitate online access to information needed by Board members, including all papers and minutes for the meetings of the Board and its Committees and the monthly management updates on the Group's financials. Each Director also has separate and independent access to management.

Directors' commitment

Each Director is expected to give sufficient time and attention to the affairs of the Group. The Board, through the Nomination Committee, reviews annually the time commitment required of Directors to perform their responsibilities. All Directors have disclosed to the Company the number and nature of offices held in public listed companies and other organisations as well as other significant commitments, with the identity of the public listed companies and other organisations and an indication of the time involved. Each Director is also requested to provide a confirmation to the Company semi-annually and notify the Company Secretary in a timely manner of any change of such information.

The individual attendance records of each Director at the Board and Committee meetings as well as the annual general meeting of the Company held in 2024 are set out below:

	Number of meetings attended/entitled to attend						
Name of Director	**Board meetings**	**Audit Committee meetings**	**Remuneration Committee meetings**	**Nomination Committee meeting**	**Finance Committee meetings**	**Executive Committee meetings**	**Annual general meeting**
Mr. Lo Hong Sui, Vincent	4/4	N/A	2/2	1/1	N/A	4/12	1/1
Mr. Lee Chun Kong, Freddy	4/4	N/A (Note 1)	N/A	N/A	4/4	12/12	1/1
Ms. Lo Bo Yue, Stephanie	4/4	N/A	2/2	1/1	N/A	N/A	0/1
Mr. Chan Wai Kan, George	4/4	N/A	N/A	N/A	4/4	N/A	1/1
Mr. Chan Kay Cheung	4/4	4/4	2/2	1/1	4/4	N/A	1/1
Mr. Lau Ping Cheung, Kaizer	4/4	4/4	2/2	1/1	4/4	N/A	1/1
Mr. Wong Hak Wood, Louis	4/4	4/4	2/2	1/1	4/4	N/A	1/1

Notes:

1. By invitation, Mr. Lee Chun Kong, Freddy, being the Chief Executive Officer of the Company, attended all meetings of the Audit Committee held in 2024.

2. The above attendance record does not include Mr. Lo Adrian Jonathan Chun Sing who was appointed as Executive Director and Deputy Chief Executive Officer of the Company effective 1 January 2025.

Induction, training and continuous professional development

On appointment, Directors are provided with comprehensive induction to ensure that they have appropriate understanding of the Group's operations and governance policies as well as their responsibilities and obligations. Each new Director receives an induction package containing information about the business activities and organisation structure of the Group, its principal policies and procedures, the guidelines on directors' duties plus relevant statutory and regulatory requirements. Briefings are conducted by senior executives, supplemented by visits to selected operational sites, to provide to the new Directors a better understanding of the operations and policies of the Group.

To help Directors keep abreast of the legal and regulatory developments as well as the current trends and issues facing the Group, the Company continues its efforts in providing updates on the changes in applicable rules and regulations from time to time and recommending/organising seminars and internal briefing sessions to the Directors. Site visits to the projects of the Group are also arranged for the Directors as and when appropriate.

During 2024, in addition to attending management briefings and reviewing papers in relation to the Group's businesses and strategies, the Directors participated in the following training activities arranged by the Company:

Name of Director	Reading materials on regulatory updates and financial reporting	Attending e-learning courses on cybersecurity
Mr. Lo Hong Sui, Vincent	✓	✓
Mr. Lee Chun Kong, Freddy	✓	✓
Ms. Lo Bo Yue, Stephanie	✓	✓
Mr. Chan Wai Kan, George	✓	✓
Mr. Chan Kay Cheung	✓	✓
Mr. Lau Ping Cheung, Kaizer	✓	✓
Mr. Wong Hak Wood, Louis	✓	✓

Note: The above training record does not include Mr. Lo Adrian Jonathan Chun Sing who was appointed as Executive Director and Deputy Chief Executive Officer of the Company effective 1 January 2025.

The Directors acknowledge the need for continuous professional development to update and refresh their skills and knowledge necessary for the performance of their duties, and the Company provides support whenever relevant and necessary. All Directors are required to provide the Company with the records of the training they received annually.

The Board also recognises the importance of ongoing professional development of senior management so that they can continue contributing to the Company. To keep them abreast of the market development and applicable rules and regulations for the fulfilment of their duties and responsibilities, the Company has in place a programme for continuous professional development of senior management. Such programme is reviewed by the Board annually to ensure its effectiveness, and all members of senior management are required to provide the Company with the records of the training they received annually.

Directors' insurance

The Company has arranged appropriate insurance cover for the Directors in connection with the discharge of their responsibilities.

THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standards set out in the Model Code throughout 2024.

The Company has also established written guidelines on no less exacting terms than the Model Code for dealings in the Company's securities by relevant employees who are likely to be in possession of unpublished inside information in relation to the Company or its securities.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment in respect of annual and interim reports, announcements of inside information and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for each financial period.

The following statement, which should be read in conjunction with the independent external auditor's report, is made with a view to distinguishing for shareholders how the responsibilities of the Directors differ from those of the external auditor in relation to the financial statements.

Annual report and financial statements

The Directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit or loss for the financial year. The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Accounting policies

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

Accounting records

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Hong Kong Companies Ordinance and the Listing Rules.

Safeguarding assets

The Board is responsible for safeguarding the assets of the Company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

Going concern

After making appropriate enquiries and examining major areas which could give rise to significant financial exposures, the Board is satisfied that no material or significant exposures exist, other than as reflected in this Annual Report. The Board therefore has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

INDEPENDENCE AND REMUNERATION OF EXTERNAL AUDITOR

The Company has in place a Policy on Engaging Non-audit Services from External Auditor to ensure that the independence and objectivity of the Company's external auditor would not be impaired by its provision of any non-audit services to the Group or any entity that controls the Group directly or indirectly.

The remuneration paid/payable to the external auditor of the Company, Deloitte Touche Tohmatsu, in respect of the audit services and non-audit services provided during 2024 and up to the date of this report is set out as follows:

	Fees (HK$'000)
Audit services	
Audit of the financial statements of the Company and its subsidiaries for the year ended 31 December 2024	4,600
Non-audit services	
Review of the interim report of the Company for the six months ended 30 June 2024	1,350
Report on the continuing connected transactions of the Company for the year ended 31 December 2024	60
Agreed-upon procedures in relation to the preliminary results announcement of the Company for the year ended 31 December 2024	55
Agreed-upon procedures in relation to the Shui On Provident and Retirement Scheme for the year ended 31 August 2024	47
Tax filing for Pat Davie (Macau) Limited, a subsidiary of the Company	50
Factual finding report for financial information of Shui On Building Contractors Limited and Shui On Construction Company Limited, subsidiaries of the Company	115
Total	6,277

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has overall responsibility for the maintenance of sound risk management and internal control systems within the Group and reviewing their effectiveness. The Board has delegated to management the implementation and monitoring of such systems.

The Board has entrusted the Audit Committee with the responsibility to review the risk management and internal control systems of the Group, which include financial, operational and compliance controls. A risk management system is in place to ensure the regular identification, assessment and management of the risks faced by the Group. Procedures have been set up for, inter alia, safeguarding assets against unauthorised use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications. Management throughout the Group maintains and monitors the risk management and internal control systems on an ongoing basis.

The Board has conducted a review of the Group's risk management and internal control systems for the year ended 31 December 2024, including financial, operational and compliance controls, and assessed the effectiveness of such systems by considering the work performed by the Audit Committee, executive management, external and internal auditors. The Board was satisfied that the systems are effective and adequate for their purposes.

Internal audit

The internal audit function, which is fully independent of the daily operations of the Group, is carried out by the Company's Corporate Evaluation Department ("CE"), the senior executive in charge of which reports directly to the Audit Committee with unrestricted access to all the Group's assets, records and personnel in the course of audit, and at the Audit Committee's instruction, briefs the Chief Executive Officer on the results of all internal audit assignments. The Chief Executive Officer, with the approval of the Audit Committee, may instruct the senior executive in charge of CE to undertake internal audit activities of an urgent or sensitive nature. All other Directors are informed of the findings of these assignments. When considered appropriate and with the approval of the Audit Committee, certain review work is outsourced due to the need for assistance from specialists or because of the high volume of work to be undertaken during a specific period of time.

The senior executive in charge of CE attends all Audit Committee meetings to explain the internal audit findings and respond to queries from members. Four meetings were held by the Audit Committee in 2024 and details of the major areas reviewed are set out in the Audit Committee Report contained in this Annual Report. The Audit Committee regularly reviews the risk-based audit plan and progress as well as key performance indicators relating to the work of CE and considers its view on the latest specific risk assessments of the Group.

Risk management and internal control

The Group has diverse business activities for which a high level of autonomy in operational matters has been vested in divisional managers who are also responsible for the development of their divisions. In the circumstance, well-designed systems of risk management and internal controls are necessary to help the Group achieve its long-term objectives. The systems and policies of the Group are designed to minimise internal control risks and manage business risks, protect the assets of the Group from loss or impairment, accurately report the performance of the Group and its financial position, and ensure compliance of relevant legislation, rules and regulations. This includes taking into consideration social, environmental and ethical matters. The systems, which are annually reviewed by the Board to ensure their effectiveness, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

A Risk Management Policy has been put in place to ensure the regular identification, assessment and management of the risks faced by the Group. The Chief Executive Officer, as Chief Risk Officer, takes the lead in the effective implementation of the Risk Management Policy by all business and functional units. Risk assessment and prioritisation are an integral part of the annual planning process. Each business/functional unit is to set its strategic objectives, identify specific risks and assess the effectiveness of its risk management actions and internal control measures to help ensure that the risks it faces are addressed by the controls that have been or will be implemented. Adequacy and effectiveness of the risk management and internal control systems of the Group shall be confirmed by management in written form and independently appraised by CE with the result submitted to the Audit Committee and the Board. Adequate in-house and external training sessions are arranged for management staff to ensure proper appreciation and implementation of the risk management system. During the year ended 31 December 2024, CE carried out an analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group through, among others, observation in a discussion session of the Management Committee and examination of risk-related documentation as well as internal control self-assessment questionnaires developed with reference to the latest framework of The Committee of Sponsoring Organisations of the Treadway Commission. Further details about the Group's risk management framework and process are set out in the Risk Management Report contained in this Annual Report.

The Audit Committee reports to the Board on any material matters that have arisen from the Committee's review of how the risk management and internal control processes have been applied, including any major control weakness noted. Management is asked to resolve the weaknesses identified by them and auditors within the agreed timeframe, and is required to report the status to the Audit Committee for consideration of the significance of both the resolved and unresolved weaknesses to the Group.

Business ethics and whistle-blowing policies

The Group is firmly committed to the principles of fair play, honesty and integrity, all constituting its important business assets. To protect the Group against fraud, faithlessness or corruption cases, all employees are required to uphold the standards of professionalism and business ethics as set out in the Company's Business Ethics Policy Statement and act in accordance with the Group's Code of Conduct on Business Ethics. To ensure employees fully understand the Business Ethics Policy and the Code of Conduct, all new employees are required to attend a business ethics seminar organised by the Human Resources Department once onboard. In addition, integrity and ethics training is provided regularly to employees to keep them abreast of the latest best practices.

A Whistle-blowing Policy has been put in place for employees to follow when they believe reasonably and in good faith that fraud, malpractices or violations of the Code of Conduct on Business Ethics exist in the workplace. Vendors, customers and business partners of the Group are encouraged to use this channel to voice concerns directly about improprieties they come across. A designated officer, usually the senior executive in charge of the internal audit function, will be appointed by the Chairman of the Audit Committee to manage the reports. Efforts will be made as far as practicable to protect the confidentiality of all information sources and the identities of parties making reports. Further details about the policy are available on the website of the Company.

SHAREHOLDER AND INVESTOR RELATIONS

The Board places considerable importance on communication with shareholders and recognises the significance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions. To ensure effective ongoing dialogue with shareholders, a Shareholders' Communication Policy was adopted by the Board in 2012 and is annually reviewed to ensure its effectiveness. The updated Policy is available on the website of the Company.

Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars published in accordance with the Listing Rules. Such published documents, together with the latest corporate information and news, are available on the Company's website. Besides, information requests/enquiries from shareholders (through the channels set out in the section below) are welcomed and will be responded to in a timely manner as appropriate.

The annual general meetings and other general meetings of the Company provide a valuable forum for the Board to communicate directly with shareholders. The Chairman of the Board or, in his absence, the Chief Executive Officer chairs the general meetings to answer any questions from shareholders. In addition, the chairpersons of the various Board Committees, or in their absence, other members of the relevant Committees and the Company's external auditor or relevant professional advisers are available to answer questions at the meetings. An open session is always arranged after the conclusion of the general meetings to provide a face-to-face opportunity for shareholders to express their views and for the Company to solicit and get feedback from shareholders.

The Company also maintains an ongoing active dialogue with institutional shareholders. The Chairman and the Chief Executive Officer are closely involved in promoting investor relations. Meetings and briefings with financial analysts and investors are conducted by the Chief Executive Officer.

Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly implemented and is effective.

Systems are in place for the protection and proper disclosure of information that has not already been made public. In this respect, the Company's Disclosure Policy was adopted by the Board in 2012 to set out the Company's approach towards the determination and dissemination of inside information and the circumstances under which the confidentiality of information shall be maintained. The Policy is reviewed by the Board from time to time to ensure its appropriateness in light of any regulatory changes and the needs of the Company. The Directors adhere strictly to the statutory requirement for their responsibilities of keeping information confidential.

SHAREHOLDERS' RIGHTS

Pursuant to the Companies Act 1981 of Bermuda (as amended) (the "Bermuda Companies Act") and the Bye-laws of the Company, shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition, to convene a special general meeting. The requisition must specify the purposes of the meeting and must be signed by the requisitionists (with their names and shareholding in the Company clearly stated for verification purpose) and deposited at the head office of the Company in Hong Kong (for the attention of the Company Secretary). If, within 21 days from the date of such deposit, the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of their total voting rights, may themselves convene a physical meeting, but any meeting so convened shall not be held after the expiration of three months from the said date and the meeting shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors as provided in the Bermuda Companies Act and the Bye-laws of the Company. All reasonable expenses incurred by the requisitionists for convening the meeting shall be reimbursed to the requisitionists by the Company.

Pursuant to Section 79 of the Bermuda Companies Act, any shareholders holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at a general meeting of the Company, or a number of not less than 100 shareholders, can submit a written requisition to move a resolution at a general meeting. The requisition must be accompanied by a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. It must also be signed by all the requisitionists (with their names and shareholding in the Company clearly stated for verification purpose) and deposited at the head office of the Company in Hong Kong (for the attention of the Company Secretary) not less than six weeks before the general meeting in case of a requisition requiring notice of a resolution, or not less than one week before the general meeting in case of any other requisitions. For a proposal in relation to the election of a person as a Director of the Company, the relevant procedures are set out in the document titled "Procedures for Shareholders to Elect Directors" which is available on the website of the Company.

Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Such request shall be in written form and addressed to the Company's Corporate Communications Head at the head office of the Company in Hong Kong or through email at socamcc@shuion.com.hk. Shareholders should direct their enquiries about their individual shareholding information to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited. Shareholders may also make enquiries to the Board by writing to the Company Secretary at the head office of the Company.

CONSTITUTIONAL DOCUMENTS

No changes have been made to the Memorandum of Association and Bye-laws of the Company in 2024. The latest version of the Company's Memorandum of Association and Bye-laws is available on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code, but about promoting and developing an ethical and healthy corporate culture. We will continue to review, and where appropriate, improve our current practices on the basis of our experience, regulatory changes and development.

On behalf of the Board
Lo Hong Sui, Vincent
Chairman

Hong Kong, 27 March 2025

AUDIT COMMITTEE REPORT

The members of the Audit Committee at the date of this report are shown below:

Mr. Chan Kay Cheung *(Chairman)*
Mr. Lau Ping Cheung, Kaizer
Mr. Wong Hak Wood, Louis

All the Committee members are Independent Non-executive Directors of the Company, with the Chairman having the related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). No member of the Audit Committee is a former partner of the Company's existing external auditor. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of public listed companies.

ROLE AND DUTIES

Under its terms of reference, the principal responsibilities of the Audit Committee include the review of both the Group's consolidated financial statements and the effectiveness of its risk management and internal control systems. The Audit Committee also oversees the engagement of the external auditor and reviews its independence as well as the effectiveness of the audit process. The Board expects the Committee members to exercise independent judgment in conducting the business of the Committee. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

SUMMARY OF WORK DONE

The Audit Committee held four meetings in 2024. Members' attendance records at the Committee meetings are set out in the Corporate Governance Report contained in this Annual Report.

During 2024, the Audit Committee:

- reviewed and discussed with management and external auditor the audited consolidated financial statements of the Group for the year ended 31 December 2023 (including estimates and judgments of a material nature made by management in accordance with the accounting policies of the Group) and the related final results announcement, with a recommendation to the Board for approval after due consideration given to the matters raised by staff responsible for the accounting and financial reporting, compliance and internal audit functions;
- reviewed the disclosures in the Corporate Governance Report, the Audit Committee Report, the Risk Management Report and the Environmental, Social and Governance ("ESG") Report included in the 2023 Annual Report of the Company, with a recommendation to the Board for approval;
- reviewed and discussed with management and external auditor the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (including estimates and judgments of a material nature made by management in accordance with the accounting policies of the Group) and the related interim results announcement, with a recommendation to the Board for approval;
- reviewed and considered the reports and management letters submitted by the external auditor, which summarised matters arising from its audit of the Group's consolidated financial statements for the year ended 31 December 2023 and its review of the Group's condensed consolidated financial statements for the six months ended 30 June 2024;
- reviewed and considered the reports of the Company's Corporate Evaluation Department ("CE", which undertakes the internal audit function) on the business risks and the operational and/or financial controls of some of the Group's construction and fitting-out projects in Hong Kong and property projects in Mainland China;
- reviewed and considered the reports of CE on the review of the safety management and the record control system of the Group's maintenance and property management businesses, respectively;
- reviewed and considered the report of CE on the review of the Group's human resources function and payroll process;

- reviewed and considered the report of CE on the cyber security risks pertaining to the Group;
- reviewed and considered the report of CE on the test check of special control points responded by management in the self-assessment questionnaire for the review of the Group's internal control systems;
- reviewed the report of the Company's Sustainability Steering Committee on the implementation of the sustainability strategic plan of the Group;
- conducted an annual review of the Company's Risk Management Policy, Whistle-blowing Policy and Policy on Engaging Non-audit Services from External Auditor;
- reviewed the quarterly updates of CE on the risk situation of the Group;
- reviewed the quarterly reports of CE on connected transactions, including the compliance of the Company Policy on Connected Transactions;
- reviewed and considered the adequacy of the Group's provisions for doubtful debts on a quarterly basis;
- reviewed and considered the scope of work and fee proposals of the external auditor for the review of the Group's condensed consolidated financial statements for the six months ended 30 June 2024 and for the audit of the Group's consolidated financial statements for the year ended 31 December 2024, as well as the fees for engagement of the external auditor for other non-audit services;
- reviewed the CE's key performance indicators, work progress and resources planning on a quarterly basis as well as its annual and 3-year work programmes; and
- conducted a review of the effectiveness of the risk management and internal control systems of the Group at the year end, which covered material risks relating to, amongst others, ESG and corruption, and all material controls in financial, operational and compliance areas and included a review of the adequacy of resources, staff qualifications and experience, and training programmes and budgets of the Group's accounting, financial reporting, internal audit functions, as well as those relating to the Group's ESG performance and reporting.

The Committee members also serve as the contact persons under the Whistle-blowing Policy of the Company. No complaint was received in 2024 through this channel.

The Committee reviews the Group's risk management and internal control systems annually based on the work of CE, the identification and assessment of risks by business and functional unit heads, and the evaluation of the issues raised by the external auditor. As part of the Committee's review of these systems, the Committee examines the Group's framework and policies for identifying, assessing, and taking appropriate actions to contain the different types of risk in its various operations, and to address any significant control failings or weaknesses that have been identified and may result in unforeseen outcomes affecting the Group's financial performance or condition.

In addition, the Committee keeps under constant review changes to the Hong Kong Financial Reporting Standards with the assistance of the senior executive in charge of CE and the external auditor to assess their application to the accounting policies adopted by the Group and, where applicable, their effective adoption by the Group.

All the recommendations of the Committee to management and the Board were accepted and implemented.

Subsequent to the financial year end, the Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group, in conjunction with the external auditor, with a recommendation to the Board for approval.

The Committee was satisfied with the external auditor's work, its independence and objectivity, and therefore recommended the re-appointment of Deloitte Touche Tohmatsu as the Company's external auditor for 2025 for shareholders' approval at the forthcoming annual general meeting of the Company.

Chan Kay Cheung
Chairman, Audit Committee

Hong Kong, 27 March 2025

REMUNERATION COMMITTEE REPORT

The members of the Remuneration Committee at the date of this report are shown below:

Mr. Lau Ping Cheung, Kaizer *(Chairman)*
Mr. Lo Hong Sui, Vincent
Ms. Lo Bo Yue, Stephanie
Mr. Chan Kay Cheung
Mr. Wong Hak Wood, Louis

With the exception of Mr. Lo Hong Sui, Vincent (Executive Director and Chairman of the Company) and Ms. Lo Bo Yue, Stephanie (Non-executive Director), the members of the Committee are Independent Non-executive Directors of the Company.

ROLE AND DUTIES

The Remuneration Committee has specific terms of reference, which are available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Remuneration Committee is given the tasks to:

- make recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- determine, with delegated responsibility, the remuneration package of individual Executive Director, which include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment), taking into account factors such as salaries paid by comparable companies, time commitment and responsibilities of the Director, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- review and approve performance-based remuneration of Executive Directors with reference to corporate goals and objectives set by the Board from time to time;
- review and approve the compensation payable to Executive Directors for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- review and approve the compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

Code provision E.1.2 of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange provides that the terms of reference of the Remuneration Committee should include, amongst others, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of individual Executive Director and senior management; (ii) review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and (iii) review and approve the remuneration proposals for management with reference to the Board's corporate goals and objectives. The Remuneration Committee has reviewed its functions and considered that these responsibilities in relation to the remuneration and compensation of management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the management in the daily business operations of the Group. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of individual Executive Director. After due consideration, the Board adopted the revised terms of reference of the Remuneration Committee with the said responsibilities in relation to the remuneration and compensation of management excluded from its scope of duties, which deviates from code provision E.1.2. Notwithstanding such deviation, the Remuneration Committee is still responsible for reviewing, approving and making recommendations to the Board on the guiding principles applicable to the determination of the remuneration packages of senior management.

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice has been formally adopted, and the Board approved the amendment to the terms of reference of the Remuneration Committee in this respect, which also deviates from the stipulation in code provision E.1.2 that the Remuneration Committee should make recommendations to the Board on the remuneration of Non-executive Directors. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

REMUNERATION POLICY

The remuneration of the Executive Directors of the Company is determined by the Remuneration Committee, having regard to the Group's operating results, individual role and performance and market statistics, while those of the Non-executive Directors (including Independent Non-executive Directors) are decided by the Board based on the recommendation of the Chairman of the Company that has taken into account their contributions to the Board and the market level of directors' fees. No individual Director is involved in deciding his or her own remuneration.

The remuneration policy of the Company for rewarding employees is based on their performance, qualifications and competence displayed. Through its remuneration policy, the Company aims to attract, motivate and retain competent, high calibre staff while ensuring that the remuneration is aligned with the corporate goals, objectives and performance.

The Remuneration Committee sets and maintains the policy for the remuneration of Executive Directors which is as follows:

- the balance between short-term and long-term elements of remuneration is important and should be retained;
- salary levels will continue to be reviewed regularly against those in companies of a similar size or nature listed on the Stock Exchange; and
- emphasis will be given to corporate performance, taking into account the responsibilities of individual Executive Director, who will be rewarded by bonus payable for achievement of stretch targets and the grant of share options or other incentives, where appropriate.

REMUNERATION STRUCTURE

The remuneration of the Executive Directors (where applicable) and senior management comprises salary and benefits, performance bonuses, pension scheme contributions and long-term incentives such as equity participation. In determining remuneration appropriate for the Executive Directors concerned, developments in executive remuneration in Hong Kong, Mainland China and other parts of the world are reviewed and monitored from time to time with the assistance of external consultants engaged by the Company.

The Executive Director, Mr. Lee Chun Kong, Freddy, acting as Chief Executive Officer ("CEO"), is accountable for the performance of the Group. Additionally, Mr. Lo Adrian Jonathan Chun Sing was appointed as Executive Director and Deputy CEO effective 1 January 2025. As approved by the Remuneration Committee, the salary and bonus components of the remuneration of the two Executive Directors are set to be normally related to their aggregate cash remuneration as follows:

Cash remuneration components	**CEO**	**Deputy CEO**
Salary	50%	75%
Bonus for achievement of targets	50%	25%

Where appropriate, to recognise the contributions of the Executive Directors, the bonus element, based on the performance delivered, could be up to the amount of the annual guaranteed cash remuneration for the CEO and four months' salary for the Deputy CEO. The bonus for the CEO is based 100% on corporate performance, while that for the Deputy CEO is based 50% on corporate performance and 50% on personal performance. The Remuneration Committee assesses each year the achievement of the performance targets preset for the Executive Directors and determines the amounts of their annual bonuses, if any.

Further details about the remuneration of the Directors and senior management of the Company are set out in the sections below.

REMUNERATION OF DIRECTORS

The remuneration paid to those Directors of the Company who held the office during the year ended 31 December 2024 was as follows:

	Director's fees (Note 1)	Salary and other benefits	Retirement benefit scheme contributions	For the year ended 31 December 2024 Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors				
Mr. Lo Hong Sui, Vincent	10	–	–	10
Mr. Lee Chun Kong, Freddy	10	5,849 (Note 2)	266	6,125
Non-executive Directors				
Ms. Lo Bo Yue, Stephanie	315	–	–	315
Mr. Chan Wai Kan, George	325	–	–	325
Independent Non-executive Directors				
Mr. Chan Kay Cheung	595	–	–	595
Mr. Lau Ping Cheung, Kaizer	550	–	–	550
Mr. Wong Hak Wood, Louis	520	–	–	520
TOTAL	2,325	5,849	266	8,440

Notes:

1. According to the fee schedule as approved by the Board for the year ended 31 December 2024, each Executive Director was entitled to an annual fee of HK$10,000 while a Non-executive Director or an Independent Non-executive Director was entitled to an annual fee of HK$250,000. In addition, a Non-executive Director or an Independent Non-executive Director also received an annual fee for his chairmanship or membership in the following Board Committees:

Board Committees	Fees per annum HK$
Audit Committee chairmanship	150,000
Audit Committee membership	75,000
Remuneration Committee chairmanship	65,000
Remuneration Committee membership	35,000
Nomination Committee membership	30,000
Finance Committee chairmanship	95,000
Finance Committee membership	65,000
Investment Committee membership	65,000

2. The amount represents the salary and other benefits of Mr. Freddy Lee for his employment as Executive Director and CEO for the year ended 31 December 2024.

3. With effect from 1 January 2025, Mr. Lo Adrian Jonathan Chun Sing was appointed as Executive Director and Deputy CEO with an annual salary and allowances of HK$2,964,000, as approved by the Remuneration Committee.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration paid to the members of senior management for the year ended 31 December 2024 was within the following bands

	Number of individuals*
HK$2,000,001 – HK$3,000,000	4
HK$3,000,001 – HK$4,000,000	1
HK$5,000,001 – HK$6,000,000	1

* refer to the members of senior management in 2024 as set out in the Company's 2023 Annual Report

SERVICE CONTRACTS

No service contract of any Director contains a notice period exceeding 12 months.

SUMMARY OF WORK DONE

The Remuneration Committee held two meetings and passed one written resolution in 2024. Members' attendance records at the Committee meetings are set out in the Corporate Governance Report contained in this Annual Report.

During 2024, the Remuneration Committee:

- considered and determined that no bonus be awarded to the Executive Director and CEO in view of the financial loss of the Group for the year ended 31 December 2023, in accordance with the Company's executive target bonus scheme;
- reviewed and endorsed the Remuneration Committee Report included in the 2023 Annual Report of the Company, with a recommendation to the Board for approval;
- considered and approved the 2024 key performance indicators set for the Executive Director and CEO based on the Balanced Scorecard framework;
- considered and approved the recommendation of no salary increment for 2025 for the Executive Director and CEO, in line with the Company's decision of salary freeze for staff members at senior manager or above grades, and reviewed the 2025 salary review guidelines for the Group as a whole; and
- considered and approved the remuneration package for the new Executive Director and Deputy CEO, taking into account the report of an external consultant on the analysis of executive remuneration in comparable Hong Kong listed companies.

Lau Ping Cheung, Kaizer
Chairman, Remuneration Committee

Hong Kong, 27 March 2025

NOMINATION COMMITTEE REPORT

The members of the Nomination Committee at the date of this report are shown below:

Mr. Lo Hong Sui, Vincent *(Chairman)*
Ms. Lo Bo Yue, Stephanie
Mr. Chan Kay Cheung
Mr. Lau Ping Cheung, Kaizer
Mr. Wong Hak Wood, Louis

With the exception of Mr. Lo Hong Sui, Vincent (Executive Director and Chairman of the Company) and Ms. Lo Bo Yue, Stephanie (Non-executive Director), the members of the Committee are Independent Non-executive Directors of the Company.

ROLE AND DUTIES

Under its terms of reference, the Nomination Committee is delegated by the Board with the following principal responsibilities:

- to review the structure, size and composition of the Board at least annually to ensure that it has a balance of appropriate skills, experience and diversity of perspectives to meet the business needs of the Group;
- to make recommendations to the Board on candidates nominated for appointment or re-appointment as Directors in accordance with the Nomination Policy and on succession planning for Directors;
- to make recommendations to the Board on membership of the Board Committees;
- to assess the independence of the Independent Non-executive Directors;
- to review annually the time commitment required of Directors;
- to review the Board Diversity Policy and monitor its implementation; and
- to implement and oversee regular evaluation of the Board's performance.

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has amended the Code on Corporate Governance (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), implementing additional requirements including, among others, gender diversity of nomination committees, biennial board evaluations, and a board skills matrix, with enhanced disclosures in corporate governance reports. These requirements will become effective for financial years commencing on or after 1 July 2025. Accordingly, the Company amended the terms of reference of the Nomination Committee in March 2025 to align with the revised CG Code requirements. The revised terms of reference of the Committee are available on the websites of the Company and the Stock Exchange.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In 2013, upon the recommendation of the Nomination Committee, a Board Diversity Policy was adopted by the Board with an aim to promote diversity of the Board.

All Board appointments will be based on meritocracy, and candidates will be considered against the objective criteria (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) as set out in the Board Diversity Policy, having due regard to the benefits of diversity. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board.

At its meeting in March 2025, the Nomination Committee performed an annual review of the implementation of the Board Diversity Policy. The Board composition was assessed against the objective criteria for diversity according to the policy. An analysis of the existing Board composition is set out in the Corporate Governance Report contained in this Annual Report. The Committee believes that the Board now has an appropriate mix of skills, experience and diversity among its members in light of the business needs of the Group, contributing to the effectiveness and efficiency of the Board. The current composition of Executive and Non-Executive Directors (including Independent Non-executive Directors) is also considered balanced in ensuring independent judgment is exercised effectively. With the appointment of Mr. Lo Adrian Jonathan Chun Sing as Executive Director and Deputy Chief Executive Officer, effective 1 January 2025, the age diversity of the Board has been enhanced, infusing youthful energy and fresh perspectives. The Company currently has a female Director out of eight Board members. While the Committee considers that the gender diversity of the Board remains satisfactory, to further promote gender diversity, the Board will take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The gender ratio of the Group's workforce was 57% male (including senior management)/43% female as of 31 December 2024. The predominant image of construction, being the core business of the Group, is that of a male-dominated industry requiring brute strength and good tolerance for outdoor conditions. Furthermore, the construction industry is suffering from labour shortage and there is more work for the industry to do to promote its image in order to attract new entrants, whether male or female. Given the circumstances, it would not be appropriate for the Group to set any specific target of gender diversity for its workforce. Nevertheless, the Group is committed to providing equal opportunities to suitable candidates and staff for employment, learning and development, and job advancement regardless of gender.

NOMINATION POLICY

Upon the recommendation of the Nomination Committee, the Board formally adopted a Nomination Policy in 2018 to set out the nomination procedures and the process and criteria to select and recommend candidates for directorship.

In accordance with the Nomination Policy, the procedures and process in respect of the nomination of Directors are summarised below:

1. The Nomination Committee shall invite nomination of candidates from Board members, if any, for its consideration. The Committee may also put forward candidates who are not proposed by Board members. External recruitment agencies may be engaged to assist in identifying and selecting suitable candidates, if considered necessary.

2. For appointments to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election at a general meeting, the Committee shall make nominations to the Board for its consideration and recommendation to shareholders of the Company.

3. A shareholder of the Company may also propose candidate for election as a Director at a general meeting in accordance with the procedures posted on the Company's website.

The following factors would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- reputation for integrity
- qualifications, skills and experience that are relevant to the Group's businesses having regard to the corporate strategy
- commitment in respect of available time and relevant interest
- diversity in all its aspects, including but not limited to those objective criteria as set out in the Board Diversity Policy

In the case of nominating the candidate for appointment or re-appointment as an Independent Non-executive Director, in addition to the above selection criteria to which the Nomination Committee would give due regard, the independence of the candidate would be assessed with reference to the independence criteria as set out in the Listing Rules. If an Independent Non-executive Director serves more than nine consecutive years, particular attention would be given to reviewing the independence of such Director for determining his/her eligibility for nomination by the Board to stand for re-election at a general meeting.

SUMMARY OF WORK DONE

The Nomination Committee held one meeting and passed one written resolution in 2024. Members' attendance records at the Committee meeting are set out in the Corporate Governance Report contained in this Annual Report.

During 2024, the Nomination Committee:

- reviewed the structure, size and composition of the Board and the implementation of the Board Diversity Policy;
- reviewed the independence of the Independent Non-executive Directors;
- reviewed the time commitment required of Directors to perform their responsibilities;
- reviewed and endorsed the Nomination Committee Report included in the 2023 Annual Report, with a recommendation to the Board for approval;
- considered the nomination of five retiring Directors for the Board's recommendation to stand for re-election by shareholders at the 2024 annual general meeting of the Company; and
- considered the proposed appointment of the Executive Director and Deputy Chief Executive Officer, as well as his proposed appointment as a member of the Finance Committee and the Investment Committee, with recommendations to the Board for approval.

Lo Hong Sui, Vincent
Chairman, Nomination Committee

Hong Kong, 27 March 2025

RISK MANAGEMENT REPORT

The Board is fully committed to risk management as an integral part of good corporate governance practices which are essential to the sustainable development of the Group.

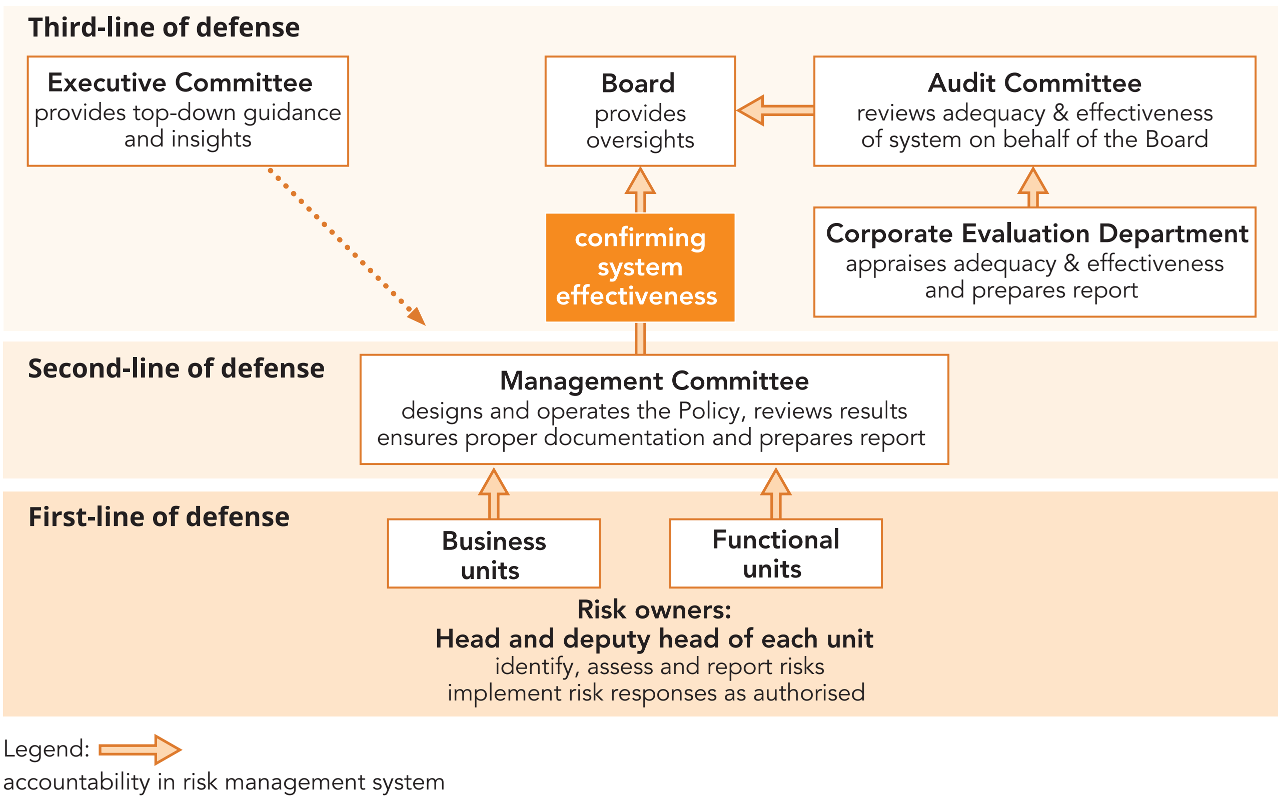
The Company has implemented a Risk Management Policy (the "Policy") since 2007 following the revision of the Code on Corporate Governance (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), which required the Directors to review internal controls including risk management function. Since inception, the Policy has been revised several times in light of the changes in the Company's management structure, development of market practices, and new releases of ISO Standards and the framework of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO").

Effective 1 January 2016, amendments to the CG Code set out in the Listing Rules relating to risk management and internal control systems brought further improvements of the Group's practices. As stipulated in the revised CG Code, an internal audit function generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems. In 2017, the Company's Corporate Evaluation Department ("CE"), which undertakes the internal audit function, analysed the practices of some reputable listed groups and the concepts of new COSO release of Enterprise Risk Management – Integrating with Strategy and Performance, and recommended the Company to modify the Policy.

As a result of the above and considering the Group's circumstances, management proposed a number of important amendments to the Policy, which took effect in December 2017 after the review of the Audit Committee and approval of the Board. As recommended by the Audit Committee and approved by the Board, the Policy was further refined in August 2019 and August 2023, with the risk appetite statement therein more clearly defined and the inclusion of the building maintenance and minor works operation as a separate business unit for the purpose of risk management.

RISK GOVERNANCE STRUCTURE

The risk governance structure of the Company is depicted below:



The Management Committee has a responsibility for designing and operating effective system of risk management and managing risks in order to achieve business objectives and match the risk appetite. It should be aware of the risks the Group should bear and the risks that should be avoided or reported upwards for further consideration and feedback. As one of its members, the Chief Executive Officer leads the implementation of the Policy by all business and functional units, having due regard to the relevant regulations, rules and trends of Hong Kong, Mainland China and other areas in which the Group operates. Meanwhile, guidance and insights from the Executive Committee are sought.

With the assistance of CE, the Audit Committee annually conducts a review of the effectiveness of the system of risk management, which covers all material risks, including, amongst others, those relating to environmental, social and governance ("ESG"), with reference to the approaches suggested by the Institute of Internal Auditors and report to shareholders in the Annual Report of the Company. The senior executive in charge of CE has full access to all risk documentation for the purpose of independent appraisal of the adequacy and effectiveness of the risk management system, and quarterly provides updates on the Group's risk situation to the Audit Committee for monitoring.

FEATURES OF RISK MANAGEMENT POLICY

The Policy sets out the requirements to be met by all business and functional units in the development and implementation of the risk management system for the purpose of managing the risks as part of daily operations and decision-making.

Risk is defined as the possibility that events will occur and affect the Group's achievement of strategy and business objectives, which may:

- cause financial disadvantages to the Group, i.e. increase of costs or decrease of income; or
- lead to damages in the Group's reputation; or
- otherwise hinder the Group from achieving its strategy and objectives.

Risk management is the culture, capabilities and practices, integrated with strategy and execution, that the Group relies on to manage risk in creating, preserving, and realising value. Risks may be simply accepted, moderately controlled, intensively mitigated, or completely transferred to third parties.

Business units represent classification of the Group's operations, core ones currently being the construction (including new works, building maintenance and minor works, and fitting out) and property divisions. They may be changed over time with the development of the Group's business activities. Functional units represent legal, company secretarial & compliance, finance & accounting, human resources, and corporate communications.

RISK MANAGEMENT PROCESS

The Management Committee is responsible for steering the risk management process in an integrated approach in accordance with the Policy. The process involves the following steps:

- Risk identification – risk owners identify the nature of specific risks using both bottom-up and top-down approaches.
- Risk assessment – risk owners anticipate and analyse all potential events, even with a remote chance, and rank the combined effect of impact and the likelihood into five levels (very-low, low, medium, high, very-high).
- Risk tolerance setting – the Management Committee determines the maximum acceptable impact, likelihood thus risk level.
- Risk response – risk owners propose and execute the most appropriate responses to tackle specific risks identified in four ways (simply accept, moderately control, intensively mitigate, completely transfer). Risk responses are subject to challenge and test by CE and the Audit Committee.
- Risk monitoring – substantial change in risk assessment and its effect on the strategy and business objectives must be immediately referred to the Board.

- Risk reporting – risk owners submit annually the Policy Compliance Checklist, while the Management Committee and CE annually prepare a report to illustrate the Group's risk management initiatives, latest risk portfolio, and the result of independent appraisal.

APPROACHES OF RISK IDENTIFICATION AND MONITORING

The Group adopts both bottom-up and top-down approaches to facilitate risk identification and monitoring.

Bottom-up approach:

Information relevant to existing and emerging risks is submitted monthly to the Management Committee through discussions at regular meeting, and the Risk Registers and the Risk Management Summary of respective business or functional units shall be updated as appropriate for timely review by the Chief Executive Officer.

Through a diligent process of consolidation and prioritisation, the Management Committee and CE compile a Risk Management Report for annual review by the Audit Committee and the Board.

Quarterly update of risk assessments is given by CE in the Audit Committee meetings, with representatives of the Management Committee present.

Top-down approach:

The Audit Committee has various channels for risk identification, such as the material risks faced by market participants in the same industries, potential control weaknesses indicated through internal and external audit work, and concerns of our stakeholders on ESG issues.

The Management Committee is responsible for designing and operating an effective system of risk management and managing risks to achieve business objectives and align with the risk appetite. The Executive Committee gives guidance and insights whenever appropriate.

RISK MANAGEMENT IN STRATEGY AND BUSINESS OBJECTIVES SETTING PROCESS

Business and functional units are required to identify all material risks that may impact the delivery of the Group's business objectives. Identified risks are evaluated based on the criteria set in the Policy to arrive at an optimal risk profile given the desired performance of the Group.

The principal risks currently being managed by the Group include:

Risks and change of levels from last year		Risk responses
Construction segment		
Concentration on key customers offering uneven workload due to changes of the HKSAR Government's housing policies, policy on expenditure on public new works and maintenance works	↔	Accept and monitor
Keen competition in the fit-out market with reduced workload in Hong Kong	↔	Focus on the high-end market; sharpen management skills to earn reputation of project performance with good business relationship; strive for customer satisfaction and quality excellence

Risks and change of levels from last year		Risk responses
Tightening of regulatory actions, especially in regard to site safety	↓	Provision of sufficient training programs/courses to mitigate risk intensively, along with the adoption of new technology and AI applications
Abrupt changes in material prices	↑	Give careful considerations during the tendering stage; make provisions for the forecast changes in material prices, and pre-bid with competent suppliers and subcontractors for certain trades
Abrupt changes in labour wages	↓	Give careful considerations during the tendering stage
Workmanship and material usage non-compliance	↔	Strictly implement the enhanced quality assurance system on site
Ineffective procurement and subcontracting systems	↔	Strictly implement the tender process and controls
Adequacy of competent and loyal staff, who may not be retained without abrupt changes in pay levels	↔	Keep up the training effort; actively expand recruitment channels; improve development measures and initiatives to enhance staff commitment and engagement, as well as to reinforce staff loyalty and sense of belonging; regularly monitor pay level movements and take proactive measures in reviewing pay levels
Availability of competent nominated and domestic subcontractors, which are suffering from shortage of skilled labour, while shortage of reliable suppliers may arise	↔	Continue to identify good performance subcontractors and suppliers and maintain good relationship with them; carefully consider the forecast change in labour wages; make effective use of credit terms
Complexity of contract clauses and potential contractual claims	↔	Carefully review and provide allowance for the risks of complex clauses and potential contractual claims in tenders
Property segment		
Over-supply of shopping malls in major Mainland cities, coupled with increased competition on lifestyle malls	↔	Closely monitor business performance; adjust composition of the tenants
Unstable business of the existing tenants caused by a consumption downgrade in the retail market	↓	Organise more sales and promotion activities to attract new customers and tenants

Risks and change of levels from last year		Risk responses
Weakening of major tenants	**New**	Look for suitable new tenants as replacement
Keen competition among retail properties in Tianjin for strata-title sales	↔	Maintain part of the retail properties in Tianjin Veneto for lease
Others		
Unexpected fluctuation of exchange rates, in particular Renminbi against Hong Kong Dollars	↑	Take out currency hedging contracts as appropriate; continue to monitor closely the movements of Renminbi
Rise in market interest rate and interest rates margin on the Group's bank borrowings	↓	Closely monitor the market trends of global and local lending markets and enter swap or hedging arrangement or issue fixed coupon medium-term bonds when appropriate
Liquidity risks of the Group	↑	Extend the maturity portfolio of bank borrowings; prepare the cash flow forecast on a weekly basis
Manpower effectiveness in meeting change of business strategy	↔	Carry out special review of manpower of relevant business operations at time of change in business strategy
Loss of experienced and competent staff	↔	Monthly monitor staff turnover rate, and understand reasons for leaving with follow-up actions
Pre-employment medical check-up subject to challenges or complaints	**New**	Accept and Monitor
Regulatory reform of mandatory provident fund (no offset of severance and long service payments)	**New**	Keep abreast of the forthcoming changes in market practice and budget for provision with consultant's advice
Succession planning for key positions in the Group	↓	Plan and execute management development for the Company and its subsidiaries
Reputation risk arising from business operation crisis	↔	Conduct workshops for both management and operational staff

PROCESS FOR REVIEW OF RISK MANAGEMENT SYSTEM

By reviewing the Group's strategic plan, business plan and policies, and having discussions with the Audit Committee and senior management, the senior executive in charge of CE gains insight to assess whether the Group's strategic objectives support and align with its mission, values, and risk appetite. Conversations with management provide additional insight into the alignment of mission, objectives, and risk appetite at the business-unit level.

CE regularly examines the ways used by the Group to identify and address risks, and determines which of them are acceptable. In particular, the senior executive in charge evaluates the responsibilities and risk-related processes of those in key risk management roles, through review of completed risk assessments and relevant reports issued by management, external auditor, clients and their agents, etc.

Additionally, CE quarterly conducts its own risk assessments. Discussions with management and some of the Board members, in addition to a review of the Group's policies and meeting minutes, generally reveal the Group's risk appetite. To remain current on potential risk exposures and opportunities, CE frequently researches new developments and trends related to the industries participated by the Group, as well as processes used by management to monitor, assess and respond to such risks and opportunities. Independent analysis of unidentified changes in risks will be reported to the Audit Committee, together with recommendations to improve the risk management process and/or to rectify control defects.

Annually, CE discusses in detail with the heads of business and functional units about their assessments of risks and corresponding responses that have been chosen. Those with simple acceptance as the risk response shall accord with the Group's risk appetite, or the matters shall be further explored and reported to the Board. For those that management chooses to employ a control or mitigation measure as the risk response, CE normally evaluates the effectiveness of the respective actions taken through enquiry, and sometimes tests the controls and monitoring procedures during routine and non-routine audits.

To assess whether relevant risk information is captured and communicated timely across the Group, CE interviews the concerned staff at various levels to determine whether the Group's objectives, significant risks and risk appetite are articulated sufficiently and understood throughout the Group. Moreover, aided by frequent reviews of meeting minutes of the Executive Committee and the Management Committee and observation at the monthly Management Committee meeting, CE evaluates the adequacy and timeliness of management's reporting of and response to risks.

During 2024, the Audit Committee quarterly queried the Chief Executive Officer and finance executives about identified risks and management's responses, and conducted a review of the effectiveness of the risk management system, with reference to the approaches suggested by the Institute of Internal Auditors. The affirmative result was reported to the Board.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries and joint ventures are set out in notes 37 and 38 to the consolidated financial statements respectively.

BUSINESS REVIEW

A fair review of the businesses of the Group during 2024 and a discussion on the Group's business outlook are provided in the Chairman's Statement and the Management Discussion and Analysis sections of this Annual Report. A description of the principal risks and uncertainties facing the Group can be found in the abovementioned sections and the Environmental, Social and Governance Report as well as the Risk Management Report contained in this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in note 34 to the consolidated financial statements. The Directors are not aware of any important events affecting the Group that have occurred since the end of the financial year on 31 December 2024.

An analysis of the Group's performance during 2024 using financial key performance indicators is provided in the Financial Highlights and Financial Review sections of this Annual Report. In addition, discussions on the Group's environmental policies, including compliance with the relevant laws and regulations that have a significant impact on the Group, and relationships with its key stakeholders are included in the Environmental, Social and Governance Report contained in this Annual Report.

All references herein to other sections or reports in this Annual Report form part of this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss.

The Board of Directors does not recommend the payment of a final dividend.

DIVIDEND POLICY

Declaration of dividends by the Company is subject to compliance with applicable laws of Bermuda and the Bye-laws of the Company (as amended from time to time) (the "Bye-laws"). In determining whether to propose a dividend and the dividend amount, the Board will take into account a number of factors including but not limited to the Group's financial performance and cash flow, future funding needs, restrictions under any loan covenants as well as prevailing economic and market conditions. The distribution of dividends to shareholders can be by way of cash or scrip or partly by cash or scrip or in such other manner as determined by the Board from time to time.

Subject to the factors described above, there is no assurance that dividends will be paid in any particular amount or manner for any period and the dividend pay-out ratio may vary from year to year.

SHARE CAPITAL

Details of the movements in the share capital of the Company during 2024 are set out in note 27 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during 2024 are set out in the Consolidated Statement of Changes in Equity.

In addition to the retained profits, under the Companies Act 1981 of Bermuda (as amended from time to time), the contributed surplus of the Company is also available for distribution or payment of dividends to shareholders in certain circumstances.

At 31 December 2024, the Company's contributed surplus available for distribution to shareholders amounted to approximately HK$1,929 million.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during 2024 are set out in note 13 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during 2024 are set out in note 14 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during 2024 and up to the date of this report are as follows:

Executive Directors:	Mr. Lo Hong Sui, Vincent
	Mr. Lee Chun Kong, Freddy
	Mr. Lo Adrian Jonathan Chun Sing *(appointed on 1 January 2025)*
Non-executive Directors:	Ms. Lo Bo Yue, Stephanie
	Mr. Chan Wai Kan, George
Independent Non-executive Directors:	Mr. Chan Kay Cheung
	Mr. Lau Ping Cheung, Kaizer
	Mr. Wong Hak Wood, Louis

In accordance with Bye-law 86(2) of the Bye-laws, Mr. Lo Adrian Jonathan Chun Sing shall retire at the forthcoming annual general meeting (the "2025 AGM") of the Company to be held on 29 May 2025. In addition, in accordance with Bye-law 87(1) of the Bye-laws, Mr. Lo Hong Sui, Vincent, Mr. Lee Chun Kong, Freddy and Mr. Chan Kay Cheung shall retire by rotation at the 2025 AGM. All the said Directors, being eligible, offer themselves for re-election.

No Director proposed for re-election at the 2025 AGM has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INDEMNITIES

Pursuant to the Bye-laws and subject to the relevant provision therein, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur in or sustain by the execution of his/her duty or otherwise in relation thereto. The Company has arranged appropriate insurance cover for the Directors in connection with the discharge of their responsibilities.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

At 31 December 2024, the interests of the Directors and chief executive of the Company in the shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in the shares of the Company

Name of Director	Number of shares: Personal interests	Number of shares: Family interests	Number of shares: Other interests	Total	Approximate percentage of issued shares (Note 1)
Mr. Lo Hong Sui, Vincent ("Mr. Lo")	–	312,000 (Note 2)	236,309,000 (Note 3)	236,621,000	63.37
Mr. Lee Chun Kong, Freddy ("Mr. Lee")	20,000	–	–	20,000	0.00
Ms. Lo Bo Yue, Stephanie ("Ms. Lo")	–	–	236,309,000 (Note 3)	236,309,000	63.29

Notes:

1. Based on 373,346,164 shares of the Company in issue at 31 December 2024.
2. These shares were beneficially owned by Ms. Loletta Chu ("Mrs. Lo"), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such shares under the SFO.
3. These shares were beneficially owned by Shui On Company Limited ("SOCL"), which was held under the Bosrich Unit Trust. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and both Mr. Lo and Ms. Lo were discretionary beneficiaries. Accordingly, Mr. Lo and Ms. Lo were deemed to be interested in such shares under the SFO.

(b) Long positions in the shares of an associated corporation of the Company

Name of Director	Name of associated corporation	Number of shares: Personal interests	Number of shares: Family interests	Number of shares: Other interests	Total	Approximate percentage of issued shares (Note 1)
Mr. Lo	Shui On Land Limited ("SOL")	–	1,849,521 (Note 2)	4,511,756,251 (Note 3)	4,513,605,772	56.22
Mr. Lee	SOL	81,333	–	–	81,333	0.00
Ms. Lo	SOL	–	–	4,511,756,251 (Note 3)	4,511,756,251	56.20

Notes:

1. Based on 8,027,265,324 shares of SOL in issue at 31 December 2024.

2. These shares were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such shares under the SFO.

3. These shares were held by SOCL through its controlled corporations, comprising 2,756,414,318 shares, 1,725,493,996 shares and 29,847,937 shares held by Shui On Investment Company Limited ("SOI"), Shui On Properties Limited ("SOP") and New Rainbow Investments Limited ("NRI") respectively, whereas SOP was a wholly-owned subsidiary of SOI which in turn was an indirect wholly-owned subsidiary of SOCL. NRI was a wholly-owned subsidiary of the Company which in turn was a 63.29%-owned subsidiary of SOCL. SOCL was held under the Bosrich Unit Trust. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and both Mr. Lo and Ms. Lo were discretionary beneficiaries. Accordingly, Mr. Lo and Ms. Lo were deemed to be interested in such shares under the SFO.

(c) Interests in the debentures of an associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interests	Class of debentures (Note 1)	Amount of debentures held
Mr. Lo	Shui On Development (Holding) Limited ("SODH")	Trust interests	5.50% senior notes due 2025	US$2,400,000 (Notes 2 & 4)
		Family interests	5.50% senior notes due 2025	US$1,400,000 (Notes 3 & 4)
Ms. Lo	SODH	Trust interests	5.50% senior notes due 2025	US$2,400,000 (Notes 2 & 4)

Notes:

1. All the debentures represent the senior notes issued by SODH, which were not convertible into shares of any corporation.

2. These debentures were held by SOI, an indirect wholly-owned subsidiary of SOCL. SOCL was held under the Bosrich Unit Trust. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and both Mr. Lo and Ms. Lo were discretionary beneficiaries. Accordingly, Mr. Lo and Ms. Lo were deemed to be interested in such debentures under the SFO.

3. These debentures were held by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such debentures under the SFO.

4. These debentures were repaid upon maturity on 3 March 2025.

Save as disclosed above, at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 31 December 2024, the interests of substantial shareholders (not being a Director of the Company) and other persons in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	**Capacity**	**Number of shares**	**Approximate percentage of issued shares** (Note 1)
Mrs. Lo	Family and personal interests	236,165,000 (Notes 2, 4 & 6)	63.25
SOCL	Beneficial owner	235,873,000 (Notes 3, 4 & 6)	63.17
Bosrich Holdings (PTC) Inc. ("Bosrich")	Trustee	235,873,000 (Notes 3, 4 & 6)	63.17
HSBC International Trustee Limited ("HSBC Trustee")	Trustee	235,873,000 (Notes 3, 4 & 6)	63.17
Mr. Sun Yinhuan ("Mr. Sun")	Founder of a discretionary trust	19,185,950 (Notes 5 & 6)	5.13
Right Ying Holdings Limited ("Right Ying")	Interest of controlled corporation	19,185,950 (Notes 5 & 6)	5.13
TMF (Cayman) Ltd. ("TMF")	Trustee	19,185,950 (Notes 5 & 6)	5.13

Notes:

1. Based on 373,346,164 shares of the Company in issue at 31 December 2024.

2. The number of shares disclosed above was based on the notice filed by Mrs. Lo on 2 July 2021 under Part XV of the SFO. It comprised 312,000 shares beneficially owned by Mrs. Lo and 235,853,000 shares in which she had a deemed interest under the SFO as mentioned in Note 3 below.

3. The number of shares disclosed above was based on the notices filed by SOCL and Bosrich both on 7 July 2021 and the notice filed by HSBC Trustee on 8 July 2021 under Part XV of the SFO. Such shares were beneficially owned by SOCL, which was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo, the spouse of Mrs. Lo, was the founder and one of the discretionary beneficiaries and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under the SFO.

4. According to the disclosure made by Mr. Lo, at 31 December 2024, SOCL beneficially owned 236,309,000 shares representing approximately 63.29% of the issued shares of the Company, while Mrs. Lo (the spouse of Mr. Lo), Bosrich and HSBC Trustee (being trustees of the trusts as mentioned in Note 3 above) were deemed to be interested in such shares under the SFO.

5. These shares were held by Everhigh Investments Limited, an indirect wholly-owned subsidiary of Right Ying. Right Ying was held under a discretionary trust, of which Mr. Sun was the founder and TMF was the trustee.

6. All the interests stated above represent long positions.

Save as disclosed above, at 31 December 2024, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register which is required to be kept under section 336 of the SFO.

SHARE SCHEME

During 2024, neither the Company nor any of its subsidiaries had any share scheme under Chapter 17 of the Listing Rules.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

At no time during 2024 was the Company or any of its subsidiaries a party to any arrangement 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices. Details about the corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this Annual Report.

CONNECTED TRANSACTION

During 2024, a subsidiary of the Company entered into the following transaction which constituted a non-exempt connected transaction of the Company and is required to be disclosed herein under Chapter 14A of the Listing Rules.

Acquisition of shares in Shui On Contractors Limited ("SOCON")

References are made to (i) the Company's partial exercise of the call option (the "Call Option") granted by Mr. Lee Kwok Fai ("Mr. K.F. Lee") to acquire 2 (1%) of the 4 (2%) SOCON shares sold to him by the Company under the sale and purchase agreement dated 4 August 2017 (as amended by the supplemental agreement dated 26 May 2020) (the "Sale and Purchase Agreement"); and (ii) the agreement of the Company not to exercise the Call Option in relation to the remaining 2 (1%) SOCON shares held by him (the "Remaining Shares"), subject to the condition, among other things, that he shall sell and transfer the Remaining Shares only to such purchaser(s) as designated by the Company on or before 30 April 2024 in accordance with the deed of agreement dated 28 April 2023 (the "Deed"), as disclosed in the announcement of the Company dated 28 April 2023. SOCON is a non-wholly owned subsidiary of the Company, which via its subsidiaries (together with SOCON, the "SOCON Group") principally engages in construction and maintenance works in Hong Kong and Macau.

On 29 April 2024, pursuant to the terms of the Deed, the Company served a written notice on Mr. K.F. Lee requesting him to sell and transfer the Remaining Shares to the Company free from all encumbrances (the "Acquisition") for a consideration of approximately HK$16.05 million, which was determined on the same basis as the exercise price of the Call Option as stipulated in the Sale and Purchase Agreement in relation to the Remaining Shares and was equal to the adjusted pro-forma consolidated net asset value of the SOCON Group attributable to each SOCON share as at 31 March 2024. The Acquisition was completed on 28 May 2024.

Since Mr. K.F. Lee is a substantial shareholder and director of a subsidiary of SOCON, he is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition constituted a connected transaction in addition to a discloseable transaction of the Company, details of which were set out in the announcement dated 29 April 2024 issued by the Company.

CONTINUING CONNECTED TRANSACTIONS

Set out below are the transactions entered into by the Group which constitutes(d) continuing connected transactions of the Company (the "Continuing Connected Transactions") and are required to be disclosed herein under Chapter 14A of the Listing Rules.

1. Provision of property management services to Shui On Centre Property Management Limited ("SOCPM")

Pursuant to the property management services agreement dated 16 December 2021 (the "Property Management Agreement") entered into between Pacific Extend Properties Management Limited ("PEPM", an indirect wholly-owned subsidiary of the Company) and SOCPM, an indirect wholly-owned subsidiary of SOCL and the management company of Shui On Centre under the deed of mutual covenant and management agreement in respect of Shui On Centre dated 17 February 1994 (the "DMC"), PEPM continued to provide services in relation to the management and maintenance of Shui On Centre (the "SOC Property Management Services") to SOCPM for a term of three years from 1 January 2022 to 31 December 2024, following expiration of the previous property management services agreement dated 16 March 2019. The annual service fee of PEPM was equivalent to the aggregate sum of (i) 9% of the budgeted expenses for the management of Shui On Centre (the "Management Expenses") calculated in accordance with the provisions set out in the DMC for the relevant financial year (excluding (a) the budged expenses on the remuneration to be received by SOCPM in its capacity as the management company appointed under the DMC; and (b) the sinking fund maintained under the DMC to meet all expenditure of a heavy and/or non-recurrent nature for the common areas of Shui On Centre) (collectively the "Excluded Management Expenses")) plus any additional sums demanded and recovered by SOCPM in accordance with the DMC provisions to cover any insufficiency in the Management Expenses; and (ii) 9% of the part of (if any) actual capital expenditure incurred from 1 January 2022 which exceeded the accumulated balance of the sinking fund as at 31 December 2021. Besides, SOCPM shall reimburse PEPM on a cost basis for the costs, expenses and disbursements properly incurred in the course of performing the SOC Property Management Services, such as the charges of main office overheads, facilities, accountancy or other professional services, any staff costs and sums payable for the use of any premises reasonably required by PEPM as the management office (the "Disbursements"). The total amounts of the service fee and the Disbursements received or to be received by PEPM from SOCPM under the Property Management Agreement should not exceed the annual caps of HK$20 million, HK$22 million and HK$22 million for the years ended 31 December 2022, 2023 and 2024 respectively.

On 13 December 2024, PEPM entered into a new property management services agreement (the "New Property Management Agreement", together with the Property Management Agreement, the "Agreements") with SOCPM for the continual provision of the SOC Property Management Services for a term of three years from 1 January 2025 to 31 December 2027, or until the termination of the engagement in accordance with the agreement terms (whichever is earlier), following expiration of the Property Management Agreement on 31 December 2024.

Pursuant to the New Property Management Agreement, the annual service fee of PEPM is equivalent to the aggregate sum of (i) 9% of the budgeted Management Expenses calculated in accordance with the DMC provisions for the relevant financial year (excluding the Excluded Management Expenses) plus any additional sums demanded by SOCPM in accordance with the DMC provisions to cover any insufficiency in the Excluded Management Expenses; and (ii) 5% of the actual capital expenditure incurred (if any) from 1 January 2025 to 31 December 2027. The service fee shall be subject to a possible downward adjustment of not exceeding 10%, based on the key performance indicators to be mutually agreed upon between PEPM and SOCPM. SOCPM shall also reimburse PEPM for the Disbursements on a cost basis, up to HK$3.42 million per calendar year. It is expected that the total payments, comprising the service fee and the Disbursements, to be received by PEPM from SOCPM under the New Property Management Agreement will not exceed HK$8.7 million for each of the three years ending 31 December 2025, 2026 and 2027.

Since SOCPM is a subsidiary of SOCL, the controlling shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the provision of the SOC Property Management Services by PEPM under the Agreements constitutes(d) a continuing connected transaction of the Company, details of which were set out in the announcements dated 16 December 2021 and 13 December 2024 issued by the Company respectively.

The total payments, comprising the service fee and the Disbursements, received or receivable by PEPM under the Property Management Agreement was approximately HK$16.08 million for the year ended 31 December 2024, which was below the annual cap of HK$22 million set for the year.

2. Provision of works and services in relation to the asset enhancement project of Shui On Centre

On 7 March 2022, the Company and SOCL entered into a framework agreement (as amended by a supplemental agreement dated 13 May 2022) (the "Asset Enhancement Framework Agreement") pursuant to which any member of the Group might, from time to time during the term of the Asset Enhancement Framework Agreement between 1 June 2022 and 31 December 2024, submit tender under any tender invitation made by SOCL or any of its subsidiaries (together with SOCL, the "SOCL Group") (for the proprietary areas of Shui On Centre) or on behalf of the SOCL Group and the other owners of Shui On Centre (for the common areas of Shui On Centre) and enter into any contract, if awarded, for the engagement of such member of the Group as contractor or service provider for the provision of the following works and services:

(a) overhaul enhancement works for Shui On Centre, covering its common areas and/or proprietary areas owned by the SOCL Group as the project might involve (the "Works"). This would cover all types of works typical of an asset enhancement project for an office commercial building of similar grading, including but not limited to builder works, building services works, renovation works, fitting-out works, addition and alteration works, maintenance works, and procurement and installation of smart facilities to improve the efficiency of energy consumption, facilities management and user journey by implementing building management and related software systems (the "Smart Facilities"); and

(b) after sales/maintenance services for the Smart Facilities included under the Works (the "Services") for a term of not more than three years.

According to the best estimation of the Company based on reasonable assumptions, (i) the maximum total contract sum of the Works that might be awarded to member(s) of the Group within the term of the Asset Enhancement Framework Agreement pursuant to all the tenders submitted thereunder would be HK$372 million (the "Project Cap"); and (ii) the maximum total after sales/maintenance service fee for the Services that might be awarded to member(s) of the Group within the term of the Asset Enhancement Framework Agreement pursuant to all the tenders submitted thereunder would be HK$9 million (the "Service Cap"). Taking into account the circumstance that all the tenders for the Works and the Services might be released in one single year during the term of the Asset Enhancement Framework Agreement, the Project Cap and the Service Cap were set as the annual caps for the Works and the Services respectively (the "Annual Caps") for each of the period ended 31 December 2022 and the years ended 31 December 2023 and 2024.

As SOCL is the controlling shareholder of the Company, SOCL and members of the SOCL Group are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Asset Enhancement Framework Agreement and, if materialised, the transactions pursuant thereto constituted continuing connected transactions of the Company, details of which were set out in the announcements dated 17 March 2022 and 13 May 2022 and the circular dated 16 May 2022 issued by the Company. In accordance with the requirements of the Listing Rules, approval for the Asset Enhancement Framework Agreement, the transactions contemplated thereunder and the Annual Caps was obtained from the independent shareholders of the Company at a special general meeting held on 1 June 2022.

The total contract sum of certain Works awarded to a member of the Group, being variation orders for the addition and alteration works previously contracted to Pat Davie Limited ("Pat Davie"), was approximately HK$14.28 million for the year ended 31 December 2024. Such sum was below the Project Cap of HK$372 million when aggregated with the total contract sum of approximately HK$252.34 million awarded to Pat Davie and two other members of the Group, PEL (E&M) Limited and Welpro Technology Limited, between 1 June 2022 and 31 December 2023, and also below the Annual Cap of the same amount set for the year. No contract was awarded to any member of the Group during 2022, 2023 and 2024 pursuant to any tender submitted for the Services under the Asset Enhancement Framework Agreement.

3. Provision of smart facility works and services to SOL and its subsidiaries (collectively the "SOL Group")

On 31 March 2023, the Company and SOL entered into a framework agreement (the "Smart Facility Framework Agreement") setting out the scope and basis for provision of the following works and/or services (collectively the "Smart Facility Enhancement Works") by member(s) of the Group to member(s) of the SOL Group in respect of its/their property development(s) in Mainland China during the agreement term commencing on 31 March 2023 and ending on 31 December 2028:

(a) construction works involving installation of smart facilities and equipment, implementation of building management, and installation, update and repair of related hardware and software systems to improve the efficiency of energy consumption and facility management;

(b) energy saving services to ensure the outcome of the works mentioned in item (a) above aligns with the designated milestone target; and

(c) after sales services/maintenance services for such smart facilities and equipment installed for no more than five years.

The fees payable by member(s) of the SOL Group to member(s) of the Group for its/their provision of the Smart Facility Enhancement Works under each specific contract to be entered into pursuant to the Smart Facility Framework Agreement (the "Specific Contract") shall be determined by the relevant members of the Group and the SOL Group based on arm's length negotiation in a fair and reasonable manner according to the pricing policies and basis as set out in the Smart Facility Framework Agreement, which are summarised below:

(i) For the construction works without involving energy saving services, the fees shall be determined on a cost-plus basis with a margin of 8% to 15% depending on factors including but not limited to complexity of the project, prevailing market prices of comparable construction works provided by the relevant member(s) of the Group to independent third parties and projected inflation rate.

(ii) For the construction works with energy saving services, the relevant member(s) of the Group shall share the actual annual energy saving amount according to the energy saving sharing ratio, which shall vary in different years and range from 30% to 80% per annum during the energy saving sharing period, as stipulated in the relevant Specific Contract.

(iii) For the after sales services/maintenance services, the fees shall be determined on a cost-plus basis with a margin of 4% to 6% with reference to the prevailing market prices for comparable services provided by the relevant member(s) of the Group to independent third parties and projected inflation rate.

The annual caps of the total fees for provision of the Smart Facility Enhancement Works under the Specific Contracts and certain contracts entered into between the relevant members of the Group and the SOL Group in 2022 (the "2022 Contracts") as set for the years ended 31 December 2023 and 2024 and for the years ending 31 December 2025 to 2028 are RMB15 million, RMB15 million, RMB16 million, RMB12 million, RMB10 million and RMB4 million respectively.

As SOL is a subsidiary of SOCL, which is the controlling shareholder of the Company, SOL and members of the SOL Group are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Smart Facility Framework Agreement and, if materialised, the transactions pursuant thereto constitute continuing connected transactions of the Company, details of which were set out in the announcement dated 31 March 2023 issued by the Company.

The total amount of the fees paid or payable to 瓴喆智能科技（上海）有限公司 (Ling Zhe Smart Technology (Shanghai) Co., Ltd.) (a member of the Group) under the Specific Contracts and the 2022 Contracts in relation to the provision of the Smart Facility Enhancement Works was approximately RMB1.33 million, against the annual cap of RMB15 million, for the year ended 31 December 2024.

In accordance with Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the Continuing Connected Transactions for the year ended 31 December 2024 and confirmed that the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's external auditor was engaged to report on the Continuing Connected Transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "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 its unqualified letter containing its findings and conclusions in respect of the transactions in accordance with Rule 14A.56 of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During 2024 and up to the date of this report, the following Directors are considered to have interests in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

(1) Mr. Lo is a director and the controlling shareholder of SOL which, through its subsidiaries, principally engages in property development and investment projects in Mainland China.

(2) Mr. Lo is a director of Great Eagle Holdings Limited which, through its subsidiaries, engages in (among others) property development and investment, provision of property management and maintenance services, and trading of building materials in Hong Kong, Macau and Mainland China.

(3) Ms. Lo is a director of SOL which, through its subsidiaries, principally engages in property development and investment projects in Mainland China.

As the Board of Directors is independent from the boards of directors of the aforesaid companies and the above Directors are unable to control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the section headed "Continuing Connected Transactions" above, no transactions, arrangements or contracts of significance in relation to the Group's businesses, to which the Company or any of its subsidiaries was a party, and in which a Director of the Company (or an entity connected with him/her) had a material interest, whether directly or indirectly, were entered into in 2024 or subsisted at any time during the year.

MANAGEMENT CONTRACTS

Save for service contracts, no contract by which a person undertakes the management and administration of the whole or any substantial part of the Company's business was entered into or subsisted during 2024.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during 2024 or subsisted at the year end.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

Financial assistance and guarantees provided by the Group in favour of New Pi (Hong Kong) Investment Co., Ltd. ("New Pi") and certain of its subsidiaries were HK$2,050 million at 31 December 2024, which comprised:

	HK$ million
Receivables	514
Guarantees	1,536
	2,050

The receivables are unsecured, repayable on demand and out of the total outstanding balance, an amount of HK$130 million carries interest at prevailing market rates. The above balances are in relation to the disposal of a former subsidiary group in prior years to New Pi. Further details of the receivables and guarantees are set out in notes 21(c) and 32(a) to the consolidated financial statements.

RETIREMENT BENEFIT PLANS

Details of the Group's retirement benefit plans are shown in note 28 to the consolidated financial statements.

MAJOR SUPPLIERS AND MAJOR CUSTOMERS

The five largest suppliers of the Group accounted for less than 20% of the total purchases of the Group for the year ended 31 December 2024.

The five largest customers of the Group accounted for approximately 80% of the total turnover of the Group for the year ended 31 December 2024 with the largest customer, the Architectural Services Department of the Government of the Hong Kong Special Administrative Region, accounting for approximately 43% of the turnover of the Group.

None of the Directors, their close associates or any shareholder (which, to the knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) has a beneficial interest in the five largest suppliers or customers of the Group.

DONATIONS

During 2024, the Group made donations of approximately HK$1 million to business associations and institutions as well as charity communities.

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

AUDITOR

Deloitte Touche Tohmatsu will retire and, being eligible, offer itself for re-appointment at the 2025 AGM. A resolution will be proposed at the 2025 AGM to re-appoint Deloitte Touche Tohmatsu as the external auditor of the Company.

On behalf of the Board

Lo Hong Sui, Vincent
Chairman

Hong Kong, 27 March 2025

Deloitte. 德勤

To the Members of
SOCAM Development Limited
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of SOCAM Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 132 to 216, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgements associated with determining their fair value.	Our procedures in relation to the valuation of investment properties included: • Obtaining an understanding of the management's process for reviewing and evaluating the work of the Valuer;

Key audit matter	How our audit addressed the key audit matter

Valuation of investment properties (Continued)

As disclosed in note 13 to the consolidated financial statements, the investment properties are situated in Mainland China and carried at a total value of HK$3,818 million as at 31 December 2024, which represented 40% of the Group's total assets. The amount of fair value losses of HK$87 million relating to these investment properties was recognised in the consolidated statement of profit or loss for the year then ended.

All of the Group's investment properties are stated at fair value based on the valuations carried out by independent qualified professional valuer (the "Valuer"). Details of the valuation technique and key inputs used in the valuations are disclosed in note 13 to the consolidated financial statements. The valuations of investment properties are dependent on certain key inputs, including capitalisation rate, market rent and market price.

- Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of their scope of work and their terms of engagement; and
- Evaluating the reasonableness of valuation techniques and key inputs, including capitalisation rate, market rent and market price, adopted by the management of the Group and the Valuer by comparing these estimates to comparables of similar properties in Mainland China.

Estimation of expected credit losses ("ECL") of receivables due from a former subsidiary group and the accounting impact of the related financial guarantee

We identified the estimation of ECL in respect of receivables of HK$514 million due from China Central Properties Limited's former subsidiary group (the "Debtor") and the accounting impact of the related financial guarantee in respect of a loan granted to the Debtor as a key audit matter due to the significant judgements involved in estimating the timing and future cash flows expected to be derived from the receivables and the likelihood of the outflow of resources resulting from the financial guarantee.

As disclosed in notes 21(c) and 32(a) to the consolidated financial statements, the Group has outstanding receivables of HK$514 million due from the Debtor and remains as a guarantor for a loan granted to the Debtor of HK$585 million plus related interest amounting to HK$951 million at 31 December 2024. Courts in the People's Republic of China have issued notices to attach the property interests held by the Debtor to cause the Debtor to settle part of the onshore outstanding receivables and related interest.

Our procedures in relation to estimated provision of ECL of the receivables due from the Debtor and the accounting impact of the related financial guarantee included:

- Obtaining an understanding of the management's process of reviewing the estimated provision of ECL of the receivables and the accounting impact of the related financial guarantee;
- Enquiring with management and lawyers to understand the progress of the Auction and the Sale of Equity Interest and how the management performed the assessment on the estimated provision of ECL of the receivables and the related financial guarantee;
- Inspecting the relevant agreements which the Group entered into, court judgements and notices issued up to the date of our report, and the legal opinion issued by an external lawyer to assess the appropriateness of the management's basis in evaluating the latest progress of the legal cases; and

Key audit matter	How our audit addressed the key audit matter

Estimation of expected credit losses ("ECL") of receivables due from a former subsidiary group and the accounting impact of the related financial guarantee (Continued)

The management expects that the receivables of HK$514 million will be fully settled and the financial guarantee of HK$585 million plus related interest amounting to HK$951 million will be fully released either through public auction of the property interest (the "Auction") or the sale of the equity interest of the entity holding the property interest (the "Sale of Equity Interest"), and therefore no loss allowance for ECL is recognised.

- Assessing the appropriateness of the valuation of the underlying property interest held by the Debtor performed by an independent professional valuer with reference to comparable properties and market transactions as available in the market to evaluate the reasonableness of these judgments.

Recognition of contract revenue and contract assets for construction contracts

We identified construction contract revenue and contract assets as a key audit matter as they are quantitatively significant to the consolidated financial statements as a whole.

As disclosed in notes 5 and 23 to the consolidated financial statements, the construction contracts revenue and contract assets amounted to HK$8,889 million and HK$1,292 million respectively for the year ended 31 December 2024. As set out in note 5 to the consolidated financial statements, the Group recognised contract revenue by reference to the progress of satisfying the performance obligation at the reporting date.

Our procedures in relation to the contract revenue and contract assets for construction contracts included:

- Testing the Group's internal controls over the recognition of contract revenue for construction contracts;
- Discussing with project managers, internal quantity surveying managers and the management of the Group and checking on a sample basis, the supporting documents such as contracts and variation orders to evaluate the reasonableness of the revenue recognised;
- Checking the revenue to underlying construction contracts entered into with the customers and other relevant correspondences and supporting documents in respect of variations in construction works or price adjustments on a sample basis; and
- Assessing the revenue from construction contracts by comparing, on a sample basis, with the latest certificates issued by the independent quantity surveyors before and after year end.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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 the independent auditor's report is Chan Alan.

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$ million	2023 HK$ million
Turnover	5	**9,280**	8,336
Other income, other gains and losses	6	**(31)**	35
Cost of properties sold		**(68)**	(8)
Raw materials and consumables used		**(946)**	(901)
Staff costs		**(1,049)**	(931)
Depreciation and amortisation		**(58)**	(62)
Subcontracting, external labour costs and other expenses		**(7,069)**	(6,099)
Fair value changes on investment properties	13	**(87)**	(148)
Finance costs	7	**(262)**	(237)
Share of profit of joint ventures and an associate	5	**1**	2
Loss before taxation		**(289)**	(13)
Taxation	8	**(24)**	(62)
Loss for the year	10	**(313)**	(75)
Attributable to:			
Owners of the Company		**(364)**	(155)
Non-controlling interests		**51**	80
		(313)	(75)
Basic loss per share	11	**HK$(0.98)**	HK$(0.41)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Loss for the year	**(313)**	(75)
Other comprehensive (expense) income Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**(64)**	(49)
Reclassification adjustments for exchange differences transferred to profit and loss upon deregistration of a joint venture	**(3)**	–
Items that will not be reclassified to profit or loss:		
Fair value changes of an equity investment at fair value through other comprehensive income	**(2)**	(8)
Remeasurement of defined benefit scheme	**48**	(46)
Other comprehensive expense for the year	**(21)**	(103)
Total comprehensive expense for the year	**(334)**	(178)
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(385)**	(258)
Non-controlling interests	**51**	80
	(334)	(178)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$ million	2023 HK$ million
Non-current Assets			
Investment properties	13	3,818	3,996
Goodwill		18	18
Other intangible assets		9	16
Right-of-use assets	30	41	48
Property, plant and equipment	14	23	29
Interests in joint ventures	15	87	85
Interest in an associate	16	22	23
Financial asset at fair value through other comprehensive income	17	20	22
Financial assets at fair value through profit or loss	18	49	12
Deferred tax assets	29	18	–
Defined benefit assets	28	1	–
Club memberships		1	1
Restricted bank deposits	22	8	–
		4,115	4,250
Current Assets			
Properties held for sale	20	570	664
Properties under development for sale	20	160	167
Debtors, deposits and prepayments	21	1,863	1,613
Contract assets	23	1,292	1,334
Amounts due from joint ventures	19	78	75
Amounts due from related companies	24	10	42
Financial asset at amortised cost		–	7
Tax recoverable		8	14
Restricted bank deposits	22	338	347
Bank balances, deposits and cash	21	1,026	653
		5,345	4,916
Current Liabilities			
Creditors and accrued charges	25	3,062	2,661
Contract liabilities	23	54	43
Lease liabilities		31	28
Amounts due to joint ventures	19	116	114
Amounts due to related companies	24	47	44
Taxation payable		147	167
Bank borrowings due within one year	26	2,636	1,618
		6,093	4,675
Net Current (Liabilities) Assets		(748)	241
Total Assets Less Current Liabilities		3,367	4,491

	Notes	2024 HK$ million	2023 HK$ million
Capital and Reserves			
Share capital	27	373	373
Reserves		1,613	1,998
Equity attributable to owners of the Company		1,986	2,371
Non-controlling interests		268	268
		2,254	2,639
Non-current Liabilities			
Bank borrowings	26	863	1,490
Lease liabilities		13	22
Defined benefit liabilities	28	–	87
Deferred tax liabilities	29	237	253
		1,113	1,852
		3,367	4,491

The consolidated financial statements on pages 132 to 216 were approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

Lo Hong Sui, Vincent
Chairman

Lee Chun Kong, Freddy
Executive Director and 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$ million	Translation reserve HK$ million	Contributed surplus (Note a) HK$ million	Goodwill HK$ million	Accumulated losses HK$ million	Actuarial gain and loss HK$ million	Investment revaluation reserve HK$ million	Other reserve (Note b) HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total Equity HK$ million
At 1 January 2023	373	105	2,037	(3)	(105)	(41)	(20)	283	2,629	304	2,933
Fair value changes of an equity investment at fair value through other comprehensive income	–	–	–	–	–	–	(8)	–	(8)	–	(8)
Exchange differences arising on translation of financial statements of foreign operations	–	(49)	–	–	–	–	–	–	(49)	–	(49)
Remeasurement of defined benefit scheme	–	–	–	–	–	(46)	–	–	(46)	–	(46)
(Loss) profit for the year	–	–	–	–	(155)	–	–	–	(155)	80	(75)
Total comprehensive (expense) income for the year	–	(49)	–	–	(155)	(46)	(8)	–	(258)	80	(178)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	1	1
Partial acquisition of interest in a subsidiary	–	–	–	–	–	–	–	–	–	(65)	(65)
Dividends payable to non-controlling interests	–	–	–	–	–	–	–	–	–	(52)	(52)
At 31 December 2023	373	56	2,037	(3)	(260)	(87)	(28)	283	2,371	268	2,639
Fair value changes of an equity investment at fair value through other comprehensive income	–	–	–	–	–	–	(2)	–	(2)	–	(2)
Exchange differences arising on translation of financial statements of foreign operations	–	(64)	–	–	–	–	–	–	(64)	–	(64)
Cumulative exchange differences reclassified to profit or loss upon deregistration of a joint venture	–	(3)	–	–	–	–	–	–	(3)	–	(3)
Remeasurement of defined benefit scheme	–	–	–	–	–	48	–	–	48	–	48
(Loss) profit for the year	–	–	–	–	(364)	–	–	–	(364)	51	(313)
Total comprehensive (expense) income for the year	–	(67)	–	–	(364)	48	(2)	–	(385)	51	(334)
Partial acquisition of interest in a subsidiary	–	–	–	–	–	–	–	–	–	(16)	(16)
Dividends payable to non-controlling interests	–	–	–	–	–	–	–	–	–	(35)	(35)
At 31 December 2024	373	(11)	2,037	(3)	(624)	(39)	(30)	283	1,986	268	2,254

Notes:

(a) The contributed surplus of the Group represents (i) the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1997; (ii) share premium reduction in June 2022; and net of (iii) offset against the accumulated losses of the Company at 1 January 2022 and iv) distribution to shareholders. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

(b) Other reserve of the Group mainly include (i) an amount of HK$231 million (2023: HK$231 million) recognised in prior years, which arose when the Group entered into agreements with Shui On Company Limited ("SOCL"), the Company's ultimate holding company, to co-invest in Shui On Land Limited during the year ended 31 March 2005; (ii) an amount of HK$16 million (2023: HK$16 million), which represents the Group's share of revaluation reserve of a then associate, China Central Properties Limited ("CCP"), arising from an acquisition achieved in stages by CCP during the year ended 31 December 2009, net of the amount released as a result of subsequent disposal of property inventories; and (iii) an amount of HK$22 million (2023: HK$22 million), which represents the revaluation surplus of the Group's 42.88% previously held interest in CCP, recognised upon the acquisition of the remaining 57.12% interest in CCP during the year ended 31 December 2009, net of the amount released as a result of subsequent disposal of property inventories.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Operating Activities		
Loss before taxation	(289)	(13)
Adjustments for:		
Impairment loss recognised on property inventories	15	–
Expected credit losses (reversed) recognised on trade debtors, contract assets and other receivables	(2)	4
Share of profit of joint ventures and an associate	(1)	(2)
Cumulative exchange differences reclassified to profit or loss upon deregistration of a joint venture	(3)	–
Interest income	(25)	(25)
Finance costs	262	237
Dividend income from an equity investment	(2)	(3)
Fair value changes on investment properties	87	148
Fair value gain on financial assets at fair value through profit or loss	(1)	–
Gain on disposal of property, plant and equipment	(1)	(1)
Depreciation of property, plant and equipment	13	16
Depreciation of right-of-use assets	38	39
Amortisation of other intangible assets	7	7
Expense recognised in respect to defined benefit scheme	9	10
Operating cash flows before movements in working capital	107	417
Decrease in properties held for sale	67	9
Increase in debtors, deposits and prepayments	(256)	(172)
Decrease (increase) in contract assets	43	(571)
Decrease (increase) in amounts due from related companies	25	(29)
(Increase) decrease in amounts due from joint ventures	(2)	1
Increase in creditors and accrued charges	451	414
Increase in contract liabilities	12	8
Increase in amounts due to related companies	2	1
Increase in amounts due to joint ventures	3	–
Contribution to defined benefit scheme	(49)	(69)
Cash from operations	403	9
Hong Kong Profits Tax paid	(74)	(115)
Hong Kong Profits Tax refunded	12	16
Income taxes of other regions in the People’s Republic of China (“PRC”) paid	(1)	(2)
Net cash from (used in) operating activities	340	(92)

	2024 HK$ million	2023 HK$ million
Investing Activities		
Investment in a joint venture	–	(5)
Advance to a joint venture	–	(3)
Additions in property, plant and equipment	(7)	(11)
Investment in an associate	–	(24)
Payment for construction of investment properties	(12)	(4)
Purchases of financial assets at fair value through profit or loss	(36)	(6)
Purchase of financial asset at amortised cost	–	(7)
Redemption of financial asset at amortised cost	8	8
Interest received	24	23
Proceeds from disposal of property, plant and equipment	1	2
Proceeds from disposal of investment properties	18	–
Dividends received from equity investments	2	3
Net proceeds from disposal of interest in an associate in previous year	–	1
Restricted bank deposits placed	(26)	(15)
Restricted bank deposits refunded	20	28
Net cash used in investing activities	(8)	(10)
Financing Activities		
Drawdown of bank borrowings	971	709
Repayment of bank borrowings	(576)	(651)
Loan from a related company	20	–
Repayment of loan from a related company	(20)	–
Capital contribution from non-controlling shareholders of a subsidiary	–	1
Payment of lease liabilities	(37)	(38)
Payment for partial acquisition of interest in a subsidiary	(16)	(65)
Interest paid	(252)	(221)
Other borrowing costs paid	(12)	(12)
Dividends paid to non-controlling shareholders of subsidiaries	(35)	(52)
Net cash from (used in) financing activities	43	(329)
Net increase (decrease) in cash and cash equivalents	375	(431)
Cash and cash equivalents at the beginning of the year	653	1,086
Effect of foreign exchange rate changes	(2)	(2)
Cash and cash equivalents at the end of the year	1,026	653
Analysis of the balances of cash and cash equivalents		
Bank balances, deposits and cash	1,026	653

1. General Information and Basis of Preparation of Consolidated Financial Statements

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's parent and ultimate holding company is Shui On Company Limited ("SOCL"), a private limited company incorporated in the British Virgin Islands and its ultimate controlling party is Mr. Lo Hong Sui, Vincent, who is also the Chairman and Executive Director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information in the annual report.

The principal activity of the Company is investment holding. Its subsidiaries and joint ventures are principally engaged in property development and investment, construction and contracting, renovation and fitting out, smart facilities management and investment holding.

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance (Cap 622).

At 31 December 2024, the Group reported net current liabilities of HK$748 million, which included a term loan of HK$1,100 million due in January 2025 and revolving bank loans of HK$1,043 million with no fixed term of repayment. The HK$1,100 million term loan was subsequently refinanced by a new 5-year term loan of HK$700 million upon its maturity in January 2025 and the remaining portion was repaid with the Group's other financial resources. With respect to the revolving bank loans, the Directors of the Company, at the time of approving these consolidated financial statements, believe that they will continue be made available to the Group and will not be withdrawn unexpectedly within the next twelve months from the end of the reporting period. Taking into account the internal financial resources of the Group, coupled with the Group's operating cash flows as well as the currently available banking facilities and the expectation of securing new/refinancing facilities based on the Group's existing relationships with banks and its Hong Kong construction businesses, the Group will have the ability to meet its financial obligations as they become due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. Application of New and Amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

Except as described below, the application of the above amendments to HKFRSs in the current year has had no material effect on the amounts reported and disclosures set out in the consolidated financial statements of the Group for the current or prior accounting periods.

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

The Group has applied the amendments retrospectively and the application of these amendments in the current period has the following impacts on bank borrowings, which are subject to meeting certain covenants within 12 months after the reporting period.

The Group's right to defer settlement for bank borrowings of HK$1,400 million and HK$750 million as at 1 January and 31 December 2024, respectively are subject to compliance with certain financial covenants only after the reporting period. Upon the application of the 2022 Amendments, such bank borrowings are still classified as non-current liabilities as the covenants, which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

New and amendments to HKFRSs in issue but not yet effective

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

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

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

Except as described below, the Directors of the Company do not expect a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements of these amendments to HKFRSs.

2. Application of New and Amendments to HKFRSs (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements* ("HKFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). 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 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosure*. 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. Material Accounting Policy Information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the 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 the elements of control listed above.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control or until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All inter-company transactions and balances within the Group are eliminated on consolidation.

Changes in the Group's interests in existing 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 (including reserves and the non-controlling interests' proportionate share of recognised amount of the subsidiary's identifiable net assets) are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity impairment, and the fair value of the consideration paid or received is recognised directly in other reserve and attributed to owners of the Company.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. Material Accounting Policy Information (Continued)

Basis of consolidation (Continued)

Allocation of total comprehensive income to non-controlling interests

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 and expense of a subsidiary 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.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses (including a business 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.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets ("HKAS 37")* or HK(IFRIC)-Int 21 *Levies* ("HK(IFRIC)-Int 21"), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

– deferred tax assets or liabilities and liabilities or assets 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 transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date;

– 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 *Leases* ("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.

3. Material Accounting Policy Information (Continued)

Business combinations (Continued)

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 of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts 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 either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRSs.

Cash and cash equivalents

Bank balances, deposits and cash 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. 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 bank balances, deposits and cash.

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 22.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model and stated at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included as profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year in which the item is derecognised.

3. Material Accounting Policy Information (Continued)

Properties held for sale

Properties held for sale are classified as current assets and carried at the lower of cost and net realisable value except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets. Costs relating to the development of properties, comprising costs of lands, development costs and capitalised borrowing costs and other direct costs attributable to such properties, are included in properties under development for sale until such time when they are completed. Net realisable value represents the estimated selling price 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.

Properties under development for sale

Properties under development for sale which are intended to be sold upon completion of development 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, properties under development for sale are carried at the lower of cost and net realisable value. Cost includes costs of land, development expenditure incurred, borrowing costs and other direct costs capitalised in accordance with the Group's accounting policy and other direct costs attributable to such properties. These assets are recorded as current assets as they are expected to be realised in, or are intended for sale within the Group's normal operating cycle. Net realisable value represents the estimated selling price 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. Upon completion, the assets are recorded as properties held for sale.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Impairment of tangible and intangible assets (other than club memberships with indefinite useful life and goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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). The recoverable amounts of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount (i.e. the higher of fair value less costs of disposal and value in use) of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. Material Accounting Policy Information (Continued)

Impairment of tangible and intangible assets (other than club memberships with indefinite useful life and goodwill) (Continued)

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 a 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 units, the Group compares the carrying amount of a group of cash-generating units, including the carrying amount 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. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

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.

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.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. Material Accounting Policy Information (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries 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 profit 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 tax liabilities or deferred tax assets 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. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12.

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.

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.

3. Material Accounting Policy Information (Continued)

Leases

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 lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs for leases in which the Group is the manufacturer or dealer lessor are recognised in costs of sales at the commencement date of the finance leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals arising from operating leases are recognised as income in the period in which they are earned.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. 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 as profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included as profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in translation reserve. Such exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

3. Material Accounting Policy Information (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement 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.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Retirement benefits costs

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

For the defined benefit retirement scheme, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the reporting period. In determining the present value of the Group's defined benefit obligations ("DBO") and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in accumulated losses and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

3. Material Accounting Policy Information (Continued)

Retirement benefits costs (Continued)

Defined benefit costs are categorised as follows:

– service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

– net interest expense or income; and

– remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item of staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

For long service payment ("LSP") obligation, the Group accounts for the employer mandatory provident fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRSs requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. Material Accounting Policy Information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade debtors arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 flows and selling; 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 the date of initial application of HKFRS 9 *Financial Instruments* ("HKFRS 9")/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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets designated 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 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 accumulated losses.

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 "other income, other gains or losses" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with net changes in fair value recognised in profit or loss. Dividends on equity investments classified as financial assets at FVTPL are also recognised as "other income, other gains or losses" in the consolidated statement of profit or loss when the right of payment has been established.

Impairment of financial assets and contract assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade debtors, other receivables, amounts due from joint ventures and related companies, restricted bank deposits, bank balances and deposits) and contract assets 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. Assessment is 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.

3. Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

The Group always recognised lifetime ECL for trade debtors and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors. 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, the Group recognised 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.

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument, which classified as financial assets at amortised cost, 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 for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

The Group considers that default has occurred when the instrument 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. However, in certain cases, the Group may also consider the instrument to be in default when internal and external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is credit-impaired when one or more events of default that have a detrimental impact the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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

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

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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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.

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.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

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 debtors, other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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.

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 accumulated losses.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into 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 the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Buy-back of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Borrowings

Bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Other financial liabilities at amortised cost

Other financial liabilities (including creditors, other payables, lease liabilities and amounts due to joint ventures and related companies) 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 original or modified terms of a debt instrument. Financial guarantee contract liabilities are initially at their fair values. Subsequent to initial recognition, the Group measures the financial guarantee contract liabilities at the higher of: (i) the amount of loss allowance determined in accordance with HKFRS 9; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

3. Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The key judgements, estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuer have used a method of valuation, which involves certain estimates of market conditions. As disclosed in note 13, the investment properties carried at a total value of HK$3,818 million as at 31 December 2024 (2023: HK$3,996 million). In relying on the valuation report, the Directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions 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.

Estimation of expected credit losses of receivables due from a former subsidiary and the accounting impact of the related financial guarantee

As disclosed in notes 21(c) and 32(a), CCP disposed of the Debtor in prior years. With respect to the disposal, the Group had outstanding receivables of HK$514 million at 31 December 2024 and remained as a guarantor for a loan granted to the Debtor at a principal amount of RMB542 million (HK$585 million) plus related interest. The receivables of HK$514 million (2023: HK$542 million) are expected to be settled either through public auction of the property interest (the "Auction") or the sale of the equity interest of the entity holding the property interest (the "Sale of Equity Interest"). In addition, the financial guarantee in respect of the outstanding principal amount of the loan amounting to RMB542 million (HK$585 million) (2023: RMB542 million (HK$598 million)) and the related interest amounting to RMB881 million (HK$951 million) (2023: RMB814 million (HK$898 million)) are expected to be fully released upon completion of the Auction or the Sale of Equity Interest. With certain positive events as mentioned in note 21(c) and the fact that the Company has put in place a dedicated team, with focused efforts and through various commercial and judicial channels, management expects that the issues will be resolved. With the devoted effort of the dedicated team and advices from lawyers, management expects that the Auction will be materialised, and that the receivables will be recovered and the guarantee will be released after the Auction. Therefore, no loss allowance for ECL has been recognised.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Estimation of expected credit losses of receivables due from a former subsidiary and the accounting impact of the related financial guarantee (Continued)

The Group reviews the carrying amounts of the receivables due from the Debtor at the end of the reporting period to determine whether there is any indication that these receivables have suffered an impairment loss. In determining the recoverable amount of such receivables and whether provision should be recognised in respect of the related financial guarantee contract, management has exercised judgement in estimating the timing and future cash flows to be recovered and evaluation of the probability of resources outflow that will be required, with reference to the market value of the underlying property interest held by the Debtor assessed by an independent professional valuer based on the comparable properties and market transactions as available in the market, and determined that no impairment or provision was necessary at the end of the reporting period. Management has closely monitored the progress. If the actual outcome and timing regarding the abovementioned public auction and hence the recoverability are different from expectation, an impairment loss may arise.

Deferred tax on investment properties

For the purposes of measuring deferred tax 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 the Group's investment properties in Mainland China of HK$3,818 million at 31 December 2024 (2023: HK$3,996 million) are held to earn rental income and they are considered to be 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. Accordingly, deferred tax on these investment properties at fair value is measured based on the tax consequences of recovering the carrying amounts of the investment properties through use. Details of deferred tax are set out in note 29.

5. Turnover and Segment Information

Revenue of the Group represents contract revenue arising on construction and maintenance contracts, revenue from sale of properties, fees from management services and leasing income.

For management reporting purposes, the Group is currently organised into three operating divisions based on business nature. These divisions are the basis on which the Group reports information to its chief operating decision makers, who are the Executive Directors of the Company, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Construction and maintenance – construction, interior fit-out, renovation, maintenance works and provision of building information modelling services mainly in Hong Kong

2. Property – property development for sale and property investment in Mainland China and provision of property management services in Hong Kong and Mainland China

3. Other businesses – venture capital investment and others

5. Turnover and Segment Information (Continued)

(a) Reportable segment revenue and profit or loss

An analysis of the Group's reportable segment revenue and segment results by reportable and operating segment is as follows:

For the year ended 31 December 2024

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
Revenue				
Revenue from construction contracts	8,889	–	–	8,889
Revenue from property sales	–	51	–	51
Revenue from rendering of services in Hong Kong	3	232	–	235
Revenue from rendering of services in Mainland China	–	26	–	26
Revenue from contracts with customers	8,892	309	–	9,201
Revenue from property leasing	–	79	–	79
Total segment revenue from external customers	8,892	388	–	9,280
Timing of revenue recognition				
– At a point of time	–	51	–	51
– Over time	8,892	258	–	9,150
Revenue from contracts with customers	8,892	309	–	9,201
Reportable segment results	217	(220)	(4)	(7)
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(39)	(5)	–	(44)
Interest income	16	8	–	24
Fair value changes on investment properties	–	(87)	–	(87)
Impairment loss recognised on property inventories	–	(15)	–	(15)
Dividend income from an equity investment	–	–	2	2
Finance costs	–	(11)	–	(11)
Share of (loss) profit of joint ventures and an associate	(2)	(1)	4	1

5. Turnover and Segment Information (Continued)

(a) Reportable segment revenue and profit or loss (Continued)

For the year ended 31 December 2023

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
Revenue				
Revenue from construction contracts	8,070	–	–	8,070
Revenue from property sales	–	12	–	12
Revenue from rendering of services in Hong Kong	2	150	–	152
Revenue from rendering of services in Mainland China	–	24	–	24
Revenue from contracts with customers	8,072	186	–	8,258
Revenue from property leasing	–	78	–	78
Total segment revenue from external customers	8,072	264	–	8,336
Timing of revenue recognition				
– At a point of time	–	12	–	12
– Over time	8,072	174	–	8,246
Revenue from contracts with customers	8,072	186	–	8,258
Reportable segment results	427	(167)	(5)	255
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(40)	(6)	–	(46)
Interest income	14	8	–	22
Fair value changes on investment properties	–	(148)	–	(148)
Dividend income from an equity investment	–	–	3	3
Finance costs	–	(11)	–	(11)
Share of (loss) profit of joint ventures	(1)	(2)	5	2

5. Turnover and Segment Information (Continued)

(a) Reportable segment revenue and profit or loss (Continued)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

At 31 December 2024

	Construction contracts HK$ million	Properties sales HK$ million
Within one year	**6,514**	**8**
More than one year but less than two years	**6,116**	**–**
More than two years	**7,357**	**–**
	19,987	**8**

At 31 December 2023

	Construction contracts HK$ million	Properties sales HK$ million
Within one year	7,358	16
More than one year but less than two years	6,155	–
More than two years	2,665	–
	16,178	16

5. Turnover and Segment Information (Continued)

(a) Reportable segment revenue and profit or loss (Continued)

Performance obligation in contracts with customers and revenue recognition policies

Construction contracts

Revenue from construction contracts is recognised over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised by reference to the progress of satisfying the performance obligation at the reporting date using 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.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

A contract asset is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade debtors when the rights become unconditional.

Sales of properties

Revenue from properties sales is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 10%-100% of the contract value as deposits from customers or receipts in advance from customers when they sign the sale and purchase agreement.

Deposits received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

Rendering of services

Revenue from the rendering of services is recognised over the scheduled period on the straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

5. Turnover and Segment Information (Continued)

(b) Reportable segment assets and liabilities

An analysis of the Group's reportable segment assets and liabilities by reportable and operating segment is as follows:

At 31 December 2024

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment assets	**3,658**	**5,453**	**759**	**9,870**
Reportable segment liabilities	**2,975**	**566**	**394**	**3,935**

At 31 December 2023

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment assets	3,146	5,719	725	9,590
Reportable segment liabilities	2,586	536	392	3,514

5. Turnover and Segment Information (Continued)

(c) Reconciliation of reportable segment profit or loss, assets and liabilities

	Year ended 31 December	
	2024	2023
	HK$ million	HK$ million
Loss before taxation		
Reportable segment results	**(7)**	255
Unallocated other income	**2**	3
Unallocated finance costs	**(251)**	(226)
Other unallocated corporate expenses	**(33)**	(45)
Consolidated loss before taxation	**(289)**	(13)

	At 31 December	
	2024	2023
	HK$ million	HK$ million
Assets		
Reportable segment assets	**9,870**	9,590
Elimination of inter-segment receivables	**(436)**	(438)
Other unallocated assets	**26**	14
Consolidated total assets	**9,460**	9,166

	At 31 December	
	2024	2023
	HK$ million	HK$ million
Liabilities		
Reportable segment liabilities	**3,935**	3,514
Elimination of inter-segment payables	**(436)**	(438)
Unallocated liabilities		
– Bank borrowings	**3,323**	2,944
– Taxation and others	**384**	507
Consolidated total liabilities	**7,206**	6,527

5. Turnover and Segment Information (Continued)

(d) Other segment information

At 31 December 2024

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
Interests in joint ventures and an associate	28	–	81	109
Capital expenditure	21	11	18	50
Tax charges (credit)	35	(11)	–	24

At 31 December 2023

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
Interests in joint ventures	30	–	78	108
Capital expenditure	45	6	2	53
Tax charges (credit)	73	(11)	–	62

(e) Geographical information

The Group's current operations are mainly located in Hong Kong, Macau and Mainland China.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers*		Non-current assets**	
	2024 HK$ million	2023 HK$ million	2024 HK$ million	2023 HK$ million
Hong Kong	8,557	8,116	73	79
Macau	566	97	1	2
Mainland China	157	123	3,837	4,027
	9,280	8,336	3,911	4,108

* Revenue from external customers is attributed to countries/cities on the basis of geographical locations of the properties or operations.

** Non-current assets exclude financial asset at FVTOCI, financial assets at FVTPL, deferred tax assets, interests in joint ventures and an associate and restricted bank deposits.

(f) Information about major customers

Included in external revenue arising from construction and maintenance of HK$8,892 million (2023: HK$8,072 million) is revenue of HK$3,984 million and HK$2,416 million, which arose from services provided to the Group's largest and second largest customers respectively (2023: HK$3,362 million and HK$2,241 million from the Group's largest and second largest customers respectively) each contributing over 10% of the total turnover of the Group.

6. Other Income, Other Gains and Losses

	2024 HK$ million	2023 HK$ million
Included in other income, other gains and losses are:		
Other income		
Interest income on financial asset at amortised cost	1	3
Other interest income	24	22
Government subsidies (note a)	–	1
Dividend income from an equity investment	2	3
Other gains and losses		
Exchange loss	(48)	(3)
Fair value gain on financial assets at FVTPL	1	–
Impairment loss recognised on property inventories (note b)	(15)	–
Gain on disposal of property, plant and equipment	1	1
Expected credit losses reversed (recognised) on trade debtors, contract assets and other receivables	2	(4)

Notes:

(a) The government subsidies represented the wage subsidy provided in connection with the support from the Anti-epidemic Fund of the HKSAR Government under the Job Creation Scheme, which were recognised as income at the time the Group fulfilled the relevant granting criteria.

(b) Impairment loss recognised on properties inventories represented a decrease in net realisable value of certain properties held for sale and properties under development for sale as a result of a decrease in estimated market prices of these properties. The management engaged an external professional valuer to perform independent valuations for these properties.

7. Finance Costs

	2024 HK$ million	2023 HK$ million
Interest on bank and other loans	248	223
Interest on lease liabilities	2	2
Other borrowing costs	12	12
	262	237

8. Taxation

	2024 HK$ million	2023 HK$ million
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	50	73
Macau Complementary Tax	3	1
PRC Land Appreciation Tax	1	1
	54	75
Deferred taxation (note 29)	(30)	(13)
	24	62

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the year.

Macau Complementary Tax is calculated at 12.0% (2023: 12.0%) on the estimated assessable profits for the year.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including land costs, borrowing costs and all property development expenditure.

Details of the deferred taxation are set out in note 29.

8. Taxation (Continued)

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

	2024 HK$ million	2023 HK$ million
Loss before taxation	(289)	(13)
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	(48)	(2)
Effect of different tax rates on operations in other jurisdictions	(5)	(5)
PRC Land Appreciation Tax	1	1
Tax effect of expenses not deductible for tax purposes	68	55
Tax effect of income not taxable for tax purposes	(22)	(26)
Tax effect of tax losses not recognised	37	35
Tax effect of utilisation of tax losses previously not recognised	(1)	–
Reversal of deferred tax assets for unused tax losses	–	4
Overprovision of current taxation in prior year	(5)	–
Others	(1)	–
Tax charge for the year	24	62

9. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees

Directors and Chief Executives

The emoluments paid or payable to each of the seven (2023: nine) Directors were as follows:

For the year ended 31 December 2024

Name of Director	Notes	Fees HK$'000	Salaries and other benefits HK$'000	Bonus* HK$'000	Retirement benefit scheme contributions HK$'000	2024 Total HK$'000
Mr. Lo Hong Sui, Vincent		10	–	–	–	10
Mr. Lee Chun Kong, Freddy		10	5,849	–	266	6,125
Ms. Lo Bo Yue, Stephanie	(a)	315	–	–	–	315
Mr. Chan Wai Kan, George	(a)	325	–	–	–	325
Mr. Chan Kay Cheung	(b)	595	–	–	–	595
Mr. Lau Ping Cheung, Kaizer	(b)	550	–	–	–	550
Mr. Wong Hak Wood, Louis	(b)	520	–	–	–	520
Total		2,325	5,849	–	266	8,440

9. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

Directors and Chief Executives (Continued)

For the year ended 31 December 2023

Name of Director	Notes	Fees	Salaries and other benefits	Bonus*	Retirement benefit scheme contributions	2023 Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Lo Hong Sui, Vincent		10	–	–	–	10
Mr. Lee Chun Kong, Freddy		10	5,847	–	266	6,123
Ms. Lo Bo Yue, Stephanie	(a)	315	–	–	–	315
Mr. Chan Wai Kan, George	(a)&(e)	105	–	–	–	105
Mr. Chan Kay Cheung	(b)	595	–	–	–	595
Mr. Lau Ping Cheung, Kaizer	(b)&(c)	314	–	–	–	314
Mr. Wong Hak Wood, Louis	(b)&(g)	139	–	–	–	139
Ms. Li Hoi Lun, Helen	(d)	361	–	–	–	361
Mr. William Timothy Addison	(f)	381	–	–	–	381
Total		2,230	5,847	–	266	8,343

* The bonus is discretionary and is determined by reference to the Group's and the Director's personal performances.

Notes:

(a) Non-executive Director.

(b) Independent Non-executive Directors.

(c) Mr. Lau Ping Cheung, Kaizer was appointed as an Independent Non-executive Director with effect from 1 June 2023.

(d) Ms. Li Hoi Lun, Helen did not stand for re-appointment as an Independent Non-executive Director upon expiration of the term of her service contract on 27 August 2023.

(e) Mr. Chan Wai Kan, George was appointed as a Non-executive Director with effect from 1 September 2023.

(f) Mr. William Timothy Addison was resigned as an Independent Non-executive Director with effect from 25 September 2023.

(g) Mr. Wong Hak Wood, Louis was appointed as an Independent Non-executive Director with effect from 25 September 2023.

(h) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group, and the non-executive director's and independent non-executive directors' emoluments were for their services as directors of the Company.

(i) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

Five Highest Paid Employees

Of the five highest paid individuals in the Group, one (2023: one) is Director of the Company whose emoluments are set out above. The emoluments of the remaining four (2023: four) highest paid employees were as follows:

	2024 HK$ million	2023 HK$ million
Salaries, bonuses and allowances	13	18
Other services fee	–	1
Retirement benefits scheme contributions	1	2
	14	21

The emoluments were within the following bands:

	2024 No. of employees	2023 No. of employees
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	1	–
HK$3,000,001 to HK$3,500,000	1	–
HK$4,500,001 to HK$5,000,000	–	1
HK$5,000,001 to HK$5,500,000	1	1
HK$5,500,001 to HK$6,000,000	–	1
HK$6,000,001 to HK$6,500,000	–	1

10. Loss for the Year

	2024 HK$ million	2023 HK$ million
Loss for the year has been arrived at after charging:		
Cost of sales (note):		
Cost of construction	**8,064**	7,432
Cost of properties sold	**68**	8
Impairment loss recognised on properties inventories	**15**	–
Cost of rendering services	**234**	179
Direct rental outgoings arising from investment properties	**23**	26
	8,404	7,645
Staff costs (including directors' emoluments) (note):		
Salaries, bonuses and allowances	**999**	887
Retirement benefits cost	**50**	44
	1,049	931
Depreciation and amortisation		
Depreciation of property, plant and equipment	**13**	16
Depreciation of right-of-use assets	**38**	39
Amortisation of other intangible assets	**7**	7
	58	62
Auditors' remuneration	**5**	5
Operating lease payments in respect of rented premises	**3**	2

Note:

Cost of sales includes HK$859 million (2023: HK$739 million) relating to staff costs, which is also included in the staff costs separately disclosed above.

11. Basic Loss Per Share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2024	2023
	HK$ million	HK$ million
Loss for the year attributable to owners of the Company:		
Loss for the purpose of basic loss per share	**(364)**	(155)
Number of shares:	**Million**	Million
Weighted average number of ordinary shares for the purpose of basic loss per share	**373**	373

No diluted loss per share for both years were presented as the Company has no dilutive potential ordinary shares outstanding during both years.

12. Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

13. Investment Properties

	2024 HK$ million	2023 HK$ million
Fair value		
At the beginning of the year	3,996	4,199
Exchange adjustments	(84)	(59)
Additions	11	4
Disposals	(18)	–
Decrease in fair value recognised	(87)	(148)
At the end of the year	3,818	3,996

The investment properties are completed and situated in Mainland China.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

In determining the fair value of the relevant properties, the Group engages the qualified external valuer to perform the valuation. The management of the Group works closely with the external valuer to establish the appropriate valuation techniques and inputs to the model. The management of the Company reports the findings of the valuation to the Directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The fair values of the Group's investment properties at 31 December 2024 and 31 December 2023 have been arrived at on the basis of valuations carried out on that date by Savills Valuation and Professional Services Limited, independent qualified professional valuer not connected to the Group, which have appropriate qualifications and recent experience in the valuation of similar properties in relevant locations.

The valuations have been arrived by using direct comparison method as available in the market and where appropriate, on the basis of capitalisation of net income. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties.

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

13. Investment Properties (Continued)

The major inputs used in the fair value measurement of investment properties and information about the fair value hierarchy at 31 December 2024 and 31 December 2023 are as follows:

Investment properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 1 – Shenyang Project Phase I retail portion and car parking spaces	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Capitalisation rate of retail portion, taking into account the capitalisation of rental income potential of retail portion and prevailing market condition, of 6.25% (2023: 6.25%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 1, and vice versa
			Monthly market rent of retail portion, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB77-170 (2023: RMB71-171) per sqm per month on gross floor area basis	The higher the monthly market rent, the higher the fair value	A significant increase in the monthly market rent used would result in a significant increase in fair value of property 1, and vice versa
		Direct Comparison Approach The key input is market price	Market price of car parking spaces, taking into account the time and location between the comparables and the property, of RMB200,000 (2023: RMB250,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 1 and vice versa
Property 2 – Chongqing Creative Concepts Center retail portion and car parking spaces	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Capitalisation rate of retail portion, taking into account the capitalisation of rental income potential of retail portion and prevailing market condition, of 5.0% (2023: 5.0%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 2, and vice versa
			Monthly market rent of retail portion, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB90-225 (2023: RMB90-226) per sqm per month on gross floor area basis	The higher the monthly market rent, the higher the fair value	A significant increase in the monthly market rent used would result in a significant increase in fair value of property 2, and vice versa
		Direct Comparison Approach The key input is market price	Market price of car parking spaces, taking into account the time and location between the comparables and the property, of RMB170,000 (2023: RMB170,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 2 and vice versa

13. Investment Properties (Continued)

Investment properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 3 – Guangzhou Parc Oasis car parking spaces	Level 3	Direct Comparison Approach The key input is market price	Market price, taking into account the time and location between the comparables and the property, of RMB328,000 (2023: RMB330,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 3 and vice versa
Property 4 – Chengdu Centropolitan retail portion, office and car parking spaces	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Capitalisation rate of properties other than car parking spaces, taking into account the capitalisation of rental income potential of properties other than car parking spaces and prevailing market condition, of 4.25%-5.00% (2023: 4.25%-5.00%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 4, and vice versa
			Monthly market rent of properties other than car parking spaces, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB94-189 (2023: RMB84-190) per sqm per month on gross floor area basis	The higher the monthly market rent, the higher the fair value	A significant increase in the monthly market rent used would result in a significant increase in fair value of property 4, and vice versa
		Direct Comparison Approach The key input is market price	Market price of car parking spaces, taking into account the time and location between the comparables and the property, of RMB130,000 (2023: RMB136,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 4 and vice versa
Property 5 – Tianjin Veneto Phase 1	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.5% (2023: 6.5%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 5, and vice versa
			Monthly market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB23-92 (2023: RMB23-92) per sqm per month on gross floor area basis	The higher the market unit rent, the higher the fair value	A significant increase in the market unit rent used would result in a significant increase in fair value of property 5, and vice versa

14. Property, Plant and Equipment

	Properties in other regions of the PRC HK$ million	Motor vehicles HK$ million	Equipment, furniture and other assets HK$ million	Total HK$ million
At cost				
At 1 January 2023	1	24	138	163
Additions	–	3	8	11
Disposals	–	(3)	(3)	(6)
Exchange adjustments	–	–	(1)	(1)
At 31 December 2023	1	24	142	167
Additions	–	4	3	7
Disposals	–	(4)	(10)	(14)
Exchange adjustments	–	–	(1)	(1)
At 31 December 2024	**1**	**24**	**134**	**159**
Accumulated depreciation and impairment				
At 1 January 2023	–	15	113	128
Charge for the year	–	5	11	16
Eliminated on disposals	–	(3)	(2)	(5)
Exchange adjustments	–	–	(1)	(1)
At 31 December 2023	–	17	121	138
Charge for the year	–	4	9	13
Eliminated on disposals	–	(4)	(10)	(14)
Exchange adjustments	–	–	(1)	(1)
At 31 December 2024	**–**	**17**	**119**	**136**
Carrying values				
At 31 December 2024	**1**	**7**	**15**	**23**
At 31 December 2023	1	7	21	29

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Properties in other regions of the PRC (all of which are buildings located on land held under medium-term leases)	2.5% or remaining lease term, if shorter
Motor vehicles, equipment, furniture and other assets	20 – 50%

15. Interests in Joint Ventures

(i) Joint ventures

	2024 HK$ million	2023 HK$ million
Cost of unlisted investments in joint ventures, net of impairment	**236**	321
Share of post-acquisition losses and other comprehensive income	**(149)**	(236)
	87	85

Particulars of the principal joint ventures are set out in note 38.

The summarised financial information in respect of the joint ventures that are not individually material to the Group at and for each of the years ended 31 December 2024 and 31 December 2023 attributable to the Group's interest is as follows:

	2024 HK$ million	2023 HK$ million
Profit after tax	**2**	3
Total comprehensive income	**2**	3

The Group has discontinued recognition of its share of loss of a joint venture in Nanjing because the Group's share of losses of this joint venture in previous years has exceeded its investment cost. The amounts of the unrecognised share of losses of the joint venture, both for the year and cumulatively, are as follows:

	2024 HK$ million	2023 HK$ million
Unrecognised share of loss of the joint venture for the year	**(2)**	(6)
Accumulated unrecognised share of losses of the joint venture	**(69)**	(67)

(ii) Joint operations

The Group's joint operation, China State – Shui On Joint Venture, was formed for the design and construction of the Centre of Excellence in Paediatrics in Hong Kong. The Group has a 40% interest in this joint operation, which was set up and operating in Hong Kong.

16. Interest in an Associate

	2024 HK$ million	2023 HK$ million
Cost of unlisted investment in an associate	24	24
Share of post-acquisition losses and other comprehensive expense	(2)	(1)
	22	23

On 14 April 2023, a non-wholly owned subsidiary of the Company entered into a share subscription agreement for subscription of certain seed preferred shares of Carnot Innovations Holdings Pte. Ltd. ("Carnot") at a consideration of approximately US$3 million (approximately HK$24 million). The subscription was completed on 27 April 2023. Pursuant to the share subscription agreement, the Group has 40.23% interest in Carnot. Carnot is a private limited company incorporated in Singapore and the principal activity of its subsidiary is development and deployment of advanced analytics software platforms for optimisation of operational costs in commercial buildings.

The Group is able to exercise significant influence over Carnot because it has the power to appoint one out of the three directors of Carnot under the terms of the amended and restated shareholders agreement.

In the opinion of the Directors of the Company, this associate is not individually material to the Group and the following table illustrates its financial information:

	2024 HK$ million	2023 HK$ million
The Group's share of loss and total comprehensive expense for the year	(1)	(1)
Carrying amount of the Group's interest in the associate	22	23

17. Financial Asset at Fair Value Through Other Comprehensive Income

	2024 HK$ million	2023 HK$ million
Financial asset at fair value through other comprehensive income		
Listed equity securities in Hong Kong (note)	20	22

Note:

The above listed equity securities represent the Group's equity interest in Shui On Land Limited ("SOL") and they are classified as level 1 fair value measurement and is derived from quoted market price. At 31 December 2024, the Group held a 0.4% (2023: 0.4%) equity interest in SOL.

18. Financial Assets at Fair Value Through Profit or Loss

	2024 HK$ million	2023 HK$ million
Financial assets at fair value through profit or loss		
Unlisted equity investment (note a)	5	5
Venture capital fund (note b)	13	7
Life insurance policy (note c)	31	–
	49	12

Notes:

(a) This represents the Group's investment in preferred shares of a private entity incorporated in the Cayman Island.

(b) This represents the Group's investment in a venture capital fund as a limited partner in 2022. The Group subscribed for certain interests as passive investor in the fund for a term of 10 years. During the year ended 31 December 2024, the Group paid approximately US$0.6 million (approximately HK$5 million) to the fund and it has uncalled capital commitments of US$0.9 million (approximately HK$7 million) in accordance with the subscription agreement (note 31).

(c) This represents the insurance premium paid for a life insurance policy. In December 2024, the Company entered into a life insurance policy with an insurance company to insure a key executive of the Company for an assured sum of US$20 million (approximately HK$156 million). Under the policy, the Company is the beneficiary and policy holder, and is required to pay a single premium of approximately US$4 million (approximately HK$31 million) at inception of the policy. The Company can terminate the policy at any time and receive cash back at the surrender date, which is based on the pre-determined guarantee cash value of the policy, plus the cash value of the terminal bonus (if any).

(d) Details of the fair value hierarchy of these financial assets at FVTPL are set out in note 34(d).

19. Amounts due from/to Joint Ventures

	2024 HK$ million	2023 HK$ million
Amounts due from joint ventures (note a)	78	75
Amounts due to joint ventures (note b)	116	114

Notes:

(a) The balances are unsecured, interest-free and repayable on demand. In the opinion of the Directors of the Company, the balances will be recoverable in the next twelve months from the end of the reporting period.

(b) The balances are unsecured and repayable on demand. Out of the total balance, a total of RMB48 million (HK$52 million) (2023: RMB49 million (HK$54 million)) bear interest at 3.45% per annum (2023: 4.35%) and the rest is interest-free.

20. Properties held for Sale/Properties under Development for Sale

The properties held for sale and properties under development for sale are situated in Mainland China.

	2024 HK$ million	2023 HK$ million
Properties held for sale (note a)	570	664
Properties under development for sale (notes a and b)	160	167

Notes:

(a) Impairment loss was recognised on certain properties held for sale and properties under development for sale as a result of a decrease in net realisable value of these properties as at 31 December 2024 (2023: Nil). The management engaged an external professional valuer to perform independent valuations for these properties.

(b) There were no properties expected to be completed and available for sale after one year from 31 December 2024 and 2023.

(c) The leasehold land element cannot be allocated in proportion to the relative carrying amounts and the entire properties are classified as properties held for sale or properties under development for sale.

21. Other Current Assets

Debtors, deposits and prepayments

	2024 HK$ million	2023 HK$ million
Trade debtors (note b)		
– Construction contracts	734	565
– Sales of goods	3	3
– Rendering of services	49	45
– Operating lease receivables	3	6
	789	619
Less: Allowance for credit losses	(7)	(7)
	782	612
Prepayments and deposits	370	279
Other receivables (note c)	713	727
Less: Allowance for credit losses	(2)	(5)
	1,863	1,613

21. Other Current Assets (Continued)

Debtors, deposits and prepayments (Continued)

Notes:

(a) The Group maintains a defined credit policy to assess the credit quality of each counterparty. Collections are closely monitored to minimise any credit risk associated with trade debtors. The general credit term ranges from 30 to 90 days.

(b) At 1 January 2023, 31 December 2023 and 31 December 2024, trade debtors from contracts with customers amounted to HK$469 million, HK$613 million and HK$786 million respectively.

(c) Included in other receivables are receivables of HK$514 million (2023: HK$542 million) due from the Debtor, which hold a property interest in the PRC and were disposed of in 2008. The amounts are repayable on demand and out of the total outstanding balance, an amount of HK$130 million (2023: HK$132 million) carries interest at prevailing market rates. A court in the PRC issued notices to attach the aforesaid property interest to cause the Debtor to settle part of the onshore outstanding receivables in the amount of RMB338 million (approximately HK$365 million) (2023: RMB318 million (approximately HK$351 million)) and its related interest. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 32(a)). Given that there have been positive outcomes in the legal disputes in relation to the property interest and recovery of the outstanding receivables, including the successful registration of title deed of the property under the name of the Debtor in May 2015, the Directors of the Company reasonably believe that these receivables will be fully settled and the guarantee provided by the Company will be fully released either through the public auction of the aforesaid property interest or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

The following is an aged analysis of trade debtors (based on the repayment terms set out in sale and purchase agreements or invoice date, as appropriate) net of allowance for credit losses at the end of the reporting period:

	2024 **HK$ million**	2023 HK$ million
Trade debtors aged analysis:		
Not yet due or within 90 days	**780**	604
Amounts past due but not impaired:		
91 days to 180 days	**1**	6
181 days to 360 days	**1**	2
	2	8
	782	612

21. Other Current Assets (Continued)

Debtors, deposits and prepayments (Continued)

Movement in the allowance for credit losses under lifetime ECL:

	2024 HK$ million	2023 HK$ million
Balance at the beginning of the year	7	8
Decrease in provision recognised for the year	–	(1)
Balance at the end of the year	7	7

Included in the trade debtors are receivables of HK$1 million (2023: HK$2 million), which are aged over 180 days, based on the date on which revenue was recognised.

No provision for impairment is considered necessary in respect of the amounts past due but not impaired as there has not been a significant change in credit quality and balances are still considered fully recoverable.

Details of impairment assessment of trade debtors and other receivables are set out in note 34.

Bank balances, deposits and cash

Bank balances, deposits and cash comprise cash held by the Group and deposits carry interest at market rates with original maturity of three months or less held with banks.

22. Restricted Bank Deposits

Balance at 31 December 2024 represent custody deposits amounting to HK$346 million (2023: HK$347 million) placed with banks mainly in relation to certain banking facilities of the Group.

The deposits carried interest at market rates, which ranged from approximately 0.25% to 3.26% (2023: 0.88% to 2.03%) per annum.

23. Contract Assets and Contract Liabilities

(i) Contract assets

	2024 **HK$ million**	2023 HK$ million
Relating to construction contracts (note)	**1,292**	1,334

At 1 January 2023, contract assets amounted to HK$764 million.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date on construction. The contract assets are transferred to trade debtors 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 also typically agrees to one to two years retention period for 1% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment become unconditional upon expiration of the defects liability period.

The decrease in contract assets in 2024 was the result of the decrease in unbilled revenue from construction contracts at the end of the reporting period.

Note:

At 31 December 2024, the amount of contract assets that is expected to be recovered after more than one year is HK$126 million (2023: HK$105 million), all of which relates to retention receivable.

23. Contract Assets and Contract Liabilities (Continued)

(ii) Contract liabilities

	2024	2023
	HK$ million	HK$ million
Relating to property sales	**9**	11
Relating to construction contracts	**45**	32
	54	43

The Group receives a fixed sum as deposits from customers from property sales when they sign the sale and purchase agreement. These deposits are recognised as contract liabilities until the customers obtain control of the completed properties.

When the Group receives a deposit before construction services is rendered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Movements in contract liabilities:

	2024	2023
	HK$ million	HK$ million
Balance at the beginning of the year	**43**	35
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(37)**	(31)
Increase in contract liabilities as a result of receiving deposits in respect of:		
– property sales	**3**	7
– construction contracts	**45**	32
Balance at the end of the year	**54**	43

24. Amounts due from/to Related Companies

	2024 HK$ million	2023 HK$ million
Amounts due from related companies (notes a and b)	**10**	42
Amounts due to related companies (notes a and b)	**47**	44

Notes:

(a) The related companies are subsidiaries of SOCL.

(b) The balances are unsecured, interest-free and repayable on demand.

25. Creditors and Accrued Charges

The aged analysis of creditors (based on invoice date) of HK$1,188 million (2023: HK$772 million), which are included in the Group's creditors and accrued charges, is as follows:

	2024 HK$ million	2023 HK$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	**1,088**	692
31 days to 90 days	**70**	57
91 days to 180 days	**11**	12
Over 180 days	**19**	11
	1,188	772
Retention payable (note b)	**467**	372
Provision for contract work/construction cost	**1,154**	1,290
Other accruals and payables	**253**	227
	3,062	2,661

Notes:

(a) The average credit period on purchases of certain goods is 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(b) The balances include retention payable of HK$209 million (2023: HK$185 million), which is due after one year from the end of the reporting period, within normal operating cycle.

26. Bank Borrowings

	2024 HK$ million	2023 HK$ million
Secured bank borrowings	**760**	846
Unsecured bank borrowings	**2,739**	2,262
	3,499	3,108
Less: Amounts due within 12 months	**(2,636)**	(1,618)
Amounts due for settlement after 12 months	**863**	1,490
Carrying amount repayable:		
Within one year	**2,636**	1,618
More than one year but not exceeding two years	**310**	1,425
More than two years but not exceeding five years	**553**	65
	3,499	3,108

The carrying amounts of the Group's bank borrowings are analysed as follows:

Denominated in	Interest rate at end of the year (per annum)	2024 HK$ million	2023 HK$ million
At variable rates			
Hong Kong dollars	5.33% to 8.33% (2023: 6.02% to 9.02%)	**3,246**	2,866
Renminbi	3.85% to 4.90% (2023: 4.45% to 5.70%)	**175**	164
United States dollars	5.24% (2023: 6.02%)	**78**	78
		3,499	3,108

The variable interest rates are linked to Hong Kong Interbank Offered Rate ("HIBOR"), Secured Overnight Financing Rate ("SOFR") and prevailing Loan Prime Rate ("LPR") published by the People's Bank of China.

Notes:

1. The Group's investment properties amounting to HK$3,336 million (2023: HK$2,937 million) were pledged as security for certain banking facilities granted to the Group at the end of the reporting period.
2. Restricted bank deposits amounting to HK$346 million at 31 December 2024 (2023: HK$347 million) were placed with banks in relation to certain banking facility arrangements entered into with the Group.
3. In addition, certain equity interests in some subsidiaries were also charged to banks as security for certain banking facilities granted to the Group at the end of the reporting period.
4. In respect of certain bank borrowings with carrying amount of HK$2,936 million at 31 December 2024 (2023: HK$2,787 million), the Group is required to comply with certain covenants throughout the continuance of the relevant borrowings and/or as long as the borrowings are outstanding. The Group has complied with these covenants throughout the reporting period.

27. Share Capital

	2024 Number of shares	2023 Number of shares	2024 HK$ million	2023 HK$ million
Ordinary shares of HK$1 each:				
Authorised				
At the beginning and the end of the year	**1,000,000,000**	1,000,000,000	**1,000**	1,000
Issued and fully paid				
At the beginning of the year	**373,352,164**	373,606,164	**373**	373
Shares repurchased and cancelled	**–**	(100,000)	**–**	–
Shares cancelled	**(6,000)**	(154,000)	**–**	–
At the end of the year	**373,346,164**	373,352,164	**373**	373

During the year ended 31 December 2023, the Company had repurchased 106,000 of its own shares on the Stock Exchange, of which 100,000 shares were cancelled and the remaining 6,000 shares were subsequently cancelled in January 2024.

The repurchase was effected by the Directors with a view to benefiting the shareholders as a whole by accreting the Group's net asset value per share.

No new shares were issued during the year.

28. Retirement Benefit Plans

Hong Kong

The Group participates in both a defined benefit scheme (the "Scheme"), which is registered under the Occupational Retirement Schemes Ordinance and a Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme and established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group and are invested in securities and funds under the control of trustees. Employees who were members of the Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the Scheme or switching to the MPF Scheme. All employees joining the Group on or after 1 December 2000 have been required to join the MPF Scheme.

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to LSP to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years employment period.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement"). The LSP obligation, if any, is presented on a net basis.

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP obligation with respect to employees that participate in MPF Scheme and the Group has accounted for the LSP obligation, taking into account the Abolition, in accordance with the accounting policies disclosed in note 3.

Mandatory Provident Fund Scheme

For members of the MPF Scheme, contributions are made by the employee at 5% of relevant income and by the Group at rates ranging from 5% to 10% of the employee's salary, depending on the employee's length of service with the Group.

The Group's contributions to the MPF Scheme charged to the consolidated statement of profit or loss as staff costs during the year amounted to HK$37 million (2023: HK$30 million). The amount of employer's voluntary contributions to the MPF Scheme forfeited for the years ended 31 December 2024 and 31 December 2023 was immaterial and was used to reduce the existing level of contributions.

28. Retirement Benefit Plans (Continued)

Hong Kong (Continued)

Defined Benefit Scheme

Contributions to the Scheme are made by the members at 5% of their salaries and by the Group at rates, which are based on recommendations made by the actuary to the Scheme. The employer contribution rate for the year ended 31 December 2024 was 74% (2023: 71.6% to 74.0%) of the members' salaries. Under the Scheme, a member is entitled to retirement benefits, which comprise the sum of any benefits transferred from another scheme and the greater of the sum of the employer's scheduled contribution plus the member's contribution (both contributions being calculated on the scheme salary of the member) accumulated with interest at a rate of no less than 6% per annum before 1 September 2003 and 1% per annum in respect of contributions made on or after 1 September 2003 or 1.8 times the final salary times the years of service in the Scheme on the attainment of the retirement age of 60. For members who joined the Scheme before 1997, the retirement age is 60 for male members and 55 for female members.

The Scheme typically exposes the Company to the following key risks:

- Investment risk

  Strong investment returns tend to increase the fair value of Scheme assets and therefore improve the Scheme's financial position as measured by the net defined benefit liability/asset, whilst poor or negative investment returns tend to weaken the position.

  The members' balances are credited with 6% per annum and 1% per annum interest to pre and post 1 September 2003 balances respectively. Therefore, investment returns are expected to cover the interest to be credited to members' balances over the long term.

  The Scheme assets are invested in a diversified portfolio of equities, hedge funds, bonds and cash, covering major geographical locations around the world. The diversification of asset classes and geographical location helps to reduce the concentration of risk associated with the Scheme investments.

- Interest rate risk

  The DBO is calculated using a discount rate based on market bond yields. A decrease in the bond yields will increase the DBO.

- Salary risk

  The DBO is calculated with reference to the future salaries of members because the Scheme's benefits are salary-related. Salary increases that are higher than expected will increase the DBO.

The most recent actuarial valuations of the Scheme assets and the present value of the DBO were carried out at 31 December 2024 by Ms. Elaine Hwang of Willis Towers Watson, who is a Fellow of the Society of Actuaries. The present value of the DBO and the related current service cost were measured using the Projected Unit Credit Method.

28. Retirement Benefit Plans (Continued)

Hong Kong (Continued)

Defined Benefit Scheme (Continued)

The principal actuarial assumptions used at the end of the reporting periods are as follows:

	2024	2023
Discount rate	3.4%	3.0%
Expected rate of salary increase	1.5% p.a.	3.0% p.a.

The actuarial valuation shows that the fair value of the Scheme assets attributable to the Group at 31 December 2024 was HK$262 million (2023: HK$218 million), representing 100% (2023: 71%) of the benefits that has accrued to members.

Amounts recognised in profit or loss and other comprehensive income for the year in respect of the Scheme are as follows:

	Year ended 31 December	
	2024	2023
	HK$ million	HK$ million
Current service cost	6	7
Net interest on net defined benefit liabilities	2	2
Administrative expenses paid from scheme assets	1	1
Defined benefit cost recognised in the consolidated statement of profit or loss	9	10
Actuarial loss due to experience adjustment	2	7
Actuarial (gain) loss due to financial assumption changes	(22)	14
Effect on group consolidation	–	5
Return on Scheme assets (greater) less than discount rate	(28)	20
Remeasurement effects recognised in the consolidated statement of other comprehensive income	(48)	46
Total	(39)	56

28. Retirement Benefit Plans (Continued)

Hong Kong (Continued)

Defined Benefit Scheme (Continued)

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of the Scheme is as follows:

	2024 HK$ million	2023 HK$ million
Present value of defined benefit obligation	(261)	(305)
Fair value of Scheme assets	262	218
Defined benefit assets (liabilities) included in the consolidated statement of financial position	1	(87)

The Scheme assets do not include any shares in the Company (2023: nil).

Movements of the present value of DBO are as follows:

	2024 HK$ million	2023 HK$ million
At the beginning of the year	305	310
Current service cost	6	7
Interest cost	9	11
Employees' contributions	3	4
Actuarial loss – experience adjustment	2	7
Actuarial (gain) loss – financial assumptions	(22)	14
Benefits paid	(42)	(54)
Transfer in	–	6
At the end of the year	261	305

28. Retirement Benefit Plans (Continued)

Hong Kong (Continued)

Defined Benefit Scheme (Continued)

Movements of the present value of Scheme assets are as follows:

	2024 HK$ million	2023 HK$ million
At the beginning of the year	**218**	210
Interest income on Scheme assets	**7**	9
Return on scheme assets greater (less) than discount rate	**28**	(20)
Employers' contributions	**49**	69
Employees' contributions	**3**	4
Benefits paid	**(42)**	(54)
Transfer in	**–**	6
Effect on group consolidation	**–**	(5)
Administrative expenses paid from scheme assets	**(1)**	(1)
At the end of the year	**262**	218

The major categories of Scheme assets of total Scheme assets are as follows:

	2024 HK$ million	2023 HK$ million
Equities	**144**	129
Bonds	**68**	83
Cash and others	**50**	6
	262	218

The fair value of the Scheme assets is determined based on quoted market price in active market.

28. Retirement Benefit Plans (Continued)

Hong Kong (Continued)

Defined Benefit Scheme (Continued)

The below tables summarise the results of sensitivity analysis on the DBO, based on reasonably possible changes in significant actuarial assumptions.

	Adopted rate	Change to Adopted rate	Rate used in sensitivity analysis	Effect on DBO HK$ million	Effect on DBO %
At 31 December 2024					
Discount rate	**3.4%**	**+0.25%**	**3.65%**	**(2)**	**(0.9%)**
		-0.25%	**3.15%**	**2**	**0.9%**
Expected rate of salary increase	**1.5%**	**+0.25%**	**1.75%**	**3**	**1.1%**
		-0.25%	**1.25%**	**(3)**	**(1.1%)**
At 31 December 2023					
Discount rate	3.0%	+0.25%	3.25%	(3)	(1.0%)
		-0.25%	2.75%	3	1.1%
Expected rate of salary increase	3.0%	+0.25%	3.25%	3	0.9%
		-0.25%	2.75%	(3)	(0.9%)

The sensitivity analysis presented above may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

28. Retirement Benefit Plans (Continued)

Hong Kong (Continued)

Defined Benefit Scheme (Continued)

The expected contributions to the Scheme during the next financial year are as follows:

	2024 HK$ million	2023 HK$ million
Expected employer contributions	44	50
Expected member contributions	3	3

The weighted average duration of the DBO at 31 December 2024 is 4.0 years (2023: 4.2 years).

PRC

The employees of the Company's subsidiaries in the PRC are members of state-managed retirement plans operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement plans to fund the benefits. The only obligation of the Group with respect to the retirement plans is to make the specified contributions. The Group's contributions to state-managed retirement plans charged to the consolidated statement of profit or loss as staff cost during the year amounted to HK$4 million (2023: HK$4 million).

No other post-retirement benefits are provided to the employees of the Group.

29. 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$ million	Revaluation of properties HK$ million	Tax losses HK$ million	Total HK$ million
At 1 January 2023	(2)	(315)	47	(270)
Exchange adjustments	–	4	–	4
Credit (charge) to consolidated statement of profit or loss	1	15	(3)	13
At 31 December 2023	(1)	(296)	44	(253)
Exchange adjustments	–	6	(2)	4
Credit to consolidated statement of profit or loss	–	12	18	30
At 31 December 2024	**(1)**	**(278)**	**60**	**(219)**

For the purposes of the consolidated statement of financial position presentation, 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$ million	2023 HK$ million
Deferred tax assets	18	–
Deferred tax liabilities	(237)	(253)
	(219)	(253)

Notes:

(a) For the purposes of the consolidated statement of financial position presentation, certain deferred tax assets and liabilities have been offset.

(b) At 31 December 2024, the Group had unused tax losses of HK$2,015 million (2023: HK$2,021 million) available to offset against future profits. A deferred tax asset has been recognised in respect of such tax losses amounting to HK$286 million (2023: HK$178 million). No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$1,729 million (2023: HK$1,843 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2024 are tax losses of approximately HK$323 million (2023: HK$429 million) that will expire within 5 years from the year of originating. Other tax losses may be carried forward indefinitely.

(c) Under the tax regulations of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC investees from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to profits earned by the Company's PRC subsidiaries amounting to HK$603 million at 31 December 2024 (2023: HK$619 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. Lease Arrangements

As lessee

The Group leases certain office properties. Leases are negotiated for lease terms ranging from one to three years.

Information about leases for which the Group is a lessee is presented below.

(a) Right-of-use assets

	2024 HK$ million	2023 HK$ million
At the beginning of the year	48	55
Depreciation	(38)	(39)
Additions	32	38
Disposals	(1)	(6)
At the end of the year	41	48

(b) Amounts recognised in profit or loss

	2024 HK$ million	2023 HK$ million
Depreciation of right-of-use assets	38	39
Interest on lease liabilities	2	2
Expenses relating to short-term leases	3	2

(c) Amounts recognised in statement of cash flows

	2024 HK$ million	2023 HK$ million
Total cash outflow for leases	43	43

30. Lease Arrangements (Continued)

As lessor

The Group leases out its investment properties and all leases are classified as operating leases. Rental income from the Group's investment properties during the year ended 31 December 2024 was HK$79 million (2023: HK$78 million), of which contingent rental income was HK$5 million (2023: HK$6 million).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 HK$ million	2023 HK$ million
Within one year	62	60
After one year but within two years	48	47
After two years but within three years	33	35
After three years but within four years	24	26
After four years but within five years	18	21
After five years	47	61
	232	250

31. Capital and Other Commitments

At 31 December 2024, the Group had uncalled capital commitments relating to the venture capital fund amounting to US$0.9 million (approximately HK$7 million) (2023: approximately US$1.5 million (approximately HK$12 million)) (note 18(b)).

32. Contingent Liabilities

At 31 December 2024, the Group had the following contingent liabilities, which have not been provided for in the consolidated financial statements:

(a) In 2007, the Company issued a guarantee (the "Guarantee") in favour of a bank for a loan granted to an entity which was a wholly-owned subsidiary of CCP at that time (the "Former Subsidiary"). Subsequently, the Former Subsidiary was sold by CCP in 2008, but the Company remained as the guarantor for the bank loan following the disposal (see note 21(c) for details of receivables due from the Former Subsidiary arising from such disposal). In October 2011, the Company received a notice from the aforesaid bank that it had entered into an agreement to sell all its rights and interests, including the Guarantee, to a new lender (the "New Lender"). At the same time, the Company entered into a restructuring deed with the New Lender, which was subsequently supplemented by supplemental restructuring deeds, whereby the New Lender agreed not to demand fulfilment of the Company's obligations under the Guarantee to October 2025, subject to extension after further discussions. The management reasonably believes that further extension will be granted in due time. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK$585 million) (2023: RMB542 million (HK$598 million)) and the related interest amounting to RMB881 million (HK$951 million) (2023: RMB814 million (HK$898 million)) are secured by a property interest in the PRC held by the Former Subsidiary. Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and agreed unconditionally to undertake and indemnify the Group for all losses as a result of the Guarantee.

    In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and at the end of the reporting period after taking into consideration the possibility of demanding fulfilment of the Company's obligations under the Guarantee by the New Lender and the collateral of the loan. Accordingly, no value has been recognised in the consolidated statement of financial position.

(b) In respect to the delay in construction completion of a development project in Tianjin, by the date as stipulated in the relevant land grant contracts, the relevant local government authority has accepted certain reasons identified by the Group in supporting the application for extending the completion date of the project. Taking into account the aforesaid extension as accepted by the government authority, the estimated penalty as at 31 December 2024, if any, will not be more than RMB14 million (2023: RMB14 million). The management of the Company views that the exposure should be further reduced or fully exempted.

33. Material Related Party Transactions

(a) During the year, the Group had the following transactions with SOCL and its subsidiaries other than those of the Group ("SOCL Private Group").

Nature of transactions	2024 HK$ million	2023 HK$ million
Dividend income	**2**	3
Management and information system services income	**1**	1
Revenue from property management services	**10**	8
Disbursements on cost basis for costs and expenses incurred in the course of performing the property management services	**9**	10
Revenue from maintenance/renovation works	**60**	133
Revenue from smart facilities management services	**–**	6
Rental expenses	**2**	3

The outstanding balances with SOCL Private Group at the end of the reporting period are disclosed in note 24.

(b) During the year, the Group had the following transactions with joint ventures.

Nature of transactions	2024 HK$ million	2023 HK$ million
Interest expenses	**8**	10

The outstanding balances with joint ventures at the end of the reporting period are disclosed in note 19.

(c) The Group is licensed by Shui On Holdings Limited, a wholly-owned subsidiary of SOCL, to use the trademark, trade name of "Shui On", "瑞安" and/or the Seagull devices on a non-exclusive, royalty-free basis for an unlimited period of time.

(d) During the year, the Group obtained unsecured interest bearing short-term loan of HK$20 million from a wholly-owned subsidiary of SOCL, which was repaid in the same year.

33. Material Related Party Transactions (Continued)

(e) Disclosures of the remuneration of Directors and other members of key management during the year under HKAS 24 *Related Party Disclosures*, were as follows:

	2024 HK$ million	2023 HK$ million
Fees	**2**	2
Salaries and other benefits	**20**	20
Performance bonuses	**3**	11
Other services fee	**–**	1
Retirement benefit scheme contributions	**1**	1
	26	35

The remuneration of Executive Directors is determined by the Remuneration Committee having regard to the performance of each individual. The Remuneration Committee also determines the guiding principles applicable to the remuneration of key executives who are not Directors. In both cases, the Remuneration Committee has made reference to market trends.

Certain of the above related party transactions also constituted non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules, details of which are disclosed under the Directors' Report section.

34. Financial Instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. There has been no change in the Group's exposure to capital risk or the manner in which it manages and measures the risk.

The capital structure of the Group consists of debts, which include bank borrowings and equity attributable to the owners of the Company, comprising issued share capital, reserves and accumulated losses.

The Directors of the Company review the capital structure periodically. As a 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 adjust its overall capital structure through the issue of new shares, new debt or the redemption of existing debt.

(b) Categories of financial instruments

	2024 HK$ million	2023 HK$ million
Financial assets		
At fair value through other comprehensive income	20	22
At fair value through profit or loss	49	12
At amortised cost	3,309	2,711
Financial liabilities		
At amortised cost	5,393	4,487

(c) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, venture capital fund, life insurance policy, debtors, amounts due from joint ventures and related companies, restricted bank deposits, bank balances, deposits and cash, creditors, amounts due to joint ventures and related companies, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

34. Financial Instruments (Continued)

(c) Financial risk management objectives and policies (Continued)

Market risk

The Group is exposed primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk. Details of each type of market risk are described as follows:

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and variable-rate borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk but would consider doing so in respect of significant exposure should the need arise.

The Group is also exposed to interest-bearing financial assets.

The Group's exposure to interest rates on bank deposits and financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, SOFR and LPR arising from the Group's borrowings.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for variable-rate borrowings. No sensitivity analysis is performed for bank deposits as the management considered the risk is immaterial. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. An increase or decrease of 100 basis points (2023: 100 basis points) is used when reporting the interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates.

At the end of the reporting period, if interest rates had been increased/decreased by 100 basis points (2023: 100 basis points) and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease by approximately HK$35 million (2023: HK$31 million). In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

34. Financial Instruments (Continued)

(c) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk

Most of the Group's financial assets and financial liabilities are denominated in Hong Kong dollars or Renminbi, which are the same as the functional currency of the relevant group entities. The Group has certain bank balances and cash, current accounts with joint ventures and borrowings, which are denominated in foreign currencies and hence exposure to exchange rate fluctuations arises. The Group currently manages its foreign currency risk by closely monitoring the movement of the foreign currency rate and will take out currency hedging contracts to reduce its foreign currency risk, where appropriate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are as follows:

	2024	2023
	HK$ million	HK$ million
Assets		
Renminbi	**1,138**	1,167
United States dollars	**125**	95
Hong Kong dollars	**103**	104
Liabilities		
United States dollars	**78**	78
Hong Kong dollars	**1,228**	1,244

Foreign currency sensitivity

The Group's foreign currency risk is mainly concentrated on the fluctuation among Renminbi, the United States dollars and Hong Kong dollars. The sensitivity analysis does not include those United States dollars denominated assets and liabilities when they are held by group entities having Hong Kong dollars as their functional currency since the exchange rates between United States dollars and Hong Kong dollars are pegged.

34. Financial Instruments (Continued)

(c) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

Foreign currency sensitivity (Continued)

The following table details the Group's sensitivity to a 7% (2023: 7%) change in the functional currencies of the relevant group entities against foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 7% (2023: 7%) change in foreign currency rates. The following table indicates the impact to the loss after tax where the foreign currencies strengthen against the functional currencies of the relevant group entities. For a 7% (2023: 7%) weakening of the foreign currencies against the functional currencies of the relevant group entities, there would be an equal and opposite impact on the results. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Decrease (increase) in loss	**2024** **HK$ million**	2023 HK$ million
Renminbi	**80**	82
United States dollars	**7**	7
Hong Kong dollars	**(79)**	(80)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments at FVTOCI. If the market price of the investments had been increased/decreased by 20% (2023: 20%), the Group's reserve at 31 December 2024 would increase/decrease by approximately HK$4 million (2023: HK$4 million).

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantees issued by the Group as disclosed in note 32.

Trade debtors and contract assets arising from contracts with customers

In order to minimise credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances and contract assets. In this regard, the Directors of the Company consider that the credit risk is significantly reduced.

34. Financial Instruments (Continued)

(c) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade debtors and contract assets arising from contracts with customers (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its trade debtors and contract assets. The following table provides information about the exposure to credit risk for trade debtors and contract assets, which are assessed individually for debtors.

Gross carrying amount	Average loss rates	Trade debtors	Contract assets
Internal credit rating		HK$ million	HK$ million
At 31 December 2024			
Low risk (note a)	**0.18%**	**783**	**1,290**
Watch risk (note b)	**37.17%**	**–**	**5**
Loss (note c)	**100%**	**3**	**–**
At 31 December 2023			
Low risk (note a)	0.20%	610	1,332
Watch risk (note b)	35.38%	–	5
Loss (note c)	100%	3	–

The estimated loss rates are estimated based on actual loss experience over the past three years and are adjusted for forward-looking information that is available without undue cost or effort.

Notes:

(a) The counterparty has a low risk of default and does not have any past-due amounts.

(b) Debtor frequently repays after due dates but usually settle after due date.

(c) There is evidence indicating the asset is credit-impaired.

34. Financial Instruments (Continued)

(c) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables

In order to reduce credit risk, the Group has procedures in place to monitor the credit standing of the counterparty and to ensure that follow-up action is taken to recover these receivables. The Group makes periodic individual assessment on the recoverability of other receivables with reference to the historical default experience and forward-looking factors. The Group believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided allowance for credit losses was limited to 12m ECL.

In particular, the Group reviews the recoverable amount of the other receivable of HK$514 million (2023: HK$542 million) due from a counterparty and the probability of default by this counterparty and the loss given default at the end of each reporting period.

For the year ended 31 December 2024, the Group reversed loss allowance of HK$2 million (2023: recognised and wrote-off loss allowance of HK$4 million and HK$21 million respectively) on other receivables after the assessment. Except as described above, the Directors of the Company considered that no allowance for credit losses in respect of these receivables is necessary at the end of the reporting period.

The Group has certain concentration of credit risk in respect of trade debtors and other receivables. At 31 December 2024, 28% (2023: 34%) of total trade debtors and other receivables was due from a counterparty. At 31 December 2024, other receivables of HK$514 million (2023: HK$542 million) were due from a counterparty and a guarantee on outstanding loan principal amounting to RMB542 million (HK$585 million) (2023: RMB542 million (HK$598 million)) and related interest amounting to RMB881 million (HK$951 million) (2023: RMB814 million (HK$898 million)) was issued by the Company in respect of a loan advanced to this counterparty. Except for the above, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Restricted bank deposits, bank balances and deposits

The credit risk on restricted bank deposits, bank balances and deposits are limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

Amounts due from joint ventures and related companies

With respect to credit risk arising from amounts due from joint ventures and related companies, the Group's exposure to credit risk arising from default of the counterparty is limited. The Group does not expect to incur a significant loss for uncollected amounts due from these joint ventures and related companies.

34. Financial Instruments (Continued)

(c) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. The Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the Group's contractual maturity for its financial liabilities as well as certain financial assets. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. For financial assets, the table reflects the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or less than 1 year	1-2 years	2-5 years	Total undiscounted cash flow	Carrying amount
	% p.a.	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2024						
Bank deposits	1.83%	313	–	–	313	311
Non-derivative financial liabilities						
Trade and other payables (note)	–	(1,685)	(209)	–	(1,894)	(1,894)
Bank borrowings at variable rate	7.11%	(2,720)	(348)	(600)	(3,668)	(3,499)
Lease liabilities	7.20%	(34)	(12)	(2)	(48)	(44)
		(4,126)	(569)	(602)	(5,297)	(5,126)
At 31 December 2023						
Bank deposits	1.98%	328	–	–	328	325
Non-derivative financial liabilities						
Trade and other payables (note)	–	(1,194)	(185)	–	(1,379)	(1,379)
Bank borrowings at variable rate	7.89%	(1,784)	(1,437)	(70)	(3,291)	(3,108)
Lease liabilities	5.00%	(30)	(19)	(4)	(53)	(50)
		(2,680)	(1,641)	(74)	(4,395)	(4,212)

Note:

Trade and other payables represent trade creditors, amounts due to joint ventures and related companies, and other payables.

At the end of the reporting period, the Group has provided a financial guarantee to an independent third party (note 32(a)). In the event of the failure of this party to meet his obligation under this facility, the Group may be required to pay up to the guaranteed amount of HK$1,536 million (2023: HK$1,496 million) upon demand. Management does not consider that it is probable for this party to claim the Group under this guarantee.

34. Financial Instruments (Continued)

(d) Fair value measurements of financial instruments

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting period.

At 31 December 2024

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial asset at fair value through other comprehensive income				
Listed equity securities (note a)	20	–	–	20
Financial assets at fair value through profit or loss				
Unlisted equity investment (note b)	–	5	–	5
Venture capital fund (note c)	–	–	13	13
Life insurance policy (note d)	–	–	31	31
	20	5	44	69

At 31 December 2023

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial asset at fair value through other comprehensive income				
Listed equity securities (note a)	22	–	–	22
Financial assets at fair value through profit or loss				
Unlisted equity investment (note b)	–	5	–	5
Venture capital fund (note c)	–	–	7	7
	22	5	7	34

Notes:

(a) The fair value of the listed equity securities in Hong Kong was derived from unadjusted quoted prices available on the Stock Exchange (active market).

(b) The fair value of the unlisted equity investment was determined with reference to recent transactions of the investee's shares.

(c) The fair value of the venture capital fund investment was determined based on the net asset value of the venture capital fund with underlying assets and liabilities measured at fair value as reported by the general partner of the fund. The higher the net asset value, the higher the fair value.

(d) The fair value of the life insurance policy was determined with reference to the quotation of the insurance policy from the insurance company.

(e) There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year.

34. Financial Instruments (Continued)

(d) Fair value measurements of financial instruments (Continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 December 2024.

	2024 HK$ million	2023 HK$ million
Opening balance at 1 January	7	4
Acquisition	31	–
Capital contributions	5	3
Fair value gain to profit or loss	1	–
Closing balance at 31 December	44	7

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The Directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

35. 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.

	Bank borrowings	Interest payable and other borrowing costs (included in other payables)	Lease liabilities	Dividends payable to non-controlling interests	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 January 2023	3,052	58	57	–	3,167
Financing cash flows	58	(230)	(41)	(52)	(265)
New leases entered	–	–	38	–	38
Early termination	–	–	(7)	–	(7)
Finance costs	–	235	2	–	237
Capitalisation of lease interest	–	–	1	–	1
Dividends payable to non-controlling interests	–	–	–	52	52
Exchange adjustments	(2)	–	–	–	(2)
At 31 December 2023	3,108	63	50	–	3,221
Financing cash flows	395	(261)	(40)	(35)	59
New leases entered	–	–	32	–	32
Disposals	–	–	(1)	–	(1)
Finance costs	–	260	2	–	262
Capitalisation of lease interest	–	–	1	–	1
Dividends payable to non-controlling interests	–	–	–	35	35
Exchange adjustments	(4)	–	–	–	(4)
At 31 December 2024	**3,499**	**62**	**44**	**–**	**3,605**

36. Statement of Financial Position of the Company

	2024 HK$ million	2023 HK$ million
Non-current Assets		
Property, plant and equipment	4	6
Right-of-use assets	11	5
Interests in subsidiaries	7,070	7,121
Financial assets at fair value through profit or loss	31	–
Defined benefit assets	1	–
Club memberships	1	1
	7,118	7,133
Current Assets		
Debtors, deposits and prepayments	296	323
Amounts due from subsidiaries	–	5
Financial asset at amortised cost	–	7
Bank balances, deposits and cash	48	19
	344	354
Current Liabilities		
Creditors and accrued charges	39	45
Lease liabilities	9	4
Amounts due to joint ventures	194	194
Amounts due to related companies	406	404
Bank borrowings	2,109	862
	2,757	1,509
Net Current Liabilities	(2,413)	(1,155)
Total Assets Less Current Liabilities	4,705	5,978
Capital and Reserves		
Share capital (note 27)	373	373
Reserves (note)	1,692	1,969
	2,065	2,342
Non-current Liabilities		
Bank borrowings	–	1,097
Lease liabilities	2	–
Amounts due to subsidiaries	2,638	2,452
Defined benefit liabilities	–	87
	2,640	3,636
	4,705	5,978

36. Statement of Financial Position of the Company (Continued)

Note: Movement of the Company's reserves are set out below:

	Contributed surplus	Retained profits/ (accumulated loss)	Actuarial gain and loss	Other reserve	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 January 2023	1,929	2	(48)	231	2,114
Loss for the year	–	(99)	–	–	(99)
Remeasurement of defined benefit scheme	–	–	(46)	–	(46)
Total comprehensive expense for the year	–	(99)	(46)	–	(145)
At 31 December 2023	1,929	(97)	(94)	231	1,969
Loss for the year	–	**(325)**	–	–	**(325)**
Remeasurement of defined benefit scheme	–	–	**48**	–	**48**
Total comprehensive (expense) income for the year	–	**(325)**	**48**	–	**(277)**
At 31 December 2024	**1,929**	**(422)**	**(46)**	**231**	**1,692**

37. Particulars of Principal Subsidiaries

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries at 31 December 2024 and 31 December 2023 which principally affect the results or assets of the Group. All the companies listed below were incorporated and are operating in Hong Kong except as otherwise indicated.

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company		Principal activities
		Directly	Indirectly	
Construction and maintenance business				
Shui On Contractors Limited*	200 shares of US$1 each	93.75% (Note 1)	–	Investment holding
P.D. (Contractors) Limited	1,000,000 ordinary shares (HK$1,000,000)	–	73.13% (Note 2)	Renovation work
Pacific Extend Limited	12,000,000 ordinary shares (HK$12,000,000) 6,000 special shares (HK$6,000)	–	72.19% (Note 3)	Maintenance contractor
Pat Davie Limited	33,000,000 ordinary shares (HK$33,000,000) 100,000 non-voting deferred shares (HK$1,000,000) 6,800,000 non-voting deferred shares (HK$6,800,000)	–	73.13% (Note 2)	Interior decoration, fitting out, design and contracting
Pat Davie (Macau) Limited##	Two quotas of total face value of MOP1,000,000	–	73.13% (Note 2)	Interior decoration, fitting out, design and contracting
Shui On Building Contractors Limited	117,000,100 ordinary shares (HK$117,000,100) 33,000,100 non-voting deferred shares (HK$33,000,100) 50,000 non-voting deferred shares (HK$50,000,000)	–	93.75% (Note 1)	Building construction and maintenance
Shui On Construction Company Limited	100 ordinary shares (HK$100) 69,000,000 non-voting deferred shares (HK$69,000,000) 1,030,000 non-voting deferred shares (HK$103,000,000)	–	93.75% (Note 1)	Building construction
Shui On Plant and Equipment Services Limited	16,611,000 ordinary shares (HK$16,611,000) 45,389,000 non-voting deferred shares (HK$45,389,000)	–	93.75% (Note 1)	Owning and leasing of plant and machinery and structural steel construction work
Shui On Facade Company Limited	4,000,000 ordinary shares (HK$4,000,000)	–	93.75% (Note 1)	Facade supply and construction contract

37. Particulars of Principal Subsidiaries (Continued)

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company Directly	Interest held by the Company Indirectly	Principal activities
Construction and maintenance business (Continued)				
Welpro Technology Limited	2,700,000 ordinary shares (HK$2,700,000)	–	46.88% (Note 4)	Installation works of electronic display and provision of security systems
NetZo (HK) Limited	1 ordinary share (HK$1)	–	100%	Provision of smart facilities management solutions and services
Janus Services Limited	1 ordinary share (HK$1)	–	100%	Provision of building information modelling services
瓴喆智能科技（上海）有限公司**+	Registered capital and paid-up capital of RMB10,102,346	–	100%	Provision of smart facilities management solutions and services
Property business				
New Rainbow Investments Limited*	1 share of US$1	100%	–	Investment holding
Brilliance Investments Limited*	1 share of US$1	100%	–	Investment holding
Main Zone Group Limited*	1 share of US$1	100%	–	Inactive
China Central Properties Limited^	281,193,011 shares of GBP0.01 each	57.12%	42.88%	Investment holding
Shui On China Central Properties Limited*	1 share of US$1	–	100%	Investment holding
Honest Joy Investments Limited*	100 shares of US$1 each	–	100%	Investment holding
Pacific Hill Limited	1 ordinary share (HK$1)	–	100%	Investment holding
Shui On Properties Management Services Limited	2 ordinary shares (HK$2)	–	100%	Investment holding
Pacific Extend Properties Management Limited	2 ordinary shares (HK$2)	–	100%	Provision of property management services
SOCAM Asset Management Limited*	1 share of US$1	100%	–	Investment holding

37. Particulars of Principal Subsidiaries (Continued)

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company		Principal activities
		Directly	Indirectly	
Property business (Continued)				
SOCAM Asset Management (HK) Limited	1 ordinary share (HK$1)	–	100%	Provision of management services
Cosy Rich Limited*	2 shares of US$1 each	–	100%	Investment holding
Win Lead Holdings Limited*	100 shares of US$1 each	–	100%	Investment holding
Dalian Shengyuan Real Estate Consulting Co., Ltd.**+	Registered and paid-up capital of RMB50,000,000	–	100%	Investment holding
北京億達房地產開發有限公司**++ (Beijing Yida Real Estate Development Co., Ltd.)	Registered and paid-up capital of RMB30,000,000	–	100%	Inactive
Chongqing Hui Zheng Properties Co., Ltd.**+	Registered and paid-up capital of US$75,000,000	–	100%	Property development
Shenyang Hua Hui Properties Co. Ltd.**+	Registered and paid-up capital of US$70,000,000	–	100%	Property development
廣州英發房地產開發有限公司**+ (Guangzhou Infotach Property Development Co., Ltd.)	Registered and paid-up capital of US$10,000,000	–	100%	Property development
Beijing SOCAM Real Estate Consulting Co., Ltd.**+	Registered and paid-up capital of RMB800,000	–	100%	Provision of consultancy services
Chengdu Xianglong Real Estate Co., Ltd.**+	Registered and paid-up capital of RMB450,000,000	–	100%	Property development
江蘇九西建設發展有限公司**+ (Jiangsu Jiu Xi Development Co., Ltd.)	Registered and paid-up capital of RMB382,000,000	–	100%	Property development
天津市聖偉房地產開發有限公司**+ (Summer Great (Tianjin) Co., Ltd.)	Registered and paid-up capital of US$5,000,000	–	100%	Property development and leasing of investment properties
嘉傑(天津)置業投資有限公司**++	Registered and paid-up capital of RMB400,000,000	–	100%	Property development and leasing of investment properties

37. Particulars of Principal Subsidiaries (Continued)

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company		Principal activities
		Directly	Indirectly	
Other businesses				
Shui On Building Materials Limited	100 ordinary shares (HK$100) 1,000,000 non-voting deferred shares (HK$1,000,000)	–	100%	Investment holding
Tinsley Holdings Limited***	2 ordinary shares of US$1 each	–	100%	Investment holding
Winway Holdings Limited***	2 ordinary shares of US$1 each	–	100%	Investment holding
貴州凱里瑞安水泥有限公司**+ (Guizhou Kaili Shui On Cement Co. Ltd.)	Registered and paid-up capital of RMB60,000,000	–	100%	Inactive

* Incorporated in the British Virgin Islands

** Established and operated in Mainland China

*** Incorporated in Mauritius

\## Incorporated in Macau Special Administrative Region of the PRC

^ Incorporated in Isle of Man

\+ Wholly foreign-owned enterprise

++ Limited liability company

None of the subsidiaries had any debt securities subsisting at 31 December 2024 or at any time during the year.

Notes:

1. The share interests held by the Group in these companies were increased from 92.75% to 93.75% during the year ended 31 December 2024.
2. The share interests held by the Group in these companies were increased from approximately 72.35% to approximately 73.13% during the year ended 31 December 2024.
3. The share interest held by the Group in this company was increased from approximately 71.42% to approximately 72.19% during the year ended 31 December 2024.
4. The share interest held by the Group in this company was increased from approximately 46.42% to approximately 46.88% during the year ended 31 December 2024.

38. Particulars of Principal Joint Ventures

The Directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of principal joint ventures of the Group at 31 December 2024 and 31 December 2023. All the companies listed below were incorporated and are operating in Hong Kong except otherwise indicated.

Indirect joint ventures	Issued and paid-up share capital/ registered and paid-up capital	Interest held by the Group	Principal activities
Construction and maintenance business			
Janus Wan You Company Limited	1,900 ordinary shares (HK$9,500,000) 100 non-voting shares (HK$500,000)	47.5% (Note 2)	Trading of precast concrete products
Other businesses			
貴州遵義瑞安水泥有限公司**@ (Guizhou Zun Yi Shui On Cement Co. Ltd.)	Registered and paid-up capital of RMB92,000,000	80%	Inactive
Nanjing Jiangnan Cement Co., Ltd.**@	Registered and paid-up capital of RMB120,000,000	25.2%	Inactive

** Established and operated in Mainland China

@ Equity joint venture

Notes:

1. The Group and the other joint venturers are contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities require unanimous consent of the Group and the other joint venturers. Accordingly, the Directors consider they are joint ventures.
2. The Group holds 50% voting rights of this joint venture through holding of 950 ordinary shares of the company.

The end of the consolidated financial statements.

The statement below from the Company does not form part of the consolidated financial statements:

Readers of these consolidated financial statements are strongly encouraged to read the Management Discussion and Analysis section set out in this annual report, which does not form part of the consolidated financial statements, to gain a fuller appreciation of the Group's financial results and situation in the context of its activities.

1. Results

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	HK$ million	HK$ million	HK$ million	HK$ million	**HK$ million**
Turnover	5,670	5,267	6,307	8,336	**9,280**
Profit (loss) before taxation	270	253	(40)	(13)	**(289)**
Taxation	(131)	(78)	(82)	(62)	**(24)**
Profit (loss) for the year	139	175	(122)	(75)	**(313)**
Attributable to:					
Owners of the Company	52	76	(232)	(155)	**(364)**
Non-controlling interests	87	99	110	80	**51**
	139	175	(122)	(75)	**(313)**

2. Assets and Liabilities

	At 31 December				
	2020	2021	2022	2023	**2024**
	HK$ million	HK$ million	HK$ million	HK$ million	**HK$ million**
Total assets	9,750	9,582	9,109	9,166	**9,460**
Total liabilities	(6,399)	(6,048)	(6,176)	(6,527)	**(7,206)**
	3,351	3,534	2,933	2,639	**2,254**
Equity attributable to:					
Owners of the Company	3,132	3,264	2,629	2,371	**1,986**
Non-controlling interests	219	270	304	268	**268**
	3,351	3,534	2,933	2,639	**2,254**

CORPORATE INFORMATION

BOARD

Executive Directors

Mr. Lo Hong Sui, Vincent *(Chairman)*

Mr. Lee Chun Kong, Freddy *(Chief Executive Officer)*

Mr. Lo Adrian Jonathan Chun Sing
(Deputy Chief Executive Officer)

Non-executive Directors

Ms. Lo Bo Yue, Stephanie

Mr. Chan Wai Kan, George

Independent Non-executive Directors

Mr. Chan Kay Cheung

Mr. Lau Ping Cheung, Kaizer

Mr. Wong Hak Wood, Louis

AUDIT COMMITTEE

Mr. Chan Kay Cheung *(Chairman)*

Mr. Lau Ping Cheung, Kaizer

Mr. Wong Hak Wood, Louis

REMUNERATION COMMITTEE

Mr. Lau Ping Cheung, Kaizer *(Chairman)*

Mr. Lo Hong Sui, Vincent

Ms. Lo Bo Yue, Stephanie

Mr. Chan Kay Cheung

Mr. Wong Hak Wood, Louis

NOMINATION COMMITTEE

Mr. Lo Hong Sui, Vincent *(Chairman)*

Ms. Lo Bo Yue, Stephanie

Mr. Chan Kay Cheung

Mr. Lau Ping Cheung, Kaizer

Mr. Wong Hak Wood, Louis

FINANCE COMMITTEE

Mr. Chan Wai Kan, George *(Chairman)*

Mr. Lee Chun Kong, Freddy

Mr. Lo Adrian Jonathan Chun Sing

Mr. Chan Kay Cheung

Mr. Lau Ping Cheung, Kaizer

Mr. Wong Hak Wood, Louis

INVESTMENT COMMITTEE

Mr. Lee Chun Kong, Freddy *(Chairman)*

Mr. Lo Adrian Jonathan Chun Sing

Mr. Chan Kay Cheung

Mr. Lau Ping Cheung, Kaizer

Mr. Wong Hak Wood, Louis

EXECUTIVE COMMITTEE

Mr. Lee Chun Kong, Freddy *(Chairman)*

Mr. Lo Hong Sui, Vincent

Mr. Lo Adrian Jonathan Chun Sing

Other key executives

COMPANY SECRETARY

Ms. Chan Yeuk Ho, Karen

AUDITOR

Deloitte Touche Tohmatsu
(Registered Public Interest Entity Auditor)

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

34th Floor, Shui On Centre
6-8 Harbour Road, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road, Hong Kong

PRINCIPAL BANKERS

China CITIC Bank International Limited
China Minsheng Banking Corp., Ltd.
Hang Seng Bank, Limited
Nanyang Commercial Bank, Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

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WEBSITE

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