



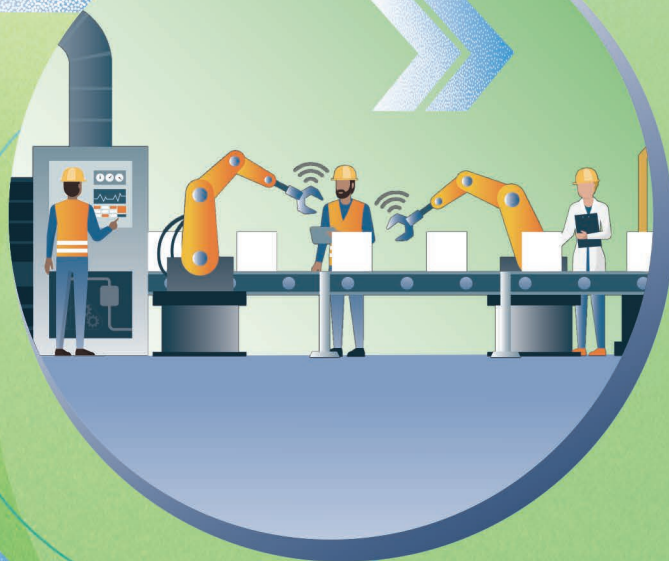
上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Stock Code : 363)

» 綠色基石 價值共生 «

GREEN FOUNDATION,
CO-CREATE VALUE



2025

ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

Mr. Leung Pak To, Francis
Mr. Yuen Tin Fan, Francis
Prof. Zhang Qian
Mr. Tang, William Harry Jiasheng

BOARD COMMITTEES

Executive Committee

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

Audit Committee

Mr. Leung Pak To, Francis (*Committee Chairman*)
Mr. Yuen Tin Fan, Francis
Prof. Zhang Qian
Mr. Tang, William Harry Jiasheng

Remuneration Committee

Mr. Yuen Tin Fan, Francis (*Committee Chairman*)
Mr. Leung Pak To, Francis
Prof. Zhang Qian
Mr. Tang, William Harry Jiasheng
Ms. Xu Hui Hua
Ms. Zhou Xu Bo

Nomination Committee

Mr. Yuen Tin Fan, Francis (*Committee Chairman*)
Mr. Leung Pak To, Francis
Prof. Zhang Qian
Mr. Tang, William Harry Jiasheng
Ms. Xu Hui Hua
Ms. Zhou Xu Bo

COMPANY SECRETARY

Mr. Yee Foo Hei

QUALIFIED ACCOUNTANT

Mr. Lee Kim Fung, Edward

AUTHORISED REPRESENTATIVES

Mr. Zhang Qian
Mr. Yee Foo Hei

REGISTERED OFFICE

26th Floor, Harcourt House,
39 Gloucester Road, Wanchai, Hong Kong
Telephone : (852) 2529 5652
Facsimile : (852) 2529 5067
Email : enquiry@sihl.com.hk

COMPANY STOCK CODE

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

COMPANY WEBSITE

www.sihl.com.hk

AUDITOR

Ernst & Young
*Registered Public Interest Entity Auditor under the
Accounting and Financial Reporting Council Ordinance*

ADR DEPOSITORY BANK

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

INFORMATION FOR SHAREHOLDERS

SHAREHOLDER ENQUIRIES

Company Contact Details

Address : 26th Floor, Harcourt House
39 Gloucester Road
Wanchai, Hong Kong
Telephone : (852) 2529 5652
Facsimile : (852) 2529 5067
Email : enquiry@sihl.com.hk

Company Secretarial

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

Investor Relations

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

Share Registrar

Tricor Investor Services Limited

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

Our Website

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

DIVIDEND

Proposed 2025 final dividend of HK50 cents per Share (2024: HK52 cents per Share) and a special dividend of HK20 cents per Share in celebration of the 30th anniversary of the listing of the Shares on the Main Board of the Stock Exchange will be paid to Shareholders on or about Thursday, 18 June 2026 subject to Shareholders' approval.

Subject to approval by Shareholders of the final dividend and the special dividend, and together with the interim dividend of HK42 cents per Share (2024: HK42 cents per Share) paid during the year, total dividends for the year amounted to HK112 cents per Share (2024: HK94 cents per Share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed on Wednesday, 13 May 2026 and Thursday, 14 May 2026, both days inclusive, during which period no transfer of Shares will be effected. As such, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's share registrar, Tricor Investor Services Limited by 4:30 p.m. on Tuesday, 12 May 2026.

For the purpose of determining Shareholders' entitlement to the final dividend and the special dividend, the register of members of the Company will be closed on Friday, 5 June 2026, on which no transfer of Shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited by 4:30 p.m. on Thursday, 4 June 2026.

FINANCIAL CALENDAR

2025 interim results announced	28 August 2025
2025 final results announced	30 March 2026
Despatch of 2025 annual report	on or about 17 April 2026
2026 annual general meeting	21 May 2026
Ex-dividend date for 2025 final dividend	3 June 2026
Record date for 2025 final dividend	5 June 2026
Despatch of notice of 2025 final dividend	on or about 18 June 2026

CHAIRLADY'S STATEMENT



Leng Wei Qing
Chairlady

On behalf of the Board, I am pleased to report to our Shareholders the Group's annual results for the year 2025.

In 2025, the global economy faced mounting pressures from different fronts, including tariff friction, geopolitical tensions, and volatility in financial markets, while surging investments in artificial intelligence and accelerated developments in green transformation and low-carbon industries emerged as key drivers for global economic growth. In the meantime, China's economy maintained steady progress, with continued investments in infrastructure providing stable support for domestic demand.

Under the leadership of the Board and the executive team, the Group continued to pursue progress amidst stability with all levels of staff working together in unity and with dedication. With the goal of enhancing quality and efficiency, we continuously drove innovations and breakthroughs in the development of our business. Simultaneously, we continued to strengthen internal controls, deepen ESG responsibility practices, and firmly work towards our goal of achieving high-quality corporate development. All such efforts ensured the stable operation of all our core businesses and laid a solid foundation for the Group's sustainable growth.

For the year ended 31 December 2025, the Group's revenue amounted to HK\$20,832 million, representing a decrease of 28.0% over last year. Net profit decreased 28.1% year-on-year to HK\$2,020 million.

The Board has recommended a final dividend for the year ended 31 December 2025 of HK50 cents per Share (2024: HK52 cents per Share), and a special dividend of HK20 cents per Share in celebration of the 30th anniversary of the listing of the Shares on the Main Board of the Stock Exchange, and together with an interim dividend of HK42 cents per Share (2024: HK42 cents per Share) paid during the year, total dividends for the year amounted to HK112 cents per Share (2024: HK94 cents per Share).

Throughout the year, the Group's core businesses have demonstrated overall stability. The infrastructure and environmental protection segment (comprising toll roads, water and clean energy businesses) recorded a profit of HK\$1,801 million, representing a year-on-year decrease of 31.5% due to a gain on disposal of its relevant equity interest in the Hangzhou Bay Bridge last year. In response to market changes, the Group proactively aligned itself with national strategic planning, focusing on the development of core businesses such as water treatment and water resource utilization. It accelerated the expansion of high-quality projects, continuously increased its market share, and further solidified its leading position among the first-tier players in China's water and environmental protection industry.

In the real estate sector, the Group still faced significant challenges in 2025, recording a loss of HK\$632 million for the year. This was primarily attributable to a decrease in booked sales from property delivery and impairment of inventory during the year. Nevertheless, the Group remained dedicated to its strategic layout centered on Shanghai and expanding its footprint in the Yangtze River Delta Economic Zone. By aligning with government industry policy directions and adapting to market trends, the Group promptly adjusted its operational strategies, actively exploring and facilitating the smooth transition of its real estate business to a new development model.

The consumer products business made a profit contribution of HK\$756 million to the Group, representing a year-on-year increase of 17.5%. Nanyang Tobacco achieved steady growth in annual operating results by proactively adjusting its operating strategy, focusing on new product development and process optimization. Wing Fat Printing maintained stable operations, and significantly enhanced overall profitability by deepening cost reductions and efficiency improvement at its core factories, optimizing its business structure, and continuously strengthening strategic partnerships with major clients.

Toll road business provides stable cash flow, while green environmental business serves national strategies

During the year, the overall toll revenue and traffic flow of the Group's three toll roads increased year-on-year.

Each toll-road project company made steady progress on its major tasks. Leveraging on opportunities arising from the National Expressway Maintenance and Management Performance Evaluation (hereinafter referred to as the "National Evaluation"), the companies strictly implemented its work arrangements, aligned with the national assessment standards and industry norms, comprehensively sorted out the experience and achievements in road maintenance, toll operations, and service area management, while establishing long-term mechanisms for normal implementation. Throughout the year, the companies made great efforts to ensure robust traffic management during major holidays and events such as the Import Expo. Dedicated support plans were developed and implemented, with scientific allocation of personnel resources and enhancement of traffic guidance and emergency response capabilities to ensure safe, stable, smooth and orderly traffic flow. Various renovation and expansion projects also progressed steadily.



During the year, as China's economy steadily rebounded, infrastructure investment increased, and the transformation of green and low-carbon practices aligned with industry consolidation, the water and environmental protection sector entered a new phase of development and focus was on improving the quality of existing assets while optimizing industry layout. Despite intensified competition, opportunities for industry consolidation, technological advancement and innovative business models continued to emerge, creating favorable conditions for the development of SIIC Environment. Against this backdrop, SIIC Environment adeptly navigated the dual priorities of development and risk management, adhering to the general principle of fostering progress while maintaining stability. By precisely implemented policies and targeted initiatives, the company steadily expanded its business scale and substantially achieved its expected annual operating targets.

Currently, Shanghai Baoshan Renewable Energy Utilization Center, as a benchmark solid-waste treatment project of SIIC Environment, has been able to maintain stable and efficient operations, meeting all performance indicators of the industry's leading standards. Xicen water purification plant in Qingpu, a benchmark project for sewage treatment, officially commenced commercial operations, achieving both production capacity and profitability.

General Water of China has demonstrated steady and positive operational development, achieving simultaneous improvements in quality and efficiency. The company has been recognized as one of "China's Top Ten Influential Enterprises in the Water Industry" for 22 consecutive years.



The privatization of Canvest Environmental was completed, and its listing on the Stock Exchange was withdrawn on 2 June 2025. As a result of the successful privatization, together with the early redemption of exchangeable bonds, the Company recovered a total of approximately HK\$4,029 million in cash.

In addition, SI Yangtze River Delta, in which the Company holds a 50% equity interest, disposed of its entire shareholdings in Shanghai Pharmaceutical Group and SUS Environment during the year at a consideration of approximately RMB6,720 million and RMB6,587 million, respectively, cashing out approximately RMB5,200 million in total. Through these disposals, the Company realized its cumulative attributable profits from Shanghai Pharmaceutical Group and SUS Environment, and recovered investment capital ahead of schedule. The disposal has provided flexibility for the Company's medium-to-long-term strategic planning, enabling it to prepare its future developments with clear sector division, and creating favorable conditions for asset and capital allocations.

Real estate market undergoes significant adjustment, enterprises seek new development model

In 2025 China's real estate market entered a crucial phase of profound adjustment, marked by increasing market differentiation with demand for housing improvement emerging as a key support factor. The government introduced sustained supportive policies on both the supply and demand sides, reducing down payment ratios and mortgage rates to low levels. Under these circumstances, our enterprises achieved overall stability in their operational fundamentals through further business restructuring adjustments, enhancing asset revitalization, and optimizing management efficiency. Meanwhile, our enterprises were actively seeking a new model of operational development by expanding asset-light services (such as property management, elderly care, and leasing), aiming to improve its revenue structure and enhance competitiveness.

CHAIRLADY'S STATEMENT

Consumer-products market showed vitality, business steadily progressed

In 2025, the consumer-products market demonstrated overall vitality despite intensifying competition. During the year, Nanyang Tobacco pursued a proactive market strategy, prioritizing digital transformation and intelligent upgrading as essential pathways for development. The company focused on promoting new product research and development while optimizing processes on the basis of ensuring the stable operation of traditional products, and continued to tighten cost-and-expense controls. These ongoing efforts yielded positive results, driving steady growth in overall annual operating performance. Meanwhile, Wing Fat Printing adopted a prudent business philosophy, centered on “focusing on core businesses development and implementing precision management”, and achieved improvements in cost control, capacity utilization, and management efficiency, ensuring stable progress in overall business operations.



PROSPECTS

Looking forward to 2026, the global economy is expected to present a complex landscape, characterized by divergent growth patterns, easing inflation and inter-related risks. In the inaugural year of the 15th Five-Year Plan, China's economy aims to strike a new balance between steady growth and structural optimization. Economic growth drivers will become more diversified. While infrastructure investment and manufacturing remain resilience, the policy focus will shift toward “focusing on boosting domestic demand”, aiming to stimulate consumption potential as a hedge against external trade challenges. Nevertheless, a moderate recovery in prices and stabilization of the real estate market may take time. The Group's management has designated 2026 as the “Year of United Endeavor and Hard Work”. Leveraging the Group's business layout and capital financing advantages, rooted in Shanghai and Hong Kong with international connectivity, we will concentrate on the core areas of environmental health. Our objective is to establish a development framework characterized by “superior products, excellent brand, leading innovation, and modern governance”, aspiring to become a world-class enterprise that generates maximum value for our Shareholders and all stakeholders.

In respect of the infrastructure and environmental protection segment, the Chinese government has explicitly called for the acceleration of a comprehensive green transformation of economic and social development to build a “Beautiful China”. SIIC Environment plans to capitalize on this window of favorable industry policies. While steadily advancing the construction and upgrading of existing projects to strengthen its business foundation, the company will proactively seek out and deploy high-quality new projects to sustain business growth momentum. This will further solidify and enhance its leading position in China's water and environmental protection industry. For toll road operations, the project companies will continue to ensure smooth traffic flow and passage, carefully planning specialized highway improvement projects to enhance road and facility conditions while reducing management and maintenance costs, and continue advancing highway digitalization to boost operational efficiency and yield cost savings. Additionally, the Group's investments in the new energy business segment will continue contributing to its profitability.



CHAIRLADY'S STATEMENT

For the real estate business, the Central Government introduced various policies in 2025 to stabilize the real estate market by easing restrictions, lowering home purchase costs, and expediting existing property acquisition for public housing. Under the current market conditions, although some cities have shown signs of stabilization, overall market uncertainty remains high, and the market is still in an adjustment phase. Looking forward, policies in the real estate industry are anticipated to remain accommodative. The industry will focus on structural opportunities in “prime cities and quality homes”, gradually establishing a new development model guided by “controlling new supply while revitalizing existing stock”.

In 2026, Nanyang Tobacco will prioritize “laying a solid foundation, enhancing quality and efficiency, and driving innovation and transformation” as the cornerstone of its annual objective. The company will deepen the transformation and upgrading of its core business, promote the advancement of its product offerings towards high-end and specialized categories, and further consolidate and expand the profitability base of its main operations. Concurrently, with a focus on enhancing efficiency, Nanyang Tobacco will systematically implement substantial reforms in production operations and management decision-making. It will actively explore new avenues and cultivate growth drivers for the future.

In the face of a macroeconomic environment expected to remain challenging, Wing Fat Printing will maintain its vision of becoming a “green, low-carbon and technology-driven manufacturing enterprise”. The company will implement initiatives to “revitalize our founding business”, steering its transformation towards the direction of green and intelligence. This approach will facilitate the optimization of its business structure, refined cost management, and the turnaround of underperforming assets, striving to achieve a relative balance between operational quality and scale.



Finally, on behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our Shareholders and business partners for their continued patronage and support over the years. I also extend our appreciation to our management team and all staff members for their dedication and contributions to the development of our business.



Leng Wei Qing
Chairlady

Hong Kong, 30 March 2026



SIHL AT A GLANCE

Shanghai Industrial Holdings Limited (“SIHL”, HKSE Stock Code: 363) was incorporated in Hong Kong in January 1996, and on May of the same year was listed on the HKSE. SIHL is a constituent stock of the MSCI China Index and Hang Seng Composite Index, and an eligible stock of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. At the end of 2025, the company’s total assets reached HK\$165.0 billion.

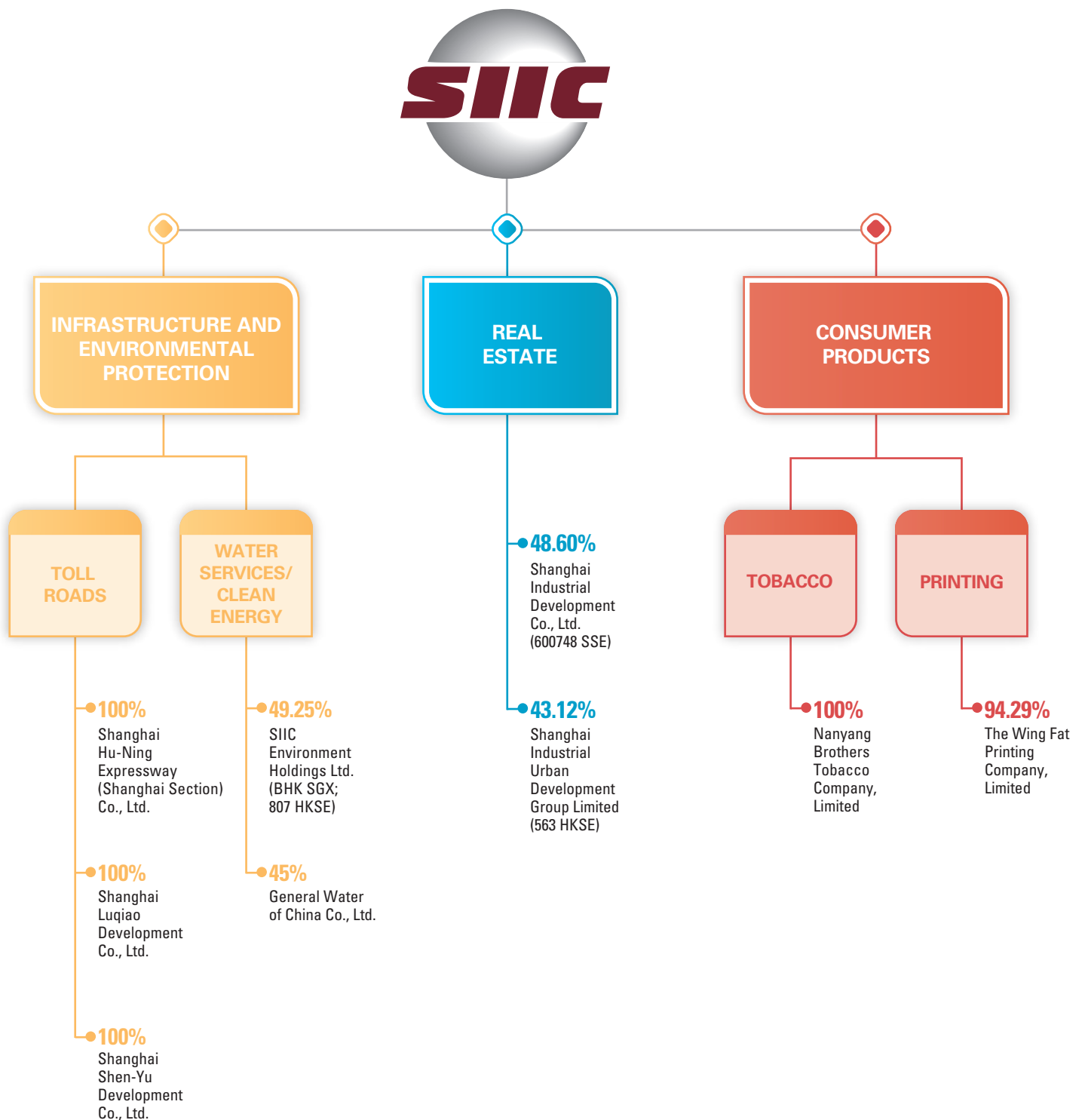
SIHL is the largest overseas conglomerate enterprise of SIIC. As the flagship company in SIIC group, SIHL has been well-positioned to seize domestic investment opportunities and demonstrate the advantages of being rooted in Shanghai and Hong Kong while connecting with the global market.

After 30 years’ development, SIHL has become a conglomerate company with three core businesses: infrastructure and environmental protection (including toll roads, and environmental protection related business such as sewage treatment and solid waste treatment business), real estate and consumer products (including Nanyang Tobacco and Wing Fat Printing). SIHL has always adhered to the concept of high-quality development, committed to driving continuous new breakthroughs in all business segments. With steady operating performance and a sustainable development model, SIHL is fully dedicated to creating long-term value for the shareholders.



GROUP BUSINESS STRUCTURE

As at 30 March 2026



BUSINESS REVIEW, DISCUSSION AND ANALYSIS

For the year ended 31 December 2025, the Group's revenue amounted to HK\$20,832 million, representing a decrease of 28.0% over last year. Profit attributable to shareholders was HK\$2,020 million, representing a year-on-year decrease of 28.1%. The decline in profit attributable to shareholders was primarily due to a gain on disposal of the Group's relevant equity interest in the Hangzhou Bay Bridge recorded in the previous years, coupled with a year-on-year decrease in booked sales from property delivery in the real estate business. The drop was also due to provisions for impairment of real estate inventory and a decrease in the fair value of investment properties. The Group's three core businesses, infrastructure and environmental protection and consumer products contributed profits of HK\$1,801 million and HK\$756 million, respectively; however, the real estate business recorded a loss of HK\$632 million.

During the year, the Group continued to adhere to the development principle of seeking progress while maintaining stability and upholding core businesses while fostering innovation, continuously optimizing its business portfolio. The Group also prioritized investments in the green and health business, deepened the integration of financing and operations, and focused on promoting the synergistic development of "technology + finance + business". Concurrently, the Group strengthened internal management, enhanced its risk control system, and made great efforts to fulfill ESG social responsibilities, and speed up the high-quality development of the enterprise.

INFRASTRUCTURE AND ENVIRONMENTAL PROTECTION

During the year, the infrastructure and environmental protection business recorded a profit of HK\$1,801 million, representing a year-on-year decrease of 31.5% over last year, and accounting for approximately 93.4% of the Group's Net Business Profit, mainly due to a gain on disposal of its relevant equity interest in the Hangzhou Bay Bridge recorded in the previous year. During the year, the Group actively responded to national policy directives, focusing on its main business of water treatment and water utilization. Priorities were also made to expand the Group's market share through streamlining its business layout and increasing scale and efficiency, thereby consolidating its leading position in China's water services and environmental protection industries.

Toll Roads

For the year ended 31 December 2025, the Group's three toll roads recorded year-on-year increase in both overall revenue and traffic volume. During the year, each toll-road project company made steady progress on its major tasks. In preparation for the National Expressway Maintenance and Management Performance Evaluation (hereinafter referred to as the "National Evaluation"), specialized inspection preparation plans were formulated and carried out to focus on targeted remediation efforts to ensure thorough preparation. Simultaneously, the companies proactively implemented flood and typhoon prevention measures to ensure safety during the flood season. To address traffic pressures during major events including holidays and the Import Expo, the companies stepped up their support systems and optimized response plans, thereby safeguarding the effective operation of expressways during holidays and major events.

During the year, the Hu-Yu Expressway (Shanghai Section) introduced a pilot plan for barrier-free toll collection system at two toll stations. Utilizing license plate recognition and pre-transaction gantries, this system enabled vehicles to seamlessly interact with the toll system, effectively shortening vehicle waiting times and significantly alleviating congestions during peak hours. The Xicen East entrance and exit project for this section was duly completed, with the toll station commencing operations in February. The mainline widening and reconstruction project is also progressing according to schedule. In addition, our project company is currently in active communication and coordination with respective government departments for laying down plans for the expansion and renovation of the Jing-Hu Expressway (Shanghai Section) and the Hu-Kun Expressway (Shanghai Section).

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

Toll Roads	Interest attributable to the Group	Net profit attributable to the Group	Change year-on-year	Toll revenue	Change year-on-year	Traffic flow (vehicle journeys)	Change year-on-year
Jing-Hu Expressway (Shanghai Section)	100%	HK\$360 million	+0.4%	HK\$637 million	+8.0%	44.55 million	+5.6%
Hu-Kun Expressway (Shanghai Section)	100%	HK\$551 million	-0.4%	HK\$925 million	-0.9%	74.82 million	-1.5%
Hu-Yu Expressway (Shanghai Section)	100%	HK\$142 million	-16.2%	HK\$541 million	+6.9%	38.89 million	+6.5%
Total		HK\$1,053 million	-2.63%	HK\$2,103 million	+3.6%	158.26 million	+2.3%

Water Services/Clean Energy

The water and solid waste businesses under the Group have experienced steady growth, and continued to expand their scale of operations. Moving forward, we will strive to explore high-quality investment opportunities in the environmental protection sector, execute precise strategic plans, and fully implement the Shanghai-Hong Kong linkage strategy, leveraging Hong Kong as a core hub to drive significant breakthroughs in both domestic and international operations.

SIIC Environment

In 2025, SIIC Environment recorded a revenue of RMB7,073 million, and net profit attributable to shareholders increased by 0.9% year-on-year to RMB610 million. Financial expenses decreased by 13.9% year-on-year. The overall performance of the company remained stable and manageable. During the year, the operating and maintenance income from services concession arrangements, as the core revenue segment, maintained robust growth, providing solid support for overall results. Concurrently, asset-light business continued to expand, with service income achieving a significant year-on-year growth of 49.6%. This expansion served as a key driver for optimizing the business structure amid intense competition in the existing project market. In addition, during the reporting year, SIIC Environment further optimized its financing structure and reduced financial expenses, enhancing the overall stability of its capital structure while simultaneously improving debt repayment capabilities and risk management standards.

During the year, in an effort to increase market share, SIIC Environment actively expanded its project portfolio, and successfully secured the urban sewage treatment plant phase III project in Beiliu City, Guangxi Zhuang Autonomous Region (“Guangxi”) (60,000 tonnes/day), the water purification plant project in Fangzi District, Weifang City (60,000 tonnes/day), and won the bid for the Chenzhou first sewage treatment plant TOT project (120,000 tonnes/day). Eight sewage treatment projects located in Shanghai, Heilongjiang, Sichuan, Jiangxi, Jiangsu, Shandong, and other regions were successively commissioned (totaling 201,000 tonnes/day). Two newly signed commissioned operation projects in Shanghai and Heilongjiang (totaling 107,100 tonnes/day) have commenced operations simultaneously. Equity transactions secured two projects in Dalian, Liaoning Province, with a combined planned treatment capacity of 60,000 tonnes/day, and two projects in Anshan, Liaoning Province (totaling 230,000 tonnes/day) are intended to be signed. One project in Guangxi was granted a concession extension (80,000 tonnes/day).

BUSINESS REVIEW, DISCUSSION AND ANALYSIS



In 2025, the Chinese government explicitly stated its commitment to the comprehensive green transformation of economic and social development and building a beautiful China. SIIC Environment will precisely seize the favorable policy window for the industry. While steadily advancing the construction and upgrading of its existing projects and solidifying its business foundation, the company will proactively explore and deploy high-quality new projects to continuously expand its business growth momentum. Currently, Shanghai Baoshan Renewable Energy Utilization Center, as a benchmark solid waste treatment project of the company, maintains stable and efficient operations with all indicators reaching industry-leading standards. Meanwhile, the key sewage treatment project, Xicen water purification plant in Qingpu, has officially commenced commercial operations, achieving both production capacity and profitability simultaneously.

Moving forward, SIIC Environment will continue to streamline its business portfolio through further penetrating its core market and expand into adjacent areas. This strategy aims to increase market share steadily, further consolidate and enhance its leading position in the industry, and inject strong momentum into the high-quality development of the industry.

General Water of China

For the year ended 31 December 2025, General Water of China recorded revenue of HK\$2,032 million, representing a year-on-year increase of 4.6%. Net profit amounted to HK\$295 million, representing a year-on-year increase of 5.5%.

During the year, General Water of China secured nine new projects with a water treatment capacity totaling approximately 658,000 tonnes/day and a total contract value exceeding RMB2,700 million. These include: (1) the entrusted operation service project for water production of Guyang Water Plant in Guzhen county; (2) Datong sewage equipment upgrade project; (3) the demonstration project for comprehensive resources utilization at No. 1 sewage treatment plant in Huyi; (4) the phase II expansion project of western sewage treatment plant in the Jian'ou city; (5) the technical operation service project for industrial sewage treatment plant in Bengbu High-Tech Zone; (6) the raw water micro-pollution treatment project in Huzhou; (7) the urban water source replacement project in Xiangyang; (8) the entrusted operation project for Shifang industrial sewage treatment plant; and (9) the concession transfer project for the integrated magnetic coagulation equipment in Suifenhe.

General Water of China has demonstrated steady and positive operational development, achieving improvements in both quality and efficiency. It has been recognized as one of “China’s Top 10 Influential Enterprises in the Water Industry” for 22 consecutive years.

Canvest Environmental

The privatization proposal for Canvest Environmental had been completed, and its listing was withdrawn from the Stock Exchange on 2 June 2025. The Company recovered a total of approximately HK\$4,029 million in cash due to the successful privatization, together with the early redemption of exchangeable bonds.



BUSINESS REVIEW, DISCUSSION AND ANALYSIS

Overview of the geographic distribution of the water development projects under the Group as at 31 December 2025 are as follows:



Sewage treatment

Reclaimed water treatment

Water supply

Waste incineration

Sludge treatment

Note: Please refer to the 2025 annual report of SIIC Environment for an overview of its water development projects as at 31 December 2025.

Anhui <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 1</td><td>30,000</td><td> 2</td><td>400,000</td></tr><tr><td></td><td></td><td> 3</td><td>1,532,800</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)	1	30,000	2	400,000			3	1,532,800	Hunan <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 9</td><td>450,000</td><td> 1</td><td>200,000</td></tr><tr><td> 4</td><td>520,000</td><td> 1</td><td>495,000</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)	9	450,000	1	200,000	4	520,000	1	495,000	Shaanxi <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 1</td><td>60,000</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	1	60,000						
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Fujian <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 3</td><td>50,000</td><td> 1</td><td>2,665,500</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)	3	50,000	1	2,665,500	Inner Mongolia <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 1</td><td>40,000</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	1	40,000	Shandong <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 13</td><td>715,000</td></tr><tr><td> 5</td><td>480,000</td></tr><tr><td> 1</td><td>38,500</td></tr><tr><td> 1</td><td>300</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	13	715,000	5	480,000	1	38,500	1	300												
Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)																																	
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Guangdong <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 14</td><td>1,180,000</td><td> 1</td><td>150,000</td></tr><tr><td> 1</td><td>50,000</td><td></td><td></td></tr></table>	Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)	14	1,180,000	1	150,000	1	50,000			Jiangsu <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 13</td><td>370,000</td></tr><tr><td> 1</td><td>3,000</td></tr><tr><td> 1</td><td>20,000</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	13	370,000	1	3,000	1	20,000	Shanghai <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 11</td><td>590,000</td></tr><tr><td> 1</td><td>3,800</td></tr><tr><td> 1</td><td>95</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	11	590,000	1	3,800	1	95						
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Heilongjiang <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 61</td><td>3,866,550</td><td> 1</td><td>20,000</td></tr><tr><td> 2</td><td>610,000</td><td> 1</td><td>285,000</td></tr><tr><td> 3</td><td>120,000</td><td></td><td></td></tr><tr><td> 3</td><td>1,250</td><td></td><td></td></tr></table>	Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)	61	3,866,550	1	20,000	2	610,000	1	285,000	3	120,000			3	1,250			Jilin <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 7</td><td>122,500</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	7	122,500	Sichuan <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 3</td><td>37,500</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	3	37,500						
Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)																																	
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Henan <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 7</td><td>240,000</td></tr><tr><td> 2</td><td>40,000</td></tr><tr><td> 4</td><td>1,200</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	7	240,000	2	40,000	4	1,200	Liaoning <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 12</td><td>645,000</td></tr><tr><td> 1</td><td>30,000</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	12	645,000	1	30,000	Xinjiang <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 1</td><td>6,140</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	1	6,140																
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Hubei <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 11</td><td>1,160,000</td><td> 1</td><td>950,000</td></tr><tr><td> 5</td><td>430,000</td><td></td><td></td></tr></table>	Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)	11	1,160,000	1	950,000	5	430,000			Macau <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 3</td><td>89,685</td></tr><tr><td> 1</td><td>34,500</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	3	89,685	1	34,500	Zhejiang <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 20</td><td>863,000</td><td> 3</td><td>275,000</td></tr><tr><td> 1</td><td>30,000</td><td> 2</td><td>224,500</td></tr><tr><td> 1</td><td>1,100</td><td></td><td></td></tr></table>	Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)	20	863,000	3	275,000	1	30,000	2	224,500	1	1,100		
Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)																																	
11	1,160,000	1	950,000																																	
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Ningxia Hui Autonomous Region <table><tr><td>Total no. of projects</td><td>Daily capacity (tonnes)</td></tr><tr><td> 4</td><td>225,000</td></tr></table>	Total no. of projects	Daily capacity (tonnes)	4	225,000																																
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4	225,000																																			

BUSINESS REVIEW, DISCUSSION AND ANALYSIS

In addition, SI Yangtze River Delta, in which the Company holds a 50% equity interest, disposed of its entire shares in Shanghai Pharmaceutical Group and SUS Environment during the year at a consideration of approximately RMB6,720 million and RMB6,587 million, respectively, cashing out a total of approximately RMB5,200 million. Through these disposals, the Company realized its cumulative attributable profits from Shanghai Pharmaceutical Group and SUS Environment, and recovered its investment capital ahead of schedule. This provides flexibility for the Company's medium-to-long-term strategic planning, facilitates a clearer sector-based division for future development, and creates conditions for optimal asset and capital allocation.

NEW ENERGY BUSINESS

As of the end of 2025, the photovoltaic asset capacity of SIIC New Energy (formerly Shanghai Galaxy) and its controlled companies reached 740 MW. The total amount of on-grid electricity sold during the year from their 15 photovoltaic power stations was approximately 863,380,000 kWh, representing a decrease of 10% from the previous year due to the ongoing impact of restrictions on power generation. The company continued to strengthen its work related to macro policies, industry dynamics, researches on capital markets and project acquisitions to respond to market challenges.

During the year, the State promulgated policies to clarify that the pricing mechanism for new energy grid-connected electricity will transform from the former government-set pricing or "fixed-volume and fixed-price" model to market-based transactions, with prices determined by supply and demand. While this adjustment may impact the new energy industry in the short term, it will promote the healthy development of the power market in the long run. The company will further enhance its power trading capabilities and operational management to proactively respond to market challenges.

REAL ESTATE

In 2025, the real estate business recorded a loss of HK\$632 million, accounting for approximately -32.7% of the Group's Net Business Profit. The decrease was mainly due to a decrease in booked sales from property delivery compared with the previous year, provisions for impairment of real estate inventory and a decrease in the fair value of investment properties.

SI Development

SI Development focused on "stabilizing operations, reducing inventory, controlling risks, and promoting transformation" during the year to actively respond to industry challenges. The company achieved overall stability in its fundamental operations by further adjusting its business structure, enhancing asset revitalization, and optimizing management efficiency. In respect of the real estate market, SI Development conducted thorough analysis of real estate policies and market conditions where its projects were located, implementing tailored city-specific strategies to effectively activate existing inventory. In the property service sector, guided by the principle of "enhancing quality and efficiency while achieving strategic breakthroughs", the company consolidated its industry position, and maintained steady growth in revenue and profit, demonstrating strong development momentum.

For the year, SI Development recorded revenue of RMB3,388 million, representing a year-on-year increase of 35.9%. The loss attributable to shareholders was RMB618 million, primarily attributable to provisions for impairment of real estate inventory. During the year, the company continued to strengthen its internal control management in order to address industry challenges. Contract sales of real estate projects exceeded RMB2,908 million with a contracted area of approximately 187,100 square meters. The contracted projects mainly included Sea Palace in Quanzhou, the Metropolis in Suzhou, No. 1 Wusong Road in Baoshan District, Shanghai, etc. Sales of properties delivered during the year amounted to RMB1,331 million, with key projects including Sea Palace in Quanzhou, the Metropolis in Suzhou and Belle Rive in Qingpu, Shanghai. Rental income for the year was approximately RMB363 million. During the year, a total of five projects were under construction, with an area of approximately 373,900 square meters, while one project was completed, covering an area of approximately 19,000 square meters.

SI Urban Development

SI Urban Development recorded revenue of HK\$3,668 million in 2025, representing a decrease of 70.5% over last year. Loss attributable to shareholders for the year amounted to HK\$962 million, mainly due to a decrease in booked sales from property delivery compared with the previous year. The gross floor area of properties delivered during the year was approximately 122,000 square meters, and the projects mainly included Ocean One in Shanghai, Summitopia in Tianjin, Ocean Times in Shanghai, Qiyuan in Xi'an, Felicity Mansion in Yantai and Originally in Xi'an. Rental income for the year was approximately HK\$804 million. Contract sales reached RMB1,832 million, covering a gross floor area of approximately 109,000 square meters. The projects mainly included Ocean One in Shanghai, Qiyuan in Xi'an, Ocean Times in Shanghai, Summitopia in Tianjin, Felicity Mansion in Yantai and Urban Cradle in Shanghai. A total of six projects were under construction throughout the year, covering an area of 906,000 square meters.



BUSINESS REVIEW, DISCUSSION AND ANALYSIS

Set out below is a summary of the major property development projects of the Group as at 31 December 2025:

Major Development Properties

	City	Projects of SI Development	Type of property	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Kaifu District, Changsha	Fengsheng Building	Residential and commercial	90%	5,468	70,566	–	32,542	Completed
2	Chenghua District, Chengdu	Hi-Shanghai	Residential and commercial	100%	61,506	254,885	137	201,446	Completed
3	Beibei District, Chongqing	Hi-Shanghai	Residential and commercial	100%	30,845	74,935	337	60,745	Completed
4	Yuhang District, Hangzhou	Hi-Shanghai (Phase I)	Residential and commercial	85%	74,864	230,484	–	150,579	Completed
5	Yuhang District, Hangzhou	Hi-Shanghai (Phase II)	Residential and commercial	85%	59,640	198,203	–	140,236	Completed
6	Wuxing District, Huzhou	Hurun Commercial Plaza	Commercial	100%	13,661	27,322	–	–	Under Planning
7	Wuxing District, Huzhou	SIIC Tianlan Bay	Residential and commercial	100%	115,647	193,292	–	129,081	Completed
8	Wuxing District, Huzhou	SIIC Yungjing Bay	Residential	100%	68,471	207,906	783	153,607	Completed
9	Fengze District, Quanzhou	Sea Palace	Residential and commercial	100%	170,133	1,064,099	153,105	321,501	Completed
10	Baoshan District, Shanghai	Era of Elites (Phase I)	Residential	100%	26,600	73,798	2,561	44,154	Completed
11	Baoshan District, Shanghai	Era of Elites (Phase II)	Residential	100%	32,130	86,692	3,791	53,643	Completed
12	Baoshan District, Shanghai	Future Land	Residential and commercial	100%	14,412	53,369	8,495	8,495	2027
13	Hongkou District, Shanghai	North Bund Lot No. 90	Commercial	100%	12,725	156,943	–	–	2029
14	Hongkou District, Shanghai	North Bund Lot No. 91	Commercial and office	50%	34,585 (including underground area)	453,958	–	–	2030
15	Jiading District, Shanghai	Sea Garden	Parking lot	100%	58,949	163,351	102	88,119	Completed
16	Jiading District, Shanghai	Essence of Shanghai	Parking lot	100%	32,991	75,559	75	41,225	Completed
17	Qingpu District, Shanghai	Belle Rive	Villa	51%	315,073	59,577	1,717	33,142	Completed
18	Qingpu District, Shanghai	Shanghai Bay	Residential	51%	808,572	631,199	993	361,475	Completed
19	Qingpu District, Shanghai	He Villa/Sea County	Commercial and parking lot	51%	162,708	121,683	–	85,246	Completed
20	Qingpu District, Shanghai	Zhujiacao Lot 20-03	Public facilities	51%	10,842	17,745	–	–	2029
21	Qingpu District, Shanghai	Zhujiacao Lot 20-05	Residential	51%	282,500	287,473	–	–	2029
22	Qingpu District, Shanghai	Qingpu Oasis School (Primary Section) (Former Name: SIIC Zhujiacao Bin-Hu Primary School)	Public facilities	51%	23,609	19,005	–	–	Completed
23	Wuzhong District, Suzhou	The Metropolis	Residential	100%	40,817	127,284	14,768	16,336	Completed
Sub-total					2,456,748	4,649,328			

BUSINESS REVIEW, DISCUSSION AND ANALYSIS

	City	Projects of SI Urban Development	Type of property	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Chaoyang District, Beijing	Youngman Point	Residential and commercial	100%	112,700	348,664	–	258,814	Completed
2	Haidian District, Beijing	West Diaoyutai • Emperor Seal	Residential	100%	42,541	250,930	346	220,849	Completed
3	Jiulongpo District, Chongqing	Top City	Residential, commercial and office	100%	120,014	786,233	–	376,424	Completed
4	Baoshan District, Shanghai	Shangtou Baoxu	Residential	71.3%	118,880	306,167	–	234,004	Completed
5	Minhang District, Shanghai	Urban Cradle	Residential and commercial	53.1%	943,000	1,226,298	4,741	826,844	Completed
6	Minhang District, Shanghai	Shanghai Jing City (including “晶秀坊”)	Residential and commercial	59%	301,908	772,885	166	601,882	Completed
7	Minhang District, Shanghai	TODTOWN	Residential, commercial, hotel, office and apartment office	20.7%	117,825	605,000	6,718	91,670	2020 to 2030, in phases
8	Minhang District, Shanghai	Contemporary Splendour Villa • Courtyard Villa	Residential	100%	120,512	191,636	884	68,170	Completed
9	Minhang District, Shanghai	Uplaza Xinhonghui	Residential and commercial	90%	89,432	289,271	–	150,294	Completed
10	Minhang District, Shanghai	Uplaza Meilong Lane	Commercial and office	80%	20,572	60,195	–	9,020	Completed
11	Minhang District, Shanghai	U CHANGE Xin community	Affordable rental housing	29.5%	47,435	126,702	–	–	Completed
12	Minhang District, Shanghai	U CHANGE Neo community	Affordable rental housing	59%	47,383	115,799	–	–	Completed
13	Pudong New District, Shanghai	Ocean Times	Residential and commercial	80%	119,545	439,971	10,517	19,370	2025 to 2026, in phases
14	Pudong New District, Shanghai	Ocean One	Residential	47.2%	41,961	156,533	15,702	93,258	Completed
15	Qingpu District, Shanghai	Cloud Vision	Residential	59%	30,052	65,085	128	39,800	Completed
16	Songjiang District, Shanghai	Shanghai Youth City	Commercial and office	100%	57,944	212,130	–	139,840	Completed
17	Xuhui District, Shanghai	U CHANGE Hui community	Affordable rental housing	59%	17,161	44,927	–	–	Completed
18	Xuhui District, Shanghai	Guilin Road Aerospace Project	Scientific research and design and residential leasing	21.2%	91,160	590,165	–	–	2025 to 2026, in phases
19	Heping District, Shenyang	Shenyang U Center	Commercial, office and serviced apartment	100%	22,651	228,768	–	71,660	Completed
20	Futian District, Shenzhen	China Phoenix Tower	Residential, commercial and office	91%	11,038	106,190	–	78,343	Completed
21	Hedong District, Tianjian	Summitopia	Residential and commercial	100%	42,146	118,094	5,934	92,238	Completed

BUSINESS REVIEW, DISCUSSION AND ANALYSIS

	City	Projects of SI Urban Development (continued)	Type of property	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
22	Nankai District, Tianjian	Laochengxiang	Residential, commercial and office	100%	244,252	752,883	–	582,619	Completed
23	Yangtze New District, Wuhan	Xiang Kai Chang Long	Residential and commercial	28.9%	257,600	452,000	172	29,626	2024 to 2027, in phases
24	Binghu District, Wuxi	Urban Development International Center	Commercial, hotel, office and serviced apartment	59%	24,041	193,368	–	43,564	Completed
25	Chanba Ecotope, Xi'an	Originally	Residential, commercial and hotel	100%	2,101,967	3,899,867	1,784	2,816,957	2008 to 2029, in phases
26	Chanba Ecotope, Xi'an	Qiyuan	Residential	100%	51,208	102,418	26,019	49,682	2024 to 2027, in phases
27	Zhifu District, Yantai	Felicity Mansion	Residential and commercial	100%	77,681	159,100	17,539	82,081	2022 to 2026, in phases
Sub-total					5,272,609	12,601,279			

	City	Projects of the Company	Type of property	Interest attributable to the Company	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold for the year (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Qingpu District, Shanghai	Belle Rive	Villa	49%	315,073	59,577	1,717	33,142	Completed
2	Qingpu District, Shanghai	Shanghai Bay	Residential	49%	808,572	631,199	993	361,475	Completed
3	Qingpu District, Shanghai	He Villa/Sea County	Commercial and parking lot	49%	162,708	121,683	–	85,246	Completed
4	Qingpu District, Shanghai	Zhujiatao Lot 20-03	Public facilities	49%	10,842	17,745	–	–	2029
5	Qingpu District, Shanghai	Zhujiatao Lot 20-05	Residential	49%	282,500	287,473	–	–	2029
6	Qingpu District, Shanghai	Qingpu Oasis School (Primary Section) (Former Name: SIIC Zhujiatao Bin-Hu Primary School)	Public facilities	49%	23,609	19,005	–	–	Completed
Sub-total					1,603,304¹	1,136,682¹			
Total					9,332,661¹	18,387,289¹			

Major Future Development Properties

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

Major Investment Properties

	City	Projects of SI Development	Type of property	Interest attributable to SI Development	Total GPA for investment properties (square meters)
1	Kaifu District, Changsha	Fengsheng Building	Unsold renovated housing Parking lot	90% 90%	8,959 271 units
2	Wenjiang District, Chengdu	Orchard Forest	Commercial	100%	769
3	Chenghua District, Chengdu	Hi-Shanghai	Commercial	100%	1,494
4	Wuhou District, Chengdu	Jinxiu Garden	Parking lot	100%	58 units
5	Beibei District, Chongqing	Shuitian Garden	Commercial and club house Parking lot	100% 100%	2,832 5 units
6	Qingdao Economic Development Zone	Dali Plaza	Commercial	76%	21,495
7	Laoshan District, Qingdao	SIIC Center	Office	100%	33,682
8	Fengze District, Quanzhou	Phase I of Sea Palace (Linghai Court)	Commercial	100%	3,717
		Phase I of Sea Palace (Linghai Court)	Office	100%	972
		Phase I of Sea Palace (Linghai Court)	Parking lot	100%	384 units
		Phase II of Sea Palace (Evian Court)	Commercial	100%	308
		Phase II of Sea Palace (Evian Court)	Parking lot	100%	407 units
		Phase II of Sea Palace (Shangshi Domain)	Commercial	100%	484
9	Baoshan District, Shanghai	Era of Elites	Commercial and serviced apartment	100%	17,510
10	Changning District, Shanghai	Super Ocean Finance Center	Office	100%	2,038
11	Changning District, Shanghai	Changning 88 Center	Office Commercial Parking lot	100% 100% 100%	30,741 31,422 28,457
12	Hongkou District, Shanghai	Gao Yang Commercial Centre	Office	100%	4,011
13	Huangpu District, Shanghai	Golden Bell Plaza	Office Office Carpark	100% 90% 90%	9,412 35,634 4,870
14	Huangpu District, Shanghai	Huangpu Estate Phase I of Huangpu Estate Eastern Zone of Huangpu Estate	Commercial Parking lot Parking lot	100% 100% 100%	20,284 20 units 30 units
15	Jiading District, Shanghai	Sea Garden	Commercial and serviced apartment	100%	28,416
16	Jiading District, Shanghai	Essence of Shanghai	Commercial	100%	9,509
17	Jingan District, Shanghai	Territory Shanghai	Parking lot	100%	32 units
18	Pudong New District, Shanghai	No. 1111 Shangchuan Road	Industrial	100%	40,208
19	Xuhui District, Shanghai	Shanghai Industrial Investment Building	Office Office Carpark	100% 74% 74%	7,864 10,996 8,692
20	Xuhui District, Shanghai	Yonglong Building	Office	100%	798
21	Yangpu District, Shanghai	Hi-Shanghai	Commercial Carpark	100% 100%	20,958 20,442
Sub-total					406,974 Parking lot 1,207 units

BUSINESS REVIEW, DISCUSSION AND ANALYSIS

	City	Projects of SI Urban Development	Type of property	Interest attributable to SI Urban Development	Total GPA for investment properties (square meters)
1	Chaoyang District, Beijing	Youngman Point	Commercial ² and office	100%	24,931 ¹
2	Jiulongpo District, Chongqing	Top City	Commercial ² , office and parking lot	100%	317,405 ¹
3	Changning District, Shanghai	ShanghaiMart	Exhibition hall, trade and mart, office and parking lot	51%	284,651
4	Minhang District, Shanghai	Block A of Urban Cradle	Commercial ² and office	53.1%	57,286 ¹
5	Minhang District, Shanghai	U CHANGE Xin community	Commercial and affordable rental housing	29.5%	126,702 ¹
6	Minhang District, Shanghai	U CHANGE Neo community	Commercial and affordable rental housing	59%	112,639 ¹
7	Minhang District, Shanghai	Uplaza Xinhonghui	Commercial	90%	10,157 ¹
8	Minhang District, Shanghai	Uplaza Meilong Lane	Commercial and office	80%	25,430 ¹
9	Songjiang District, Shanghai	Shanghai Youth City	Commercial ²	100%	17,665 ¹
10	Xuhui District, Shanghai	Urban Development International Tower	Office and parking lot	59%	45,239
11	Xuhui District, Shanghai	YOYO Tower	Commercial ²	59%	13,839
12	Xuhui District, Shanghai	U CHANGE Hui community	Commercial and affordable rental housing	59%	44,927 ¹
13	Nankai District, Tianjian	Laochengxiang	Commercial and hotel	100%	30,738 ¹
14	Heping District, Shenyang	Shenyang U Center	Commercial ² and office	100%	100,446 ¹
15	Futian District, Shenzhen	China Phoenix Tower	Office	91%	1,048 ¹
16	Chanba Ecotope, Xi'an	Originally	Commercial ² and hotel	100%	95,663
17	Shanghai and Beijing	Others	Commercial, office and parking lot	–	19,706
Sub-total					1,328,472¹
Total					1,735,446¹

Notes:

1. Such total GFAs are duplicate figures, which have been included in the Major Development Properties table.
2. Mainly includes shopping malls.

CONSUMER PRODUCTS

The consumer products business contributed a profit of HK\$756 million for the year, representing an increase of 17.5% over the previous year and accounting for approximately 39.2% of the Group's Net Business Profit. In 2025, despite sustained macroeconomic pressures, intensified competition in the consumer products market, and growing cost uncertainties, Nanyang Tobacco adhered to its development strategy of "laying a solid foundation, and striving for continuous innovation". It comprehensively promoted new product development and existing product enhancements to proactively respond to market changes, and achieved steady growth in overall annual sales. Wing Fat Printing upheld a concept of prudent operations and ensured steady progress across all business segments through strengthening cost control, enhancing capacity utilization, and promoting management efficiency initiatives.

Tobacco

In 2025, in view of mounting pressures resulting from an overall market downturn and stricter regulatory policies, Nanyang Tobacco adopted a proactive market strategy, leveraging on digital transformation and intelligent upgrading as key development paths. The company prioritized the research and development of new products along with process optimization on the basis of ensuring the stable operation of traditional products, while continuing to scale up internal reforms and efficiency enhancement. The company achieved steady growth in overall annual operating performance. This growth momentum was primarily fueled by successful expansion in export markets and effective cost and expense control throughout its entire process.

Against a backdrop of facing pressure in the overall market, the company's revenue experienced a certain impact. Specifically, the duty-paid markets in Hong Kong and Macau were affected by the Hong Kong government's sharp increase in tobacco taxes and strict tobacco control policies for two consecutive years, resulting in declines in both sales volume and sales amount. However, the launch of new products in the fourth quarter propelled quarterly sales to a record high for the year, narrowing the year-on-year decline. Although the Mainland market encountered challenges such as slowing sales, the company still met its annual sales targets, achieving a year-on-year increase. The duty-free markets in China, Hong Kong, Macao and overseas performed well at the beginning of the year, but faced policy related pressures after May. The company was able to stabilize second-half sales through coordinated supply-and-demand initiatives, ultimately exceeding targets and achieving modest year-on-year growth. While the overall export and ship-tobacco markets remained relatively sluggish, the company managed to drive sales growth against this trend through channel integration and shipment control.

Looking forward, Nanyang Tobacco will concentrate on upgrading its core business and achieving innovative breakthroughs. Committed to innovation-driven development, the company will continuously enhance its core business competitiveness by optimizing the product mix, advancing digital transformation, and deploying new production capacity. It will also proactively cultivate future-orientated new quality productive forces.

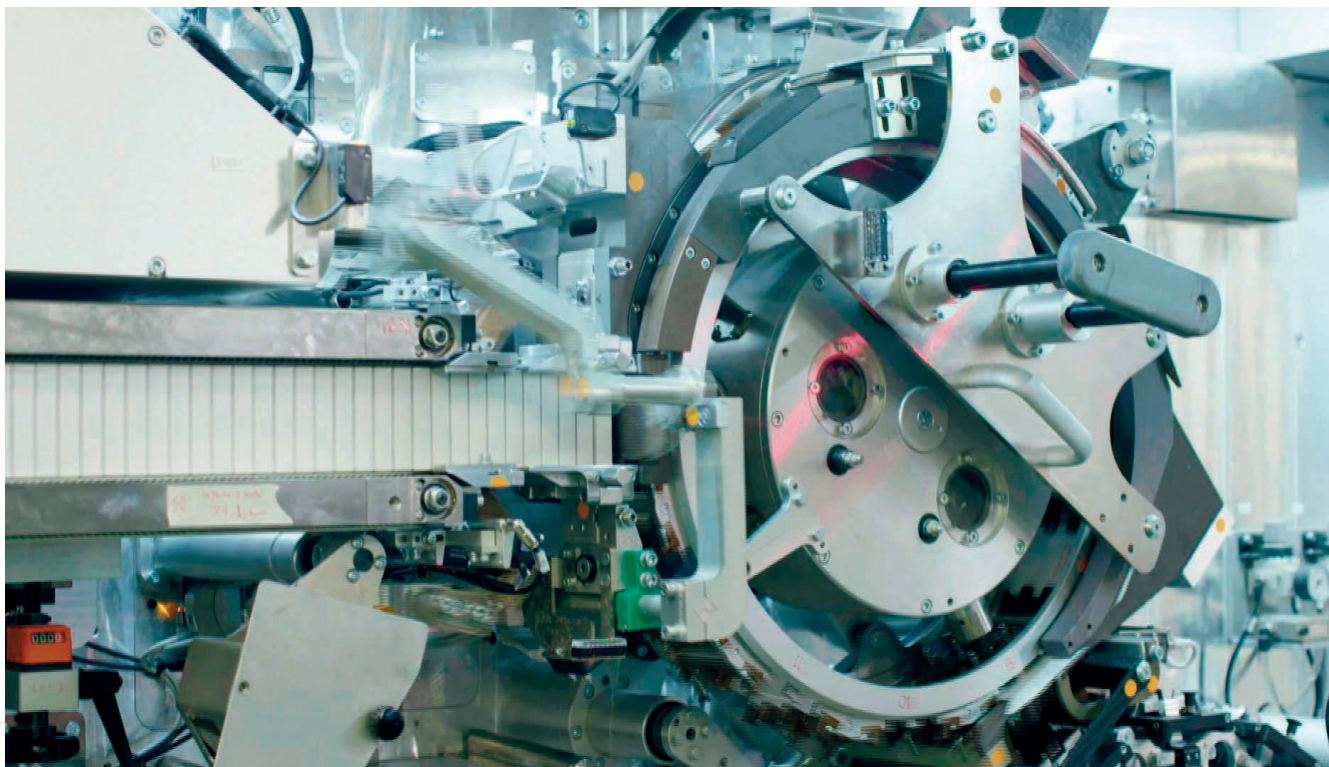
BUSINESS REVIEW, DISCUSSION AND ANALYSIS

Printing

Wing Fat Printing recorded a slight year-on-year decrease in revenue for 2025, while achieving significant improvements in annual net profit and overall profitability.

During the year, Wing Fat Printing continued to streamline its revenue structure. The stabilized tobacco-packaging business, continued growth in the medicine-packaging business as well as an accelerated expansion in the sales volume of the e-cigarette business had collectively supported the company's overall operational stability. Nevertheless, the company's moulded-fibre business faced constraints from volume and pricing factors, while weakening demands in wine-packaging market had a certain impact on the company's overall revenue. Due to the rapid growth of emerging businesses, the company still managed to meet its overall revenue budget. Through further cost reduction, improving efficiency, optimizing its business structure, and strengthening strategic partnership with major customers, the company successfully elevated its gross profit margin and made progress in controlling cost, maximizing capacity utilization, and enhancing management efficiency.

Looking ahead to 2026, the macro environment is expected to remain under pressure, with intensified industry competition, persistent cost uncertainties, and the divergent pace of market demand recovery. In this context, Wing Fat Printing will continue to streamline its business structure, implementing refined cost and expense management, and adjusting underperforming assets. The company aims to achieve a relative balance between operating quality and scale within this complex environment, ensuring the fulfillment of its overall operating objectives.



FINANCIAL REVIEW

KEY FIGURES

	2025	2024	Change %
Results			
Revenue (HK\$'000)	20,831,514	28,917,697	-28.0
Profit attributable to owners of the Company (HK\$'000)	2,019,868	2,807,653	-28.1
Earnings per share – basic (HK\$)	1.858	2.582	-28.0
Dividend per share (HK cents)	112	94	
– Interim (paid)	42	42	
– Final (proposed)	50	52	
– Special (proposed)	20	–	
Dividend payout ratio	60.3%	36.4%	
Interest cover (note (a))	4.2 times	4.4 times	

	2025	2024	Change %
Financial Position			
Total assets (HK\$'000)	164,965,711	168,512,693	-2.1
Equity attributable to owners of the Company (HK\$'000)	50,155,543	47,570,505	5.4
Net assets per share (HK\$)	46.13	43.75	5.4
Net debt ratio (note (b))	48.04%	65.12%	
Gearing ratio (note (c))	40.50%	43.18%	
Number of shares in issue (shares)	1,087,211,600	1,087,211,600	

Note (a): (profit before taxation, interest expenses, depreciation and amortization)/interest expenses

Note (b): (interest-bearing loans – cash)/equity attributable to owners of the Company

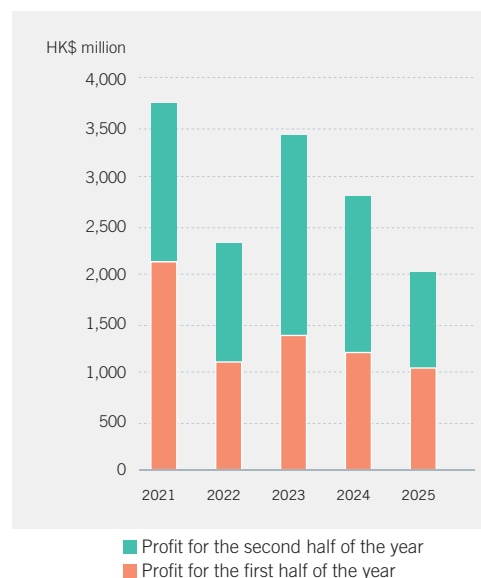
Note (c): interest-bearing loans/(equity attributable to owners of the Company + non-controlling interests + interest-bearing loans)

FINANCIAL REVIEW

I ANALYSIS OF FINANCIAL RESULTS

1 Profit attributable to owners of the Company

For the year ended 31 December 2025, the Group recorded a profit attributable to owners of the Company of HK\$2,019.87 million, a decrease of HK\$787.79 million or approximately 28.1% as compared to 2024.



2 Profit Contribution from Each Business

The profit contributed by each business in the Group for the year 2025 and the comparative figures last year was summarized as follows:

	2025 HK\$'000	2024 HK\$'000	Change %
Infrastructure and Environmental Protection	1,801,291	2,628,994	-31.5
Real Estate	(631,547)	(236,358)	167.2
Consumer Products	756,260	643,368	17.5
Comprehensive Healthcare Operations	2,344	54,233	-95.7
	1,928,348	3,090,237	-37.6

Net profit from the infrastructure and environmental protection business for the year amounted to approximately HK\$1,801.29 million, accounting for 93.4% of Net Business Profit, and representing a year-on-year decrease of 31.5%. The decrease was mainly attributable to the completed disposal of interest in Hangzhou Bay Bridge Company by end of 2024, which resulted in a gain amounting to HK\$862.84 million.

The real estate business recorded a net loss of approximately HK\$631.55 million, accounting for negative 32.7% of Net Business Profit, and representing a year-on-year increase in loss by 167.2% as compared to a net loss of approximately HK\$236.36 million in 2024. The increase was primarily due to a significant decrease in properties sales booked upon delivery of properties during the year, coupled with provision for impairment of inventories for certain real estate projects and decrease in the fair value of certain investment properties. However, the net profit amounting to HK\$165 million from the entrusted construction project by SI Development on the land lot No.89, North Bund for the year partially offset the extent of the loss.

The consumer products business recorded a net profit of HK\$756.26 million for the year, accounting for 39.2% of the Net Business Profit, and representing a year-on-year increase in net profit of 17.5%. The cigarette sales of Nanyang Tobacco increased by 12.6% year-on-year, resulting in a simultaneous increase in profit driven by the increase in sales. Although the sales of Wing Fat Printing decreased by 5.1% year-on-year, the overall gross profit margin rose steadily through deepened cost reduction and efficiency improvement, as well as optimized business structure. The gross profit margin increased by 1.9 percentage points year-on-year, resulting in an increase in net profit over last year.

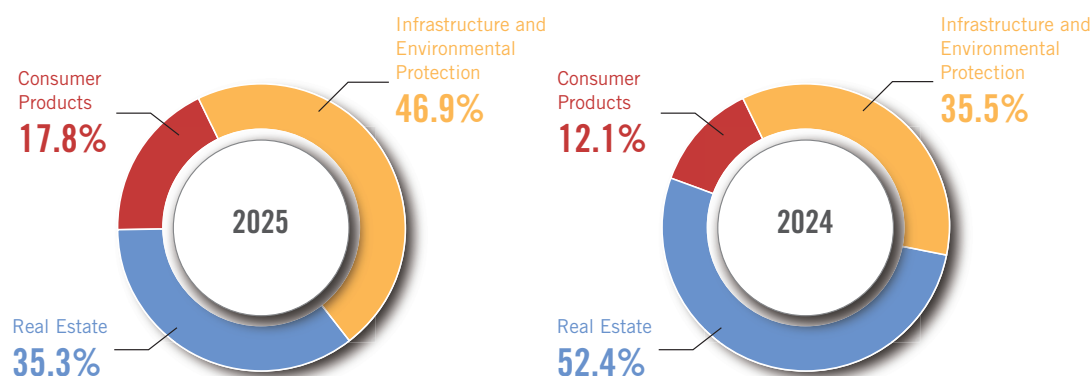
The comprehensive healthcare operations recorded a net profit of HK\$2.34 million for the year, representing a year-on-year decrease of 95.7%, and accounting for 0.1% of the Net Business Profit. With the disposal of its 40% interest in Shanghai Pharmaceutical Group being completed in September, the Company will no longer share the profit contributed by relevant business.

FINANCIAL REVIEW

3 Revenue

The Group's revenue by principal activities for the year 2025 and the comparatives of last year was summarized as follows:

	2025 HK\$'000	2024 HK\$'000	Change %
Infrastructure and Environmental Protection	9,773,062	10,262,620	-4.8
Real Estate	7,342,488	15,152,043	-51.5
Consumer Products	3,715,964	3,503,034	6.1
	20,831,514	28,917,697	-28.0



Revenue for the year ended 31 December 2025 amounted to approximately HK\$20,831.51 million, representing a decrease of 28% as compared to last year, which was mainly due to the decrease in properties sales booked upon delivery of properties in the real estate business as compared to last year, and a year-on-year decrease in construction revenue of SIIC Environment. However, the increase in tobacco sales in the consumer products business partially offset the decrease in revenue.

4 Profit before Taxation

(1) Gross profit margin

The overall gross profit margin for the year increased by 2.5 percentage points as compared to 2024, mainly due to the higher proportion of revenue from the consumer products business for the year, which has a higher gross profit margin.

(2) Other income, gains and losses

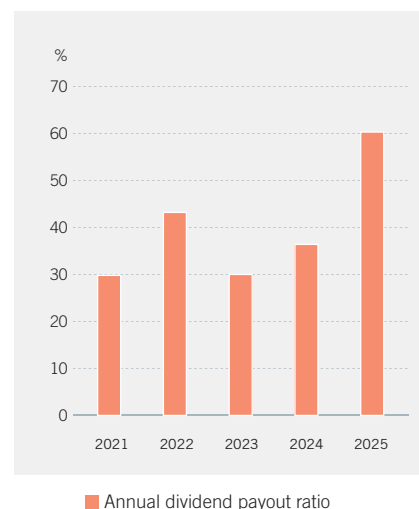
Other income, gains and losses for the year turned from a loss to a profit, primarily due to foreign exchange gain, coupled with net profit from entrusted construction for the year, as well as a decrease in loss from changes in the fair value of investment properties compared to last year.

(3) Net gain/(loss) on disposal of interests in associates/joint ventures/subsidiaries and liquidation of a subsidiary

Loss on disposal for the year was mainly attributable to the disposal of an associate, Canvest Environmental Protection, whereas gain for last year was mainly attributable to the disposal of interests in associates, Ningbo Hangzhou Bay Bridge Development Co., Ltd. and SIIC Elderly Care Investment Co., Ltd.

5 Dividend

The Board of Directors of the Group has proposed to declare a final dividend of HK50 cents (2024: HK52 cents) and a special dividend of HK20 cents (2024: HKNil cents) per share, together with an interim dividend of HK42 cents (2024: HK42 cents) per share, the total dividend amounted to HK112 cents (2024: HK94 cents) per share for 2025. Annual dividend payout ratio is 60.3% (2024: 36.4%).

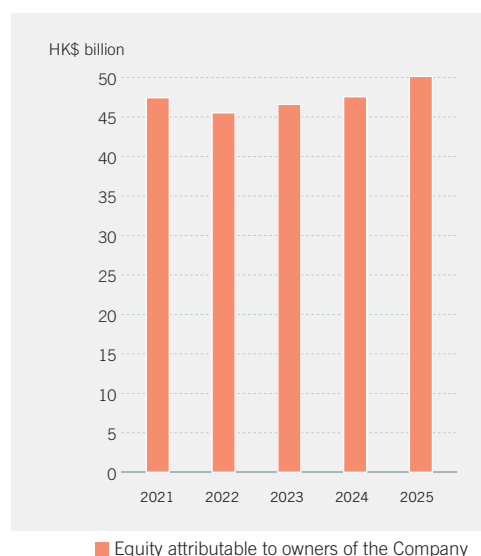


II FINANCIAL POSITION OF THE GROUP

1 Capital and Equity attributable to owners of the Company

The Company had a total of 1,087,211,600 shares in issue as at 31 December 2025, there is no change compared with 1,087,211,600 shares as at the end of 2024.

Equity attributable to owners of the Company reached HK\$50,155.54 million as at 31 December 2025, it was attributable to the net profit for the year after deducting the dividend actually paid during the year.



2 Indebtedness

(1) Borrowings

As at 31 December 2025, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK\$55,621.11 million (31 December 2024: HK\$59,492.16 million), of which 62.6% (31 December 2024: 65.6%) was unsecured credit facilities. The proportions of US dollars and other currencies, Renminbi and HK dollars of total borrowings were 0.1%, 99.9% and Nil (31 December 2024: 1%, 93% and 6%) respectively.

(2) Pledge of assets

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

- (a) investment properties with an aggregate carrying value of HK\$13,080,387,000 (31 December 2024: HK\$17,007,157,000);
- (b) property, plant and equipment with an aggregate carrying value of HK\$622,183,000 (31 December 2024: HK\$582,653,000);
- (c) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK\$17,864,032,000 (31 December 2024: HK\$18,416,934,000);
- (d) properties under development held for sale with an aggregate carrying value of HK\$13,961,767,000 (31 December 2024: HK\$8,338,620,000);
- (e) properties held for sale with an aggregate carrying value of HK\$95,628,000 (31 December 2024: HK\$91,394,000);
- (f) trade receivables with an aggregate carrying value of HK\$515,766,000 (31 December 2024: HK\$410,334,000);
- (g) bank deposits with an aggregate carrying value of HK\$228,934,000 (31 December 2024: HK\$211,619,000); and
- (h) land use rights with an aggregate carrying value of HK\$Nil (31 December 2024: HK\$467,000).

(3) Contingent liabilities

As at 31 December 2025, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers, associates and a joint venture amounted to approximately HK\$1,140.86 million, HK\$440.87 million and HK\$1,817.48 million (31 December 2024: HK\$1,232.28 million, HK\$231.02 million and HK\$1,889.17 million) respectively.

3 Commitments

As at 31 December 2025, the Group had capital commitments mainly contracted for business developments and investments in fixed assets of HK\$4,256.93 million (31 December 2024: HK\$3,338.45 million). The Group had sufficient internal resources and/or through loan markets for the finance of its capital expenditures.

4 Bank Balances and Short-term Investments

As at 31 December 2025, bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) and short-term investments held by the Group amounted to HK\$31,524.35 million (31 December 2024: HK\$28,513.96 million) and HK\$193.73 million (31 December 2024: HK\$225.53 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) were 2%, 83% and 15% (31 December 2024: 2%, 86% and 12%) respectively. Short-term investments mainly consisted of investments such as Hong Kong and PRC listed shares.

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

III MANAGEMENT POLICIES FOR FINANCIAL RISK

1 Currency Risk

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

2 Interest Rate Risk

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

3 Price Risk

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

4 Credit Risk

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

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

CORPORATE GOVERNANCE REPORT

The Board firmly believes that sound and effective corporate governance is the cornerstone for protecting shareholders' interests, enhancing the effectiveness of the Board and driving the sustainable development of the Group. In this regard, a set of corporate governance principles and code provisions have been established in line with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange.

The Company attaches great importance to the implementation of its corporate governance system and integrates sound governance principles into its daily operations and decision-making processes. The Board is responsible for overseeing the Group's risk management and internal control systems and reviews their effectiveness at least once a year to ensure that they are able to identify, assess and manage potentially significant risks across various key business segments. Through a well-established governance structure, the Company is committed to balancing short-term returns with long-term value creation, to ensure that the rights and interests of its Shareholders and stakeholders are being protected.

CORPORATE GOVERNANCE STRUCTURE

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

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

Saved as mentioned below, the Company has complied with all the principals set out in the Corporate Governance Code for the year ended 31 December 2025. Details of the principles and practices of governance of the Company and all major work and relevant changes during the year are set out in this report.

STRATEGIC OBJECTIVES AND BUSINESS MODEL

In accordance with the overall strategic plans of the Group, the Company is positioned to leverage its presence in Shanghai against its strong roots in Hong Kong. Great efforts are made to fully utilize the Group's advantageous position in overseas resource allocation to promote the strong integration of capital financing with our business operations. Striving to develop into a red-chip window company with infrastructure and environmental protection, real estate and consumer products as its three core businesses, the Group seizes future development opportunities in China and actively pursues emerging growth prospects to continuously create value for Shareholders. Leveraging its own resource endowment and considering both internal and external development environments, the Company will steadily advance its business layout: first, by methodically expanding its infrastructure and environmental protection business; second, by prudently adjusting and optimizing its real estate business; and third, by actively cultivating its consumer products business segment which has significant growth potential. Simultaneously, the Company is committed to promoting high-quality development of the enterprise, advocating a corporate culture centered on "mutual benefit and win-win", and building value consensus among the leadership team and all employees. Through market-leading business practices and value creation, the Group's vision is to jointly build a better life and future that everyone aspires to. This not only reflects the values, philosophy and vision of the enterprise, but also provides a solid foundation for the achievement of strategic goals and business strategies.

BOARD OF DIRECTORS

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

Composition of the Board

As of the date of this report, the Board consists of eight members as below:

Name of Directors	Executive position in the Board	Years of service in the Group
Executive Directors		
Leng Wei Qing	Chairlady	2 years
Zhang Qian	Chief Executive Officer	2.75 years
Yao Jia Yong	–	2 years
Xu You Li	Deputy CEO, Chief Financial Officer	1.75 years
Independent Non-Executive Directors		
Leung Pak To, Francis	–	30 years
Yuen Tin Fan, Francis	–	9.75 years
Zhang Qian	–	0.75 years
Tang, William Harry Jiasheng	–	0.75 years

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

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

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

No member of the Board is materially related to one another in terms of financial, business, family and other aspects. Brief biographical details of each Director are set out on pages 51 to 52 of this Annual Report. In all corporate communication channels as well as the websites of the Company and the Stock Exchange, the composition of the Board according to the categories and duties of the Directors are disclosed.

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

Independent Non-Executive Directors

Currently, the Company has four Independent Non-Executive Directors. They have the same fiduciary duties as those of the Executive Directors. The number of Independent Non-Executive Directors accounts for half of the Board members while no less than one of the Independent Non-Executive Directors has the relevant financial expertise required and two of them has served the Company for more than nine years. All Independent Non-Executive Directors are also members of the respective Audit Committee, Remuneration Committee and Nomination Committee. Confirmation from each Independent Non-Executive Director concerning his/her independence according to Rule 3.13 of the Listing Rules has been received and they are considered as independent. The criteria for determining the independence of an independent non-executive director shall also apply to his/her immediate family members. During the year, the Chairlady has met with the Independent Non-Executive Directors without the presence of Executive Directors.

CORPORATE GOVERNANCE REPORT

Due to the passing away of Prof. Woo Chia-Wei, a former Independent Non-Executive Director, the Company was temporarily unable to meet the requirements under Rule 3.10(1) and Rule 3.11 of the Listing Rules that the Board must include at least three independent non-executive directors, and must appoint an additional independent non-executive director within three months after 2 March 2025 (i.e. on or before 1 June 2025, the “Grace Period”). Accordingly, the Company applied to and was granted an exemption from strict compliance with Rule 3.10(1) and Rule 3.11 of the Listing Rules and extension of the Grace Period for filling the vacancy to 2 September 2025. To comply with the above requirements, the Company appointed Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng as Independent Non-Executive Directors on 29 August 2025 to fill the vacancies.

Changes in Directors

For the year ended 31 December 2025 and up to the date of this report, the changes of the Board members are as follows:

- Prof. Woo Chia-Wei, a former Independent Non-Executive Director, passed away on 2 March 2025.
- On 29 August 2025, being nominated by the Nomination Committee, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng were appointed as Independent Non-Executive Directors.

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

The above Directors appointed during the year, namely Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 8 August 2025 and 12 August 2025 respectively before their appointment became effective, and confirmed that they understood their obligations as Directors.

Terms of the Directors

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

At the 2025 annual general meeting, Mr. Zhang Qian and Mr. Yuen Tin Fan, Francis retired by rotation and each of them were re-elected in accordance with the Company’s articles of association by separate resolutions. Meanwhile, Mr. Xu You Li was also re-elected and continued to act as Director in accordance with the Company’s articles of association and the Corporate Governance Code by a separate resolution at that meeting.

At the extraordinary general meeting to be held on 23 April 2026, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng shall retire at the meeting and offer themselves for re-election in accordance with the Company’s articles of association and the Corporate Governance Code.

At the upcoming 2026 annual general meeting, Ms. Leng Wei Qing, Mr. Yao Jia Yong and Mr. Leung Pak To, Francis shall retire by rotation in accordance with the articles of association of the Company. All of them, being eligible, have offered themselves for re-election. Since Mr. Leung Pak To, Francis has served the Company for more than nine years, the Board’s assessment of his independence and the reasons for considering his re-election are set out in the circular to Shareholders dispatched together with this Annual Report, so as to enable Shareholders to make an informed decision on his election.

Responsibilities of Directors

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

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

Board Independence

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

Currently, there are four Independent Non-Executive Directors among the eight Directors of the Company, which meets the requirement of having at least one-third of all Board members under the Listing Rules. The Audit Committee under the Board consists of four members, all of whom are Independent Non-Executive Directors. A majority of both the Nomination Committee and the Remuneration Committee are Independent Non-Executive Directors. All these committees are chaired by Independent Non-Executive Directors. During the year, each Independent Non-Executive Director is required to issue a letter of confirmation to the Company regarding his independence and such independence applies to immediate family members. The Nomination Committee also reviews the independence of the Independent Non-Executive Directors in its annual review of the structure, size and composition of the Board.

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

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

Proceedings at Directors' Meetings

The schedule for convening regular meetings of the Board (also refers to board committees) for the whole year will be set at the end of the preceding year. The Board will convene at least four regular meetings a year. Save for nonregular meetings, notices of meeting and relevant materials will be given 14 days and 3 days before the date of the regular meetings of the Board (also refers to board committees) respectively. The Company Secretary will confirm with the Directors if any matters are required to be included in the agenda for regular meetings when they are sent out. The senior management is regularly invited to attend Board meetings and meetings of Board committees to report to the participants and address any questions that may be raised by the Directors.

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

CORPORATE GOVERNANCE REPORT

In 2025, 29 board meetings were held by the Company (24 of which were in the form of written resolutions). Please refer to the section of “Business Review, Discussion and Analysis” of this Annual Report for material decisions made by the Board during the year. The attendance of individual Directors and committee members in 2025 is set out below:

	Meetings held in 2025					
	Meetings attended/Meetings held					
	Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Number of meetings held in the year	29	7	5	2	2	1
Executive Directors						
Leng Wei Qing	29/29	7/7	–	–	–	1/1
Zhang Qian	28/29	7/7	–	–	–	0/1
Yao Jia Yong	29/29	7/7	–	–	–	1/1
Xu You Li	28/29	7/7	–	–	–	1/1
Independent Non-Executive Directors						
Leung Pak To, Francis	29/29	–	5/5	2/2	2/2	1/1
Yuen Tin Fan, Francis	28/29	–	5/5	2/2	2/2	0/1
Zhang Qian ²	9/10	–	2/2	N/A	1/1	N/A
Tang, William Harry Jiasheng ³	10/10	–	2/2	N/A	1/1	N/A
Woo Chia-Wei ⁴	1/1	–	N/A	1/1	N/A	N/A
Committee Members						
Xu Hui Hua	–	–	–	2/2	2/2	–
Zhou Xu Bo	–	–	–	2/2	2/2	–
Attendance	97.9%	100%	100%	100%	100%	66.7%

Notes:

1. The attendance is accounted for by reference to the number of the meetings held during the tenure of each respective Director.
2. Appointed on 29 August 2025.
3. Appointed on 29 August 2025.
4. Passed away on 2 March 2025.

Securities Transactions by Directors

The Company has established its own Code for Securities Transactions by Directors or Relevant Employees, which was set on terms no less exacting than the required standards set out in the Model Code. Having made enquiries with all Directors and the relevant employees of the Company, each of them has confirmed that they have fully complied with the requirements of the Model Code and the code of the Company during the year of 2025.

Directors' Training

Based on the Directors' training records, the trainings received by each Director for the year ended 31 December 2025 is summarized as follows:

Name of Directors	Continuing professional development category	
	To participate in training covering business, industries, corporate governance, regulatory development and other related topics.	
	To read newspapers, publications and updated information about economics, commerce, directors' duties, etc.	
Executive Directors		
Leng Wei Qing		✓
Zhang Qian		✓
Yao Jia Yong		✓
Xu You Li		✓
Independent Non-Executive Directors		
Leung Pak To, Francis		✓
Yuen Tin Fan, Francis		✓
Zhang Qian ¹		✓
Tang, William Harry Jiasheng ²		✓
Woo Chia-Wei ³		✓

Notes:

1. Appointed on 29 August 2025.
2. Appointed on 29 August 2025.
3. Passed away on 2 March 2025.

Functions of Corporate Governance

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

During the year, the Company also provided corporate governance guidelines and information from time to time to the Board members and member companies according to the latest laws and regulations, and ensured compliance with the relevant provisions of corporate governance by our member companies. Furthermore, the Company has prepared the 2024 Environmental, Social and Governance Report during the year and will prepare the 2025 Environmental, Social and Governance Report according to relevant requirements of the Listing Rules.

DELEGATION BY THE BOARD

Board Committees

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

CORPORATE GOVERNANCE REPORT

Executive Committee

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

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

Major Work Done by the Executive Committee

In 2025, all matters considered by the Executive Committee were resolved by written resolutions.

Audit Committee

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

For the year ended 31 December 2025 and up to the date of this report, changes of the Audit Committee are as follows:

- Prof. Woo Chia-Wei, a former member of the Audit Committee, passed away on 2 March 2025.
- On 29 August 2025, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng were appointed as members of the Audit Committee.

Following the said changes and as of the date of this report, the members of the Audit Committee include Mr. Leung Pak To, Francis, Mr. Yuen Tin Fan, Francis, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng. Mr. Leung Pak To, Francis is the chairman of the committee. The Company Secretary acts as the committee secretary.

Due to the passing away of Prof. Woo Chia-Wei, the Company was temporarily unable to meet the requirements under Rule 3.21 of the Listing Rules that the Audit Committee must comprise a minimum of three members. To comply with the above requirements, the Company appointed Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng as members of the Audit Committee on 29 August 2025 to fill the vacancies.

Major Work Done by the Audit Committee

In 2025, the Audit Committee held six meetings, three of which were in the form of written resolutions. The matters considered at the meetings included review of the Group's annual and half-year results, review of the Company's financial reporting, risk management and internal control systems, non-audit services, resources and staff training for accounting, internal audit, financial reporting functions and those relating to ESG performance and reporting, etc., change of auditor and appointment of external auditor for providing non-assurance services to the Group as well as the parent company and its subsidiaries. During the year, not less than one meeting (including video conference) was held in the absence of Executive Directors for the Audit Committee to meet with the auditor.

Remuneration Committee

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

For the year ended 31 December 2025 and up to the date of this report, changes of the Remuneration Committee are as follows:

- Prof. Woo Chia-Wei, a former chairman of the Remuneration Committee, passed away on 2 March 2025.
- On 29 August 2025, Mr. Yuen Tin Fan, Francis was appointed as the chairman of the Remuneration Committee.
- On 29 August 2025, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng were appointed as members of the Remuneration Committee.

Following the said changes and as of the date of this report, the members of the Remuneration Committee include four Independent Non-Executive Directors, namely, Mr. Leung Pak To, Francis, Mr. Yuen Tin Fan, Francis, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng, as well as representatives from the management, namely Ms. Xu Hui Hua and Ms. Zhou Xu Bo. Mr. Yuen Tin Fan, Francis is the chairman of the committee. The Company Secretary acts as the committee secretary.

Due to the passing away of Prof. Woo Chia-Wei, the Company was temporarily unable to meet the requirements under Rule 3.25 of the Listing Rules that the Remuneration Committee must be chaired by an independent non-executive director and comprise a majority of independent non-executive directors. To comply with the above requirements, the Company appointed Mr. Yuen Tin Fan, Francis as the chairman of the Remuneration Committee on 29 August 2025, and on the same day, appointed Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng as members of the Remuneration Committee, to fill the vacancies of the chairman and members.

Major Work Done by the Remuneration Committee

In 2025, the Remuneration Committee held two meetings, one of which was in the form of written resolutions. The matters considered included distribution and payment of discretionary bonuses to the Directors, proposed adjustments for the remuneration of Directors and senior management and letter of appointment for Independent Non-Executive Directors, etc.

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

Determination of Directors' Remuneration

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

Nomination Committee

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

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

CORPORATE GOVERNANCE REPORT

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

For the year ended 31 December 2025 and up to the date of this report, changes of the Nomination Committee are as follows:

- Prof. Woo Chia-Wei, a former chairman of the Nomination Committee, passed away on 2 March 2025.
- On 29 August 2025, Mr. Yuen Tin Fan, Francis was appointed as the chairman of the Nomination Committee.
- On 29 August 2025, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng were appointed as members of the Nomination Committee.

Following the said changes and as of the date of this report, the members of the Nomination Committee include four Independent Non-Executive Directors, namely, Mr. Leung Pak To, Francis, Mr. Yuen Tin Fan, Francis, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng, as well as representatives from the management, namely Ms. Xu Hui Hua and Ms. Zhou Xu Bo. Mr. Yuen Tin Fan, Francis is the chairman of the committee. The Company Secretary acts as the committee secretary.

Due to the passing away of Prof. Woo Chia-Wei, the Company was temporarily unable to meet the requirements under Rule 3.27A of the Listing Rules that that the Nomination Committee must be chaired by the chairman of the board or an independent non-executive director and comprise a majority of independent non-executive directors and at least one director of different gender. To comply with the above requirements, the Company appointed Mr. Yuen Tin Fan, Francis as the chairman of the Nomination Committee on 29 August 2025, and on the same day, appointed Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng as members of the Nomination Committee, to fill the vacancies of the chairman and members.

Major Work Done by the Nomination Committee

In 2025, the Nomination Committee held two meetings in the form of written resolutions. The matters considered included review of the structure, size and composition of the Board, evaluation of independence of Independent Non-Executive Directors and nomination of Directors, etc., and review of the composition of the Board in accordance with the Board Diversity Policy. As the members of the Board come with different professional perspectives, and in terms of the background of our controlling Shareholder and operation model of the Company, the committee is of the view that the Board basically demonstrates a diversified composition and structure, and that the current structure, size and composition of the Board (including skills, knowledge and experience) are appropriate and adequate.

EXECUTIVE MANAGEMENT

Management Executives

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

Investment Appraisal Committee

The Company has established an Investment Appraisal Committee to evaluate the viability of its investment projects from different perspectives based on their expertise. Professional views are given by various functional departments in accordance with the Company's overall business investment strategies. After studying carefully, the key project elements, such as industry background, organizational structure, business development plans, return on investment, financial and legal risk issues, the committee will form independent professional opinion and submit its recommendations and reports to the management executives for consideration. Such appraisals will then be submitted to the Executive Committee or the Board for approval according to procedures governing corporate investment decision making processes. The Investment Appraisal Committee mainly comprises representatives from respective functional departments at the Hong Kong headquarters. Current members of the committee are the Head of the Investment Operation Department, the Company Secretary and Chief Legal and Compliance Officer, and the Head of the Finance Department. During the year, the Investment Appraisal Committee conducted appraisals on 16 projects.

COMPANY SECRETARY

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

The selection, appointment and dismissal of the Company Secretary are approved by the Board. Brief biographical details of the Company Secretary are set out on page 53 of this Annual Report and the Company's website.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Change of External Auditor

According to the relevant regulations issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission, there are restrictions in respect of the years of audit services that requires the mandatory rotation of auditor upon reaching the prescribed time limit of audit services. Since the number of years that the Company has continuously engaged Messrs. Deloitte Touche Tohmatsu ("Deloitte") has reached the prescribed time limit, the Company informed Deloitte of the requirement for the change of external auditor. After its careful consideration, Deloitte has concluded that the Board's decision to appoint a successor external auditor has made Deloitte's professional relationship with the Company untenable. Accordingly, Deloitte has decided to tender its resignation as the external auditor of the Company with effect from 10 October 2025.

With the recommendation of the Audit Committee, the Board has resolved to appoint Ernst & Young as the new external auditor of the Company to fill the casual vacancy following the resignation of Deloitte with effect from 10 October 2025 who will hold office until the conclusion of the next annual general meeting of the Company.

Appointment of External Auditor

In considering the re-appointment of external auditor, the Audit Committee has taken into consideration its relationship with the Company and its independence in the provision of non-audit services. An independence report has been submitted to the committee by the external auditor. Pursuant to the above, the Audit Committee has recommended the Board to re-appoint Ernst & Young as the external auditor of the Company for 2026, subject to approval by Shareholders at the annual general meeting to be held on 21 May 2026.

CORPORATE GOVERNANCE REPORT

The audit fee of the external auditor, Ernst & Young and its member firms for 2025 amounted to HK\$12,228,000. The Company has also established the Policies on Provision of Non-audit Services by External Auditor, and non-audit services provided to the Group were reported to the Audit Committee each year. The fees for the non-audit services provided to the Group by the Company's external auditor (including its affiliates) for the year were as follows:

	2025	2024
Fees for non-audit services	HK\$'000	HK\$'000
Financial due diligence of acquisition project and auditor's report fee	0	1,206
Tax consultation fee	317	1,196
Others	1,287	2,507
Total	1,604	4,909

Preparation of Financial Statements

The financial statements and interim report of the Company were prepared in accordance with the disclosure requirements set forth in Appendix D2 to the Listing Rules and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and in accordance with the Companies Ordinance. The Board is responsible for preparing and reviewing the Group's accounts to ensure that they give a true and fair view on the financial position as well as the profits and cash flows of the Company. The Company has consistently applied appropriate accounting policies during the year, and has made prudent and reasonable judgments and estimates and prepared its accounts on a going concern basis. The external auditor stated in the independent auditor's report its opinion and report to the Shareholders on the relevant financial statements, and such report is set out on pages 62 and 66 of this Annual Report.

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

Risk Management and Internal Control

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

No material deviation in the compliance guidance on risk management and internal controls by the subsidiaries was reported, and all subsidiaries have complied with the relevant laws and industry regulations in respect of financial reporting and legal compliance. No material non-compliance of rules or material litigation risk (including ESG risks) was reported, nor was there any fraud or corruption issue. For the year ended 31 December 2025, the Company has collected information and carried out investigations in respect of risk management and internal control issues for its subsidiaries. Key risk (including ESG risks) elements affecting the Group and contingency measures adopted were reported to the Audit Committee. In addition, the Board and the Audit Committee considered that the resources allocated, staff qualifications and experience in respect of the accounting, internal auditing, financial reporting functions of the Company, the ESG performance of the Group as well as training programs and budget were adequate and sufficient. The Company will continue to improve its risk management and internal control systems to ensure that they remain effective.

Polices and Systems

Whistleblowing Policy

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

Anti-corruption Policy

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

INFORMATION DISCLOSURE

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

SHAREHOLDERS

As at 31 December 2025, SIIC, the controlling Shareholder, indirectly held 686,654,748 Shares (excluding the interest in the underlying Shares and short positions) with a shareholding percentage at approximately 63.16% (excluding the underlying Shares). The percentage of public shareholding was approximately 36.84%.

Connections with Shareholders, Other Stakeholders and Investors

The Company has established the Shareholders' Communication Policy to ensure that Shareholders (and investors) have access to comprehensive, identical and easily understandable information about the Company (including its financial performance, operational overview, strategic objectives and plans, significant developments, governance and risk profile) through various channels in a fair, timely and transparent manner. Shareholders can exercise their powers in an informed manner, and the policy also enables Shareholders and investors to improve communications with the Company. In addition, the Board attaches great importance to Shareholders' opinion. Each annual general meeting has been taken as an opportunity for the Board members (including chairmen of the committees under the Board), relevant management and external auditor to attend and communicate directly with Shareholders, in person or online, and to address the questions raised by them. At the annual general meeting held in 2025, the attending Shareholders proactively raised questions and all resolutions proposed were passed with high voting rate.

Shareholders, other stakeholders and investors are also welcome to voice their concerns and valuable opinions by way of e-mails, telephone and in writing (details of which are contained on page 3 under the section of "Shareholder Enquiries" of this Annual Report). These will be directed to the Company Secretary and forwarded to the Board.

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

Proceedings at General Meeting

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

Rights of Shareholders

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

Convening a General Meeting

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

Moving a Motion at General Meeting

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

Recommendations of Director Candidates

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

Significant Controllers Register

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

Dividend Policy

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

INVESTOR RELATIONS

In 2025, the Group's investor relations efforts were closely aligned with its corporate strategy and key business priorities. We actively broadened our communication channels, breaking down traditional communication barriers and innovating the ways we engage with our stakeholders. By leveraging new media, we expanded our reach to a wider investor networks and strengthened our interactions with the capital market. These initiatives effectively conveyed the Company's value and continued to enhance its transparency, recognition and overall influence in the capital market.

During the year, the Company proactively fostered in-depth exchanges and collaboration with securities firms and research institutions. As a result, it was covered in initiating research reports by four institutions, namely Southwest Securities, Guosen Securities, GF Securities and Soochow Securities, all of which assigned a "Buy" or "Outperform" rating. At the same time, the Company continued its diversified "online and offline" communication approach. In cooperation with Zhitong Caijing, it successfully held two results announcement conferences in March and August. At these events, the Company's management engaged in direct and effective dialogues with a broad base of investors, while live streaming further amplified the reach of these communications.

Furthermore, the Company has consistently prepared and published its "SIHL Newsletters" in Chinese and English on a quarterly basis, which systematically summarizes the latest business developments and corporate updates of the Company and its major subsidiaries. By distributing these "SIHL Newsletters" directly to investors and media partners, while also making it available on the Company's website, we ensure the timely, consistent and broad dissemination of key operational information. It has become an important channel for the market to stay informed about the Company's ongoing performance.

During the year, the Company received multiple accolade from various prestigious award bodies, in recognition of its sustained efforts and outstanding performance in information disclosure, investor communication, ESG practices and corporate social responsibility. In total, of the Company secured 10 professional awards throughout the year, including the "2025 Hong Kong ESG Award" (presented at the "2025 Hong Kong ESG Awards" organized by the Chinese Manufacturers' Association of Hong Kong); the "Most Investment Value Listed Company Award" (at the "15th Golden Bauhinia Awards" organized by Hong Kong Ta Kung Wen Wei Media Group); the "ESG Outstanding Investment Value Listed Company Award" (in the "2025 China Listed Companies Outstanding ESG Value List" organized by Hong Kong Commercial Daily, Global Commercial Daily Alliance & Hong Kong Economic Herald), and so on.

Looking ahead, the Group will remain dedicated to fostering more transparent, efficient and interconnected investor relations. We will continue to refine our communication mechanism and enrich our engagement content, actively listening to market feedback. Our goal is to convey the Company's long-term investment value and development prospects to the capital market in a manner that is consistent, clear, and precise.

CONSTITUTIONAL DOCUMENTS

In response to the amendments to the Treasury Share regime under the Listing Rules, the Companies Ordinance has also been amended correspondingly to allow listed companies incorporated in Hong Kong to hold shares bought back in the treasury and dispose of the treasury shares, to allow listed companies to adopt the implied consent mechanism for disseminating corporate communications by means of a website, and to allow listed companies to use relevant technology to hold hybrid or virtual general meetings. Accordingly, the Company has amended and updated the Company's Articles of Association accordingly, which have been approved by Shareholders at the 2025 annual general meeting. The updated Company's articles of association was uploaded on the website of the Company and the Stock Exchange for perusal.

HUMAN RESOURCES

In response to the new requirements of the Listing Rules and the Corporate Governance Code, the Company has formulated the Workforce Diversity Policy, which applies to all companies of the Group and their employees, with the aim of eliminating discrimination, promoting equal opportunities and valuing the unique contributions of each employee.

CORPORATE GOVERNANCE REPORT

The Group also values the diverse talents and experience of its employees and uses a meritocracy approach, to bring in a wide range of talents from different backgrounds, cultures, talents and genders to generate more innovative ideas and impetus to the enterprises. As of 31 December 2025, the Group had 19,562 employees (including senior management), with a gender ratio of 58:42 (Male: Female), achieving a reasonable balance of gender diversity among employees.

Staff (including Directors) salaries, allowances and bonuses totalled HK\$1,922 million for the year (2024: HK\$1,915 million). Details of Directors' remuneration paid for the year ended 31 December 2025 are set out in note 11 to the financial statements. The details of the remuneration of the senior management of the Group by remuneration band for the year ended 31 December 2025 was as follows:

Remuneration by remuneration band (HK\$)	2025 Number of individuals
1,000,001 – 2,000,000	10
2,000,001 – 3,000,000	5
	15

By Order of the Board
Yee Foo Hei
Company Secretary

30 March 2026

DIRECTORS' AND SENIOR MANAGEMENT PROFILES

DIRECTORS

Executive Directors

Ms. LENG Wei Qing *Executive Director, Chairlady*

(Appointed on 30 April 2024 ~ Present)

Ms. Leng, aged 57, is an executive director and the chairlady of Shanghai Industrial Investment (Holdings) Company Limited, the chairlady of SIIC Shanghai (Holdings) Co., Ltd. Ms. Leng obtained a bachelor's degree in education, an EMBA degree and the qualification of senior economist. She was the deputy head and the head of the Leading Personnel Management Division of Shanghai Municipal State-owned Assets Supervision and Administration Commission, the vice president of Shanghai Electric (Group) Corporation, a member of the Organization Department, head of the Enterprise Personnel Division, and deputy director of the Organization Department of Shanghai Municipal Party Committee, the head of the office at Shanghai Municipal Organization and Establishment Committee and the chairlady and chief executive officer of Shanghai Electric Group Company Limited. She has extensive experience in corporate governance, operations and management as well as human resources. Ms. Leng is a member of the 14th National Committee of the Chinese People's Political Consultative Conference and the honorary chairlady of The Hong Kong Chinese Enterprises Association.

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

(Appointed on 24 July 2023 ~ Present)

Mr. Zhang, aged 52, is an executive director and the president of Shanghai Industrial Investment (Holdings) Company Limited, a director and the president of SIIC Shanghai (Holdings) Co., Ltd., the chairman of the board of SIIC Shanghai Capital Management Co., Ltd. and a director of certain other subsidiaries of the Group. He obtained a bachelor's degree in economics and a master's degree in business administration and holds the designation of senior economist. Mr. Zhang was a deputy general manager of Shenergy (Group) Co., Ltd. and the deputy general manager and general manager of Shenergy Group Finance Co., Ltd. Mr. Zhang is currently a vice chairman of Shanghai Enterprise Federation. He has extensive experience in finance and corporate management.

Mr. YAO Jia Yong *Executive Director*

(Appointed on 30 April 2024 ~ Present)

Mr. Yao, aged 59, is an executive director of Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), director and the chairman of the trade union of SIIC Shanghai (Holdings) Co., Ltd. Mr. Yao obtained a bachelor's degree in medicine and a master's degree in military. He held various management positions at the Second Military Medical University, and served as secretary general of Shanghai Financial Services Office, director and supervisor of SIIC, vice chairman of the board of Shanghai Pharmaceutical (Group) Co., Ltd. and Shanghai Pharmaceuticals Holding Co., Ltd. Mr. Yao is currently an executive director of The Hong Kong Chinese Enterprises Association. He has extensive experience in medicine and finance.

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

(Appointed on 8 August 2024 ~ Present)

Mr. Xu, aged 51, is a vice president, the chief legal counsel, the chief financial officer of Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), a vice president of SIIC Shanghai (Holdings) Co., Ltd., the chairman of SIIC Shanghai (Holdings) Financial Co., Ltd., and a director of certain other subsidiaries of the Group. He graduated from Shanghai University of Finance and Economics and Fudan University with a bachelor's degree in economics and a master's degree in business administration, and holds the designation of senior economist, certified public accountant, certified internal auditor and corporate lawyer. Mr. Xu joined SIIC in November 2009, and was a deputy general manager and the general manager of the internal audit department of SIIC, the chairman of the board of Shanghai Shangtou Asset Management Limited, a vice chairman of the board and the president of SIIC Shanghai Capital Management Co., Ltd. and the chairman of the board of Shanghai Cultural Industries Development and Investment Fund Management Co., Ltd. He has extensive experience in corporate investment and financing, finance and corporate management. He is a vice president of Shanghai Youth Entrepreneurs Association.

DIRECTORS' AND SENIOR MANAGEMENT PROFILES

Independent Non-Executive Directors

Mr. LEUNG Pak To, Francis

Independent Non-Executive Director

(Appointed on 15 March 1996 ~ Present)

Mr. Leung, aged 71, has over 30 years of experience in corporate finance involving in capital raisings, mergers and acquisitions, corporate restructuring and reorganisation, investments and other general corporate finance advisory activities in Hong Kong and China. In 1980, he graduated with a master's degree in business administration from University of Toronto, Canada.

Mr. YUEN Tin Fan, Francis

Independent Non-Executive Director

(Appointed on 15 July 2016 ~ Present)

Mr. Yuen, aged 73, is currently the deputy chairman, non-executive non-independent director of Pacific Century Regional Developments Limited and an independent non-executive director of Yixin Group Limited. Mr. Yuen was formerly the chief executive of The Stock Exchange of Hong Kong Limited (1988-1991), deputy chairman and executive director of the Pacific Century Group, deputy chairman and executive director of PCCW Limited, executive chairman of Pacific Century Insurance Holdings Limited and an independent non-executive director of Agricultural Bank of China Limited. Mr. Yuen holds a Bachelor of Arts degree in economics from the University of Chicago. He is the chairman of the board of trustees of the Hong Kong Centre for Economic Research, chairman of the advisory board of Ortus Capital Management Limited, a trustee emeritus of The University of Chicago and a trustee of Fudan University in Shanghai.

Prof. ZHANG Qian

Independent Non-Executive Director

(Appointed on 29 August 2025 ~ Present)

Prof. Zhang, aged 52, is a Tencent Professor of Engineering, the head of the Division of Integrative Systems and Design and the chair professor of the Department of Computer Science and Engineering of HKUST. She is also a director of HKUST MOE/MSRA Information Technology Key Laboratory and Digital Life Research Center of HKUST, as well as a co-director of Huawei-HKUST Joint Laboratory. Prof. Zhang received the bachelor of science, master of science and PhD degrees from Wuhan University, all in computer science. She is a fellow of the Hong Kong Academy of Engineering and Institute of Electrical and Electronics Engineers. Prof. Zhang served as a research manager of Wireless and Networking Group, Microsoft Research Asia from 1999 to 2005 and a non-independent director of Hubei Forbon Technology Co., Ltd. She has extensive experience in the areas of computer networking, AIoT, smart health, cybersecurity, mobile computing and wireless systems.

Mr. TANG, William Harry Jiasheng

Independent Non-Executive Director

(Appointed on 29 August 2025 ~ Present)

Mr. Tang, aged 37, is an executive director and senior manager of Su Sih Enterprises Limited, Peninsula Knitters Limited and other companies, as well as an executive director of Shanghai Tangjunyuan Education Foundation. He is also a director of Shenzhen Qingyi Photomask Limited and Shengyi Technology Co., Ltd. He received a bachelor of arts with major in economics from Occidental College in Los Angeles, USA. He is an executive vice president of Federation of HK Jiangsu Community Organisations Limited and Wusih Residents (H.K.) Association Limited and vice president of HK Wuxi Trade Association Limited. He is also a member of the 14th Shanghai Municipal Committee of the Chinese People's Political Consultative Conference and the 15th Wuxi Municipal Committee of the Chinese People's Political Consultative Conference. He has many years' experience in enterprise management and professional investment.

SENIOR MANAGEMENT

Mr. LOU Jun

Mr. Lou, aged 54, was appointed as a Deputy CEO of the Company in April 2024. He is a vice president, secretary to the board and the general manager of the board office of Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") and a vice president of SIIC Shanghai (Holdings) Co., Ltd. He is also the chairman of the board of Nanyang Brothers Tobacco Company, Limited and South Pacific Hotel (Hong Kong) Limited., and a director of certain other subsidiaries of the Group. Mr. Lou obtained a bachelor's degree in law. He was a deputy director of the Foreign Affairs Office of the Shanghai Municipal People's Government (Hong Kong and Macao Affairs Office of the Shanghai Municipal People's Government), a director of the Standing Committee Office of Shanghai Municipal People's Congress, a deputy general manager and general manager of the administration department of SIIC and a director of SIIC. He is a deputy director of Shanghai Work Safety Association and Shanghai State-owned Enterprise Corporate Governance Association and an executive director of The Hong Kong Chinese Enterprises Association. He has extensive experience in administration and corporate management.

Mr. GU Feng

Mr. Gu, aged 54, was appointed as a Deputy CEO of the Company in August 2024. He is the chief finance and investment officer of Shanghai Industrial Investment (Holdings) Company Limited, a vice chairman of the board and the president of SIIC Shanghai Capital Management Co., Ltd. the chairman of the board of SIIC Investment Company Limited and a director of certain other subsidiaries of the Group. He graduated from Shanghai University of Finance and Economics and Tongji University with a bachelor's degree in economics and a master's degree in management, and holds the designation of senior accountant. Mr. Gu was the chief financial officer of SAIC Motor Corporation Ltd. and the chief executive officer of its capital operation department, the general manager of SAIC Motor Hong Kong Investment Company Limited, SAIC Motor Investment and Management Co., Ltd. and Aiiways Automobiles Co., Ltd., the chief investment and finance officer of Bailian Group Co., Ltd., a consultant to the chairman of the board of Shanghai Micro Electronics Equipment (Group) Co., Ltd. He has extensive experience in finance and corporate management.

Ms. XU Hui Hua

Ms. Xu, aged 48, was appointed as a Deputy CEO of the Company in February 2023. She is also a general manager of human resources department of Shanghai Industrial Investment (Holdings) Company Limited. She graduated from Fudan University with a postgraduate degree and a master's degree in business administration. She was a director of leadership management department of Shanghai Pharmaceutical (Group) Co., Ltd., the general manager of human resources department of Shanghai Pharmaceuticals Holding Co., Ltd. and executive vice president of Shanghai Pharma University. She has many years' experience in human resources.

PROFESSIONAL STAFF

Mr. YEE Foo Hei, Jackson

Mr. Yee, aged 62, joined the Company in September 2010. He is the Company Secretary and the Chief Legal and Compliance Officer of the Company. He graduated from City Polytechnic of Hong Kong (now City University of Hong Kong) and University of Wolverhampton, UK with a professional diploma in company secretaryship and administration and a LLB degree respectively. Mr. Yee is a fellow member of The Hong Kong Chartered Governance Institute, The Chartered Governance Institute and The Association of Chartered Certified Accountants. Mr. Yee has more than 30 years' practical company secretarial experience in international accountancy firm, multi-national conglomerate and large-scale PRC stated-owned enterprise.

DIRECTORS' AND SENIOR MANAGEMENT PROFILES

SENIOR MANAGEMENT OF MEMBER COMPANIES

Mr. WANG Zheng

Mr. Wang, aged 57, is the chairman of Shanghai Industrial Development Co., Ltd. He is a chief inspector (major projects) of Shanghai Industrial Investment (Holdings) Company Limited, a vice chairman of Shanghai Overseas United Investment Company Limited, a director and the general manager of Shanghai SIIC North Bund New Landmark Construction and Development Co., Ltd. and a director of certain other subsidiaries of the Group. Mr. Wang graduated from Shanghai Urban Construction Vocational Institute with a bachelor's degree in engineering and holds the designation of engineer. He was a deputy head of the Shanghai Huangpu District Housing Construction Office, deputy general manager and chairman of the board of Shanghai Golden Bund (Group) Development Co., Ltd., chairman of the board of Shanghai Huangpu Investment (Group) Development Co., Ltd., general manager and chairman of the board of Shanghai Land Sanlin Riverside Ecological Construction Co., Ltd., chairman of the board of Shanghai Land Longyang Properties Development Co., Ltd. and general manager of China Enterprises Co., Ltd. and has many years' experience in corporation management and real estate development and construction..

Mr. XU Bin

Mr. Xu, aged 57, is a director and the president of Shanghai Industrial Development Co., Ltd. Mr. Xu graduated from PLA Xi'an Political College with a bachelor's degree in economics and management. He was a deputy officer of Shanghai Xuhui District Construction and Transportation Committee, general manager and vice chairman of Shanghai West Bund Development (Group) Co., Ltd., director and president of Shanghai Urban Development (Holdings) Co., Ltd. He has many years' experience in corporate management, infrastructure construction, operation and management.

Mr. HUANG Hai Ping

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

Mr. LI Zhong Hui

Mr. Li, aged 54, is an executive director and the president of Shanghai Industrial Urban Development Group Limited. He graduated from Tongji University and China Europe International Business School and obtained a bachelor degree of engineering in real estate and surveying and a master degree of business administration. Mr. Li previously held various positions, including deputy officer of the Shanghai Xuhui District Property Management Bureau, officer of the Xuhui District Real Estate Trading Centre, officer of the Xuhui District Land Development Centre, general manager of Xuhui District Land Development Co., Ltd., deputy director of the Xuhui District Housing Development Bureau, director and general manager of Shanghai Xuhui Waterfront Development Construction Investment Co., Ltd. and chairman and general manager of Shanghai West Bund Development (Group) Co., Ltd. and has over 30 years of experience in property development and management.

Mr. ZHOU Yu Ding

Mr. Zhou, aged 52, is a chief inspector of Shanghai Industrial Investment (Holdings) Company Limited and the general manager of its asset management department. He is also an executive director and the chairman of the board of SIIC Environment Holdings Ltd. and a director of certain other subsidiaries of the Group. Mr. Zhou graduated from Fudan University with a master's degree in management information systems. Mr. Zhou is also a director of Shanghai Research Institute of Building Sciences Group Co., Ltd., chairman of the board of SIIC Asset & Operation Co., Ltd. and Shanghai Fudan Water Engineering and Technology Co., Ltd., a director of SIIC Shanghai Capital Management Co., Ltd. and Tianjin Trust Co., Ltd., Shanghai State-owned Capital Investment Parent Fund Co., Ltd. He served in a number of significant positions, including but not limited to the deputy director of the office of Shanghai Municipal State-owned Assets Supervision and Administration Commission, the deputy director of the allocation and guarantee division, the deputy director of the property rights management division and the director of the comprehensive coordination division of Shanghai Municipal State-owned Assets Supervision and Administration Commission. He is a senior economist of PRC, and has extensive experience in corporate management and asset management.

Mr. Ji Guang Lin

Mr. Ji, aged 51, an executive director and the chief executive officer of SIIC Environment Holdings Ltd. He graduated from Tsinghua University and Fudan University with a master's degree in law and a doctoral degree in philosophy and holds the designation of senior economist. Mr. Ji was the general manager of the trading department of the Shanghai United Assets and Equity Exchange, general manager of the strategic planning department and deputy chief economist of Shanghai Chengtou Group Co., Ltd., chairman of the board of Shanghai Chengtou Asset Management (Group) Co., Ltd., chairman and president of Shanghai Chengtou Holdings Co., Ltd., chairman of Tianjin Capital Environmental Protection Group Company Limited and deputy general manager (professional manager), chief legal counsel and chief compliance officer of Tianjin Urban Infrastructure Construction Investment Group Co., Ltd. He has many years' experience in environmental and water affairs.

Mr. ZHANG Jie

Mr. Zhang, aged 52, is a director and the general manager of SIIC Management (Shanghai) Limited. He graduated from Shanghai University of Engineering Science and obtained a master's degree in business administration from University of South Australia. Mr. Zhang was a deputy general manager of the asset operation department of Shanghai Industrial Investment (Holdings) Company Limited. He has many years' experience in corporate management and asset management.

Mr. DAI Wei Wei

Mr. Dai, aged 56, is a director and the chairman of Shanghai Luqiao Development Co., Ltd. ("Shanghai Luqiao"), Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. ("Hu-Ning Expressway"), and Shanghai Shen-Yu Development Co., Ltd. ("Shanghai Shen-Yu") and a director of certain other subsidiaries of the Group. He graduated from Shanghai Tongji University and Fudan University and obtained a bachelor's degree in engineering and a master's degree in business administration, and holds the designation of senior engineer. Mr. Dai was the managing director of SIIC Management (Shanghai) Limited and the chief representative of Shanghai Representative Office of the Company, a director and the general manager of Hu-Ning Expressway and Shanghai Shen-Yu, a director of Shanghai Luqiao and worked in Shanghai Mass Transit Railway Corporation, Shanghai Municipal Engineering Administration and Shanghai Jiajin Highway Development Co., Ltd. He has many years' experience in infrastructure construction and operation and corporate management.

Mr. ZHUANG Wei

Mr. Zhuang, aged 58, is a director and the general manager of Shanghai Luqiao Development Co., Ltd., Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. and Shanghai Shen-Yu Development Co., Ltd. He graduated from Shanghai Urban Construction College with a major in town construction and obtained a bachelor's degree in engineering, and holds the designation of senior engineer. He was an executive deputy general manager of the overseas department and general manager of general contracting department of Shanghai Construction (Group) Corporation, assistant president, vice president and general manager of engineering management department of SIIC Dongtan Investment & Development (Holdings) Co., Ltd. He was extensive experience in engineering management, highway operation management and construction maintenance.

Mr. ZHANG Yao Hua

Mr. Zhang, aged 52, is a director and the general manager of Nanyang Brothers Tobacco Company, Limited, a director of The Wing Fat Printing Company, Limited and a director of a subsidiary of the Company. He graduated from Fudan University and Shanghai National Accounting Institute with a bachelor's degree in science and a master's degree in professional account (MPAcc) and holds the designation of senior engineer and economist. Mr. Zhang was a vice president of Shanghai Pharmaceutical Group Co., Ltd. and has extensive experience in corporate management.

Mr. ZHAO Lei

Mr. Zhao, aged 49, is a director and the president of The Wing Fat Printing Company, Limited and a director of a subsidiary of the Company. He is also a director and the general manager of The Tien Chu (Hong Kong) Company Limited. Mr. Zhao graduated from East China Normal University with a bachelor's degree in law. Mr. Zhao was a deputy general manager of the human resources department of Shanghai Industrial Investment (Holdings) Company Limited.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

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

PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of the principal subsidiaries, joint ventures and associates of the Company as at 31 December 2025 are set out in notes 46, 47 and 48 to the consolidated financial statements respectively.

BUSINESS REVIEW

A fair review of the Group's business including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, is set out in the section of "Business Review, Discussion and Analysis" set out on pages 14 to 28 of this Annual Report.

Disclosures relating to the compliance with relevant laws and regulations which have a significant impact on the Group, as well as its relationships with its major stakeholders are included in the "Corporate Governance Report" on pages 36 to 50 of this Annual Report.

Such discussion forms part of this Directors' Report.

DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the Group's financial position at 31 December 2025 are set out in the Group's consolidated financial statements on pages 67 to 176 of this Annual Report.

In respect of the interim dividend for the year, the Company completed the payment of HK42 cents per Share to the Shareholder (2024: HK42 cents per Share). The Directors recommend the payment of a final dividend of HK50 cents per Share (2024: HK52 cents per Share) and a special dividend of HK20 cents per Share in celebration of the 30th anniversary of listing of the Shares on the Main Board of the Stock Exchange, to the Shareholders whose names appear on the register of members of the Company on 5 June 2026.

FINANCIAL SUMMARY

A summary of the financial information of the Group for the year ended 31 December 2025 and the previous four years is set out on page 177 of this Annual Report.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 December 2025 represented retained profits of HK\$22,946,148,000 (2024: HK\$21,436,548,000) calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance.

DIRECTORS

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

Executive Directors

Leng Wei Qing (*Chairlady*)

Zhang Qian (*Chief Executive Officer*)

Yao Jia Yong

Xu You Li (*Deputy CEO and Chief Financial Officer*)

Independent Non-Executive Directors

Leung Pak To, Francis

Yuen Tin Fan, Francis

Zhang Qian

(Appointed on 29 August 2025)

Tang, William Harry Jiasheng

(Appointed on 29 August 2025)

Woo Chia-Wei

(Passed away on 2 March 2025)

Prof. Zhang Qian was appointed as an Independent Non-Executive Director of the Company with effect from 29 August 2025.

Mr. Tang, William Harry Jiasheng was appointed as an Independent Non-Executive Director of the Company with effect from 29 August 2025.

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

The biographical details of the Directors are set out on pages 51 to 52 of this Annual Report. Details of Directors' emoluments are set out in note 11 to the consolidated financial statements.

In accordance with the Company's articles of association, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng who was newly appointed as Directors during the year shall retire at the extraordinary general meeting to be held on 23 April 2026 and offer themselves for re-election.

In accordance with the Company's articles of association, the Directors (including the Independent Non-Executive Directors) shall be subject to retirement by rotation at each annual general meeting. Ms. Leng Wei Qing, Mr. Yao Jia Yong and Mr. Leung Pak To, Francis shall retire by rotation at the forthcoming annual general meeting. All of them, being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

DIRECTORS OF THE SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2025 and up to the date of this report are available on the website of the Company.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2025 and up to the date of this report, the Company has in force permitted indemnity provisions for the benefits of the directors of the Company (including former directors) or its associated companies. The permitted indemnity provisions are provided for in the Company's articles of association and in the directors and senior officers liability insurance maintained by the Company in respect of potential liability and costs associated with legal proceedings that may be brought against the Directors.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2025, the Company did not enter into any equity-linked agreement, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 December 2025.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or subsisted during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the interests and short positions of the substantial Shareholders and other persons, in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of Part XV of the SFO, were as follows:

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

Notes:

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

Save as disclosed above, no other persons had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of Part XV of the SFO as at 31 December 2025.

CONNECTED TRANSACTIONS

The following connected transactions and continuing connected transactions (other than those exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules) were entered into between the Group and its connected persons and/or were subsisting during the year ended 31 December 2025:

1. Lease agreements – Tuen Mun Lease Agreement and Harcourt Tenancy Agreement

On 6 January 2025, Nanyang Tobacco (an indirect wholly-owned subsidiary of the Company) and the Company, as tenants, entered into the lease agreements (i.e. the lease agreement relating to a 16-storey property situated at No. 9 Tsing Yeung Circuit, Tuen Mun, New Territories, Hong Kong (the "Tuen Mun Lease Agreement"), and the tenancy agreement relating to a property situated at the whole of 26th Floor and a portion of 27th Floor of Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong (the "Harcourt Tenancy Agreement")) with Nanyang Enterprises Properties Limited ("Nanyang Enterprises") and International Hope Limited ("International Hope") respectively, as landlords, with a term commencing from 1 January 2025 to 31 December 2025 (both days inclusive) to renew the previous lease agreements, both of which expired by 31 December 2024, for the operation of the Group.

The monthly rentals (exclusive of rates, management fee and other outgoings) under the Tuen Mun Lease Agreement and the Harcourt Tenancy Agreement were HK\$2,750,000 and HK\$937,400 respectively. The annual caps, which represented the sum of (a) the rental payable by Nanyang Tobacco to Nanyang Enterprises under the Tuen Mun Lease Agreement for the period from 1 January 2025 to 31 December 2025 in the amount of HK\$33,000,000, and (b) the rental payable by the Company to International Hope under the Harcourt Tenancy Agreement for the period from 1 January 2025 to 31 December 2025 in the amount of HK\$11,248,800, were HK\$44,248,800.

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

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

On 29 October 2024, Wing Fat Printing, an indirect non-wholly owned subsidiary of the Company, entered into a procurement framework agreement (the "PF Agreement") with Shanghai Pharmaceuticals Holding for a term of one year commencing from 1 January 2025 and ending on 31 December 2025. Pursuant to the PF Agreement, any members of the Wing Fat Group (i.e. Wing Fat Printing and its subsidiaries from time to time) might enter into an individual procurement agreement(s) (the "Individual Agreement(s)") with any members of the SPH Group (i.e. Shanghai Pharmaceuticals Holding and its subsidiaries from time to time) to supply printed packaging materials for pharmaceutical products, subject to the annual cap of the procurement amount.

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

The annual cap for the total procurement amount payable by the SPH Group to the Wing Fat Group with respect to the transactions contemplated under the PF Agreement for the financial year ended 31 December 2025 was RMB90,000,000.

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

3. Disposal of Equity Interest in (the “Disposal”) 上海上實醫療美容醫院有限公司 (the “Target Company”)

On 13 November 2025, 上實城開(上海)大健康管理有限公司 (“SIUD Shanghai Healthcare Management”), an indirect subsidiary of the Company, entered into an equity transfer agreement with 上海華氏資產經營有限公司 (“Shanghai Huashi”) and 上海凌風醫療管理有限公司 (“Shanghai Lingfeng Medical” or the “Buyer”), pursuant to which Shanghai Huashi and SIUD Shanghai Healthcare Management (collectively the “Sellers”) conditionally agreed to sell, and Shanghai Lingfeng Medical conditionally agreed to purchase, the 19% and 30% equity interest in the Target Company held by SIUD Shanghai Healthcare Management Equity Interest and Shanghai Huashi, respectively, representing 49% in the Target Company in aggregate, for a total consideration of RMB73,598,000.

The consideration was determined after arm’s length negotiations between the Sellers and the Buyer on normal commercial terms with reference to: (i) the appraised value of the Target Company as of 31 March 2025 provided in the valuation report prepared by an independent valuer dated 16 October 2025; and (ii) the factors further considered by the Group, that is, the Disposal will enable the Group to recover and redeploy capital, streamline its investment portfolio and focus resources on its principal businesses, thereby enhancing operational efficiency and capital discipline. The Disposal is consistent with the Group’s ongoing strategy to optimise asset allocation, improve cash flow and concentrate on core business development, supporting the Group’s long-term, sustainable growth.

Shanghai Lingfeng Medical is an indirect wholly-owned subsidiary of SIIC and Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceuticals Group and Shanghai Pharmaceuticals Group is a subsidiary of SIIC Shanghai Holdings Co., Ltd. (“SIIC Shanghai”), with SIIC as the authorised representative exercising state-owned shareholder’s right over SIIC Shanghai. As such, each of Shanghai Lingfeng Medical and Shanghai Huashi is an associate of SIIC and a connected person of the Company.

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

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

- (i) have not been approved by the Board;
- (ii) for the transactions involving the provision of goods or services by the Group, were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and
- (iv) with respect to each of the aforesaid continuing connected transactions, have exceeded their respective annual caps set by the Company.

In respect of the continuing connected transactions, the Company has followed the policies and guidelines as laid down in the guidance letter HKEX-GL73-14 issued by the Stock Exchange when determining the price and terms of the transactions conducted during the financial year ended 31 December 2025.

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

RELATED PARTY TRANSACTIONS

The Company confirms that it has complied with all the requirements under Chapter 14A of the Listing Rules in respect of the transactions disclosed in the section headed “Connected Transactions” of the Directors’ Report in this Annual Report, which were also classified as related party transactions of the Group and set out in paragraph (I) of note 43 to the consolidated financial statements in this report. Details of such related party transactions for the year are set out in paragraph (I) of note 43 to the consolidated financial statements in this Annual Report. During the year ended 31 December 2025, the Group also entered into other related party transactions which did not constitute connected transactions and are not subject to reporting, announcement, circular or independent shareholders’ approval requirements under Chapter 14A of the Listing Rules, particulars of which are set out in paragraphs (II) and (III) of note 43 to the consolidated financial statements in this Annual Report.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$954,200.

RETIREMENT BENEFITS SCHEMES

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

SUFFICIENCY OF PUBLIC FLOAT

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

The Company has maintained a sufficient public float throughout the year ended 31 December 2025.

CORPORATE GOVERNANCE

The corporate governance principles and practices adopted by the Company are set out in the Corporate Governance Report on pages 36 to 50 of this Annual Report.

AUDITOR

Messrs. Deloitte Touche Tohmatsu (“Deloitte”) has resigned as the auditor of the Company with effect from 10 October 2025. Ernst & Young has been appointed as the auditor of the Company with effect from 10 October 2025 to fill the casual vacancy following the resignation of Deloitte, and to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements for the year ended 31 December 2025 were audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Ernst & Young as auditor of the Company.

On behalf of the Board



Leng Wei Qing
Chair lady

Hong Kong, 30 March 2026

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED

上海實業控股有限公司

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Industrial Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 67 to 176, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as 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”), as applicable to audits of financial statements of public interest entities. We have also 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)**Key audit matter*****Valuation of investment properties***

The Group owned investment properties in Mainland China, including completed investment properties and investment properties under construction, which were measured at fair value and their aggregate carrying amount was approximately HK\$30,264,422,000, which represented 18% of the Group's total assets, as at 31 December 2025.

The Group engaged several independent professionally qualified valuers to perform the valuations of the aforementioned properties as at 31 December 2025. Significant judgement and estimates were required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The fair value of investment properties was determined using the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate, or using the market approach by reference to comparable market transactions. Changes in these assumptions would have significant effects on the valuation of the investment properties. Accordingly, the valuation of the investment properties was identified as a key audit matter.

The related disclosures of the investment properties were included in note 3.2, note 4 and note 14 to the consolidated financial statements.

How our audit addressed the key audit matter

- We obtained an understanding of management's process in the valuation of investment properties.
- We evaluated the competency, independence and objectivity of the external valuers. We obtained an understanding of the valuation approach and key assumptions used by the external valuers.
- We involved our internal valuation experts to assist us, on a sampling basis, in evaluating the valuation methodologies and key assumptions adopted in the valuations. We also evaluated the source data used in the valuations by checking to the underlying lease documents or benchmarking them to the relevant market information, on a sampling basis.
- We assessed the disclosures related to the valuation of investment properties in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

Key audit matter

Provision for properties under development held for sales ("PUD") and properties held for sale ("PHFS")

The Group had PUD and PHFS of approximately HK\$15,910,884,000 and HK\$11,540,794,000, respectively, as at 31 December 2025, which represented 10% and 7% of the Group's total assets, respectively. The carrying amounts of PUD and PHFS are stated at the lower of cost and net realisable value.

The determination of net realisable value (the "NRV") of the PUD and PHFS involved critical accounting estimates on the selling price, costs to make the sale and, for PUD, the costs to completion. The NRV of the Group's certain PUD and PHFS has been arrived at on the basis of valuations carried out by independent professionally qualified valuers. Given the significant balance of PUD and PHFS and the involvement of critical accounting estimates, the provision for PUD and PHFS was considered as a key audit matter.

The related disclosures of PUD and PHFS were included in note 3.2, note 4, note 26 to the consolidated financial statements.

How our audit addressed the key audit matter

- We obtained an understanding of management's process in the NRV assessments of PUD and PHFS.
- We evaluated the competency, independence and objectivity of the external valuers. We obtained an understanding of the valuation approach and key assumptions used by the external valuers.
- In assessing the NRV of the PUD and PHFS, we evaluated the reasonableness of their estimated selling price based on the current market price of properties of comparable locations and conditions, pre-sale agreement entered into by the Group during the year (if applicable), and involved our internal valuation experts to assist us, on a sampling basis, in evaluating the methodology and key assumptions adopted in the NRV assessments. We also evaluated the management's assessment of the estimated cost to make the sale by comparing with the historical costs to make the sales of the Group, on a sampling basis.
- For construction costs to be incurred to complete PUD we obtained an understanding of management's process in estimating the future costs to completion for the PUD and assessed the reasonableness of the budgeted construction costs, on a sampling basis, by checking to construction contracts and other relevant documents.
- We assessed the disclosures related to the provision for PUD and PHFS in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism 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.

INDEPENDENT AUDITOR'S REPORT

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

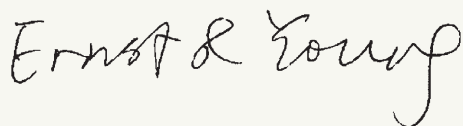
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lin Yang (Practicing certificate number: P08075).

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style script.

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	5	20,831,514	28,917,697
Cost of sales		(14,629,646)	(21,016,595)
Gross profit		6,201,868	7,901,102
Net investment income	6	833,043	695,979
Other income, gains and losses		451,331	(440,228)
Selling and distribution costs		(969,704)	(858,838)
Administrative and other expenses		(2,295,863)	(2,229,550)
Finance costs	7	(1,617,424)	(2,025,003)
Share of results of joint ventures		233,410	276,559
Share of results of associates		14,789	233,443
Net gain/(loss) on disposal of interests in associates/joint ventures/subsidiaries and liquidation of a subsidiary	8	(30,458)	1,348,905
Profit before taxation		2,820,992	4,902,369
Income tax expense	9	(1,049,082)	(1,900,045)
Profit for the year	10	1,771,910	3,002,324
Profit/(loss) for the year attributable to			
– Owners of the Company		2,019,868	2,807,653
– Non-controlling interests		(247,958)	194,671
		1,771,910	3,002,324
		HK\$	HK\$
Earnings per share	13		
– Basic		1.858	2.582
– Diluted		1.858	2.582

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Profit for the year	1,771,910	3,002,324
Other comprehensive income/(expense)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations		
– subsidiaries	2,187,456	(1,924,456)
– joint ventures	756,555	(554,175)
– associates	117,368	(131,182)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	(24,898)	(70)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	5,159	10,541
Other comprehensive income/(expense) for the year	3,041,640	(2,599,342)
Total comprehensive income for the year	4,813,550	402,982
Total comprehensive income/(expense) for the year attributable to		
– Owners of the Company	3,615,694	1,404,841
– Non-controlling interests	1,197,856	(1,001,859)
	4,813,550	402,982

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-Current Assets			
Investment properties	14	30,264,422	34,681,718
Property, plant and equipment	15	5,732,706	6,244,781
Right-of-use assets	16	655,252	728,106
Toll road operating rights	17	3,323,880	3,740,466
Goodwill	18	539,816	517,743
Other intangible assets	19	14,073,442	12,143,540
Interests in joint ventures	20	11,347,828	10,791,679
Interests in associates	21	3,467,994	5,829,427
Investments	22	1,762,865	3,375,350
Receivables under service concession arrangements	23	19,984,403	22,554,450
Deposits paid on acquisition of non-current assets	24	601,118	62,817
Deferred tax assets	25	246,848	173,110
Bank deposits	29	1,273,942	1,679,438
		93,274,516	102,522,625
Current Assets			
Inventories	26	28,932,275	25,260,917
Trade and other receivables	27	10,468,472	11,731,030
Contract assets	28	29,307	57,035
Investments	22	193,729	225,532
Receivables under service concession arrangements	23	978,806	968,486
Prepaid taxation		838,202	797,875
Pledged bank deposits	29	228,934	211,619
Bank deposits	29	1,780,135	5,781,414
Cash and cash equivalents	29	28,241,335	20,841,493
		71,691,195	65,875,401
Assets classified as held for sale	36	–	114,667
		71,691,195	65,990,068

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Current Liabilities			
Trade and other payables	30	13,308,977	16,091,478
Lease liabilities	34	50,820	51,606
Contract liabilities	31	2,347,191	1,395,294
Deferred income	32	504,291	466,506
Taxation payable		2,177,799	2,958,783
Bank and other borrowings	33	17,207,123	19,205,072
		35,596,201	40,168,739
Net Current Assets		36,094,994	25,821,329
Total Assets less Current Liabilities		129,369,510	128,343,954
Capital and Reserves			
Share capital	35	13,649,839	13,649,839
Reserves		36,505,704	33,920,666
Equity attributable to owners of the Company		50,155,543	47,570,505
Non-controlling interests		31,574,123	30,722,825
Total Equity		81,729,666	78,293,330
Non-Current Liabilities			
Provision for major overhauls	23	88,170	78,126
Deferred income	32	1,357,408	1,757,258
Bank and other borrowings	33	38,413,985	40,274,021
Deferred tax liabilities	25	7,567,685	7,705,109
Lease liabilities	34	212,596	236,110
		47,639,844	50,050,624
Total Equity and Non-Current Liabilities		129,369,510	128,343,954



Zhang Qian
Chief Executive Officer



Xu You Li
Deputy Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other revaluation reserve HK\$'000 (Note i)	Other reserve HK\$'000 (Note ii)	Merger reserve HK\$'000 (Note iii)	Investment revaluation reserves HK\$'000	Translation reserve HK\$'000	PRC statutory reserves HK\$'000 (Note iv)	Retained profits HK\$'000	Sub-total HK\$'000		
At 1 January 2025	13,649,839	33,659	(163,719)	(5,922,094)	199,412	(2,824,980)	3,905,925	38,692,463	47,570,505	30,722,825	78,293,330
Profit/(loss) for the year	-	-	-	-	-	-	-	2,019,868	2,019,868	(247,958)	1,771,910
Exchange differences arising on translation of foreign operations											
– subsidiaries	-	-	-	-	-	990,333	-	-	990,333	1,197,123	2,187,456
– joint ventures	-	-	-	-	-	561,168	-	-	561,168	195,387	756,555
– associates	-	-	-	-	-	69,667	-	-	69,667	47,701	117,368
Fair value change on equity investments at fair value through other comprehensive income held by subsidiaries, net of tax	-	-	-	-	(27,621)	-	-	-	(27,621)	2,723	(24,898)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	-	2,279	-	-	-	-	-	-	2,279	2,880	5,159
Total comprehensive income/(expense) for the year	-	2,279	-	-	(27,621)	1,621,168	-	2,019,868	3,615,694	1,197,856	4,813,550
Transfers	-	-	-	-	-	-	310,951	(310,951)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	4,186	4,186
Disposal of equity instruments at fair value through other comprehensive income held by a subsidiary	-	-	-	-	1,085	-	-	(640)	445	(445)	-
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(225,301)	(225,301)
Dividends recognised as distribution (note 12)	-	-	-	-	-	-	-	(1,021,979)	(1,021,979)	-	(1,021,979)
Deregistration of a subsidiary	-	-	(10,114)	-	-	-	-	-	(10,114)	-	(10,114)
Capital reduction in a subsidiary	-	-	-	-	-	-	-	-	-	(122,623)	(122,623)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(688)	(688)
Transfer upon liquidation of a subsidiary	-	-	-	-	-	(3,934)	-	3,934	-	-	-
Acquisition of non-controlling interests	-	-	992	-	-	-	-	-	992	(1,687)	(695)
At 31 December 2025	13,649,839	35,938*	(172,841)*	(5,922,094)*	172,876 *	(1,207,746)*	4,216,876*	39,382,695*	50,155,543	31,574,123	81,729,666

* These reserve accounts comprise the consolidated reserves of HK\$36,505,704,000 (2024: HK\$33,920,666,000) in the consolidated statement of financial position.

Notes:

- Other revaluation reserve is comprised of i) fair value adjustments on acquisition of subsidiaries relating to interests previously held by the Company and its subsidiaries (collectively referred to as the “Group”) as associates/joint ventures, which will be recognised in profit or loss upon the earlier of the disposal of that subsidiaries or the disposal by that subsidiaries of the assets to which it relates and ii) fair value adjustments arising upon the transfer of property, plant and equipment to investment properties.
- The Group accounts for acquisitions of associates, joint ventures or investee companies from its ultimate parent, Shanghai Industrial Investment (Holdings) Company Limited (“SIIC”), as equity transactions and any difference between the consideration paid and the fair value of the interest acquired is recorded in other reserve. In addition, the Group accounts for changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over those subsidiaries as equity transactions and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received was recorded in other reserve. The other reserve also includes deemed contributions from SIIC for the waiver of shareholder loans granted to a subsidiary of the Group.
- Merger reserve represents the difference between the fair value of the consideration paid to SIIC for the acquisition of subsidiaries/businesses controlled by SIIC and the share capital of the acquired subsidiaries.
- The statutory reserves are reserves required by the relevant laws in the People’s Republic of China (the “PRC”) applicable to the Group’s PRC subsidiaries, joint ventures and associates.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		2,820,992	4,902,369
Adjustments for:			
Amortisation of other intangible assets	10	920,928	585,289
Amortisation of toll road operating rights	10	821,131	786,667
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	6	(112,762)	8,794
Net decrease in fair value of investment properties	10	631,865	779,480
Depreciation of property, plant and equipment	10	536,158	566,457
Depreciation of right-of-use assets	10	82,709	77,707
Dividend income from financial assets at FVTPL and FVTOCI	6	(204,705)	(8,042)
Finance costs	7	1,617,424	2,025,003
Loss/(gain) on disposal of interests in associates	8	35,025	(1,225,251)
Gain on disposal of interest in joint ventures	8	(3,091)	(183)
Gain on disposal of subsidiaries	8	(1,476)	(531)
Gain on liquidation of a subsidiary	8	–	(122,940)
Government compensation of toll road operating rights	10	(452,925)	(437,750)
Impairment loss on interests in associates	10	27,120	207,079
Impairment loss on interest in a joint venture	10	–	117,641
Impairment loss/(reversal of impairment loss) on inventories, other than properties	10	(8,862)	39,877
Impairment loss on other receivables	10	555,408	327,182
Impairment loss on properties held for sale ("PHFS")	10	675,985	149,504
Impairment loss on properties under development held for sale ("PUD")	10	555,072	757,709
Impairment loss on trade receivables	10	176,430	70,477
Impairment loss on property, plant and equipment	10	42,075	28,467
Interest income	6	(513,735)	(694,700)
Net gain on disposal/written off of property, plant and equipment	10	(2,396)	(1,251)
Provision for major overhauls	10	14,301	4,947
Share of results of associates		(14,789)	(233,443)
Share of results of joint ventures		(233,410)	(276,559)
Operating cash flows before movements in working capital		7,964,472	8,433,999
Decrease in receivables under service concession arrangements		3,639,531	1,950,286
Decrease in financial assets at FVTPL		1,751,426	7,848
Decrease in inventories		1,315,346	6,800,572
Increase in trade and other receivables		(1,509,070)	(1,916,529)
Decrease in contract assets		30,371	24,657
Increase/(decrease) in trade and other payables		(2,947,131)	134,777
Increase/(decrease) in contract liabilities		939,524	(6,954,249)
Decrease in provision for major overhauls		(8,173)	(4,761)
Cash generated from operations		11,176,296	8,476,600
Tax refund		13,292	1,679
Income tax paid		(2,402,579)	(3,665,014)
NET CASH FROM OPERATING ACTIVITIES		8,787,009	4,813,265

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES			
Decrease/(increase) in pledged bank deposits/bank deposits		4,389,460	(5,106,675)
Purchase of operating concessions		(1,043,818)	(3,403,464)
Purchases of financial asset at FVTOCI	21	–	(1,387,752)
Subsequent expenditures on investment properties		(387,802)	(650,266)
Purchase of property, plant and equipment		(362,762)	(374,228)
Advance to related parties		–	(143,449)
Deposits paid on acquisition of property, plant and equipment/ intangible assets/service concession arrangement		(535,361)	(80,627)
Net cash outflow of liquidation of subsidiaries		–	(16,687)
Proceeds from disposal of interest in associates		2,541,430	2,199,265
Repayment from related parties		1,990,916	829,054
Interest received		513,735	731,666
Dividends received from associates		4,681	264,767
Dividends received from joint ventures		433,816	103,379
Capital reduction in a joint venture		–	68,278
Proceeds from disposal of financial assets at FVTOCI		1,084	17,385
Proceeds from disposal of subsidiaries		3,396	13,154
Proceeds from disposal of property, plant and equipment		37,648	7,289
Dividends received from financial assets at FVTPL and FVTOCI		204,705	8,042
Proceeds from disposal of interest in a joint venture		3,091	3,447
Proceed from disposal of intangible assets		356,944	–
Addition of toll road operating rights		(246,684)	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		7,904,479	(6,917,422)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(23,784,371)	(23,597,335)
Interests paid	(1,875,178)	(2,351,165)
Dividends paid	(1,021,979)	(1,021,979)
Repayment to related parties	(7,922)	(117,317)
Dividends paid to non-controlling interests	(184,461)	(513,241)
Repayments of lease liabilities	(47,552)	(80,469)
Interest paid on lease liabilities	(7,099)	(16,068)
Repurchase of their own shares by listed subsidiaries	—	(3,923)
Bank and other borrowings raised	17,208,250	26,320,011
Capital contributions by non-controlling interests	4,186	1,084
NET CASH USED IN FINANCING ACTIVITIES	(9,716,126)	(1,380,402)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,975,362	(3,484,559)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	20,841,493	25,225,026
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	424,480	(898,974)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	28,241,335	20,841,493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

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

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

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

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

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

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

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

- **HKFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 Statement of Cash Flows:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

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

3.1 Basis of preparation of consolidated financial statements

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.1 Basis of preparation of consolidated financial statements (continued)

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

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

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

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

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

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

Business combinations or assets acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Business combinations or assets acquisitions (continued)

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

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

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Leases*, 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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits”, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payments” at the acquisition date (see the accounting policy below);

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

3.2 Material accounting policy information (continued)

Business combinations or assets acquisitions (continued)

Business combinations (continued)

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Merger Accounting for business combination involving businesses under common control

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Merger Accounting for business combination involving businesses under common control (continued)

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

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

Goodwill

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

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

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

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

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

Investments in subsidiaries

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

Investments in associates and joint ventures

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

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

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

3.2 Material accounting policy information (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group’s share of losses of an associate or joint venture exceeds the Group’s interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Investments in associates and joint ventures (continued)

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

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

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

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

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

3.2 Material accounting policy information (continued)

Service concession arrangements

Consideration given by the grantor

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

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

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

Operating services

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

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

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

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Input method

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

Revenue from other sources

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

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

3.2 Material accounting policy information (continued)

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (mainly sales commissions in relation to the sales of properties) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Contract assets and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Allocation of consideration to components of a contract (continued)

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties”, “PUD” and “PHFS” respectively.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

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

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

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for a separate lease (see below for the accounting policy for “lease modification”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications (continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

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

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

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

Lease modification

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

Operating leases

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

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

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor (continued)

Operating leases (continued)

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

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 Property, Plant and Equipment. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Property, plant and equipment (continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

3.2 Material accounting policy information (continued)

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in that foreign operation.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Settlements of monetary items which formed part of net investment in foreign operations without changes in the Group's ownership interests is not considered as partial disposals.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Government grants

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

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

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

Employee benefits

Retirement benefits costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group’s subsidiary which operates in the Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

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

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

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

3.2 Material accounting policy information (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, except that deferred tax is not recognised for the Pillar Two income taxes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale which is always presumed to be recovered entirely through sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Taxation (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research expenditure

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

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

3.2 Material accounting policy information (continued)

Intangible assets (continued)

Toll road operating rights

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

Operating concessions

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

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

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

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

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

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

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

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

3.2 Material accounting policy information (continued)

Inventories

PUD and PHFS

PUD which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, PUD and PHFS are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

PUD are transferred to PHFS upon completion.

Transfer from inventories to investment properties carried at fair value

The Group transfers a property from inventories to investment properties when there is a change in use to hold the property to earn rentals and/or for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Others

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

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

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

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “net investment income” line item in profit or loss.

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

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, receivables under service concession arrangements, pledged bank deposits, short-term bank deposits and cash and cash equivalents) and other items (including lease receivables, contract assets and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, except as specified below, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers changes in the risk of that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, lease receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables and bank and other borrowings, are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values. They are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities (continued)

Foreign exchange gains and losses

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

Offsetting of financial instruments

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

Provisions

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

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

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

Provisions for maintenance of infrastructure under service concession arrangements

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

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

3.2 Material accounting policy information (continued)

Contingent liabilities

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

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

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (continued)

Related parties (continued)

(b) (continued)

- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3.2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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

Critical judgments in applying accounting policies

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

Control over non-wholly owned listed subsidiaries

Note 46 describes that the Group held less than a majority of ownership interest and voting rights in certain of its non-wholly owned listed subsidiaries as at 31 December 2025 and 2024.

The directors of the Company assessed whether or not the Group has control over SIIC Environment Holdings Ltd ("SIIC Environment"), SI Urban Development and SI Development throughout the year ended 31 December 2025, based on whether the Group has the practical ability to direct the relevant activities of these non-wholly owned listed subsidiaries unilaterally by considering the Group's absolute size of holding in them, the relative size and dispersion of holdings of other shareholders and the practical right to appoint the majority members of the board of directors of these non-wholly owned listed subsidiaries. After their assessments, the directors of the Company concluded that the Group has the current ability to direct the relevant activities of these non-wholly owned listed subsidiaries and affect the amount of the Group's return. Therefore, the Group has control over these non-wholly owned listed subsidiaries throughout the whole year ended 31 December 2025 and 2024.

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

Critical judgments in applying accounting policies (continued)

Deferred taxation on investment properties

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

Key sources of estimation uncertainty

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

Fair values of investment properties

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

Investment properties in the consolidated statement of financial position at 31 December 2025 are carried at their fair values of approximately HK\$30,264 million (2024: HK\$34,682 million).

Allowance for PHFS and PUD

Management regularly reviews the recoverability of the Group's PHFS and PUD with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceed their net realisable values. Appropriate allowance for PHFS and PUD is made if the estimated net realisable value is lower than its carrying amount. As at 31 December 2025, the aggregate carrying amount of PHFS and PUD was approximately HK\$27,452 million (2024: HK\$23,766 million).

PRC LAT

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

Key sources of estimation uncertainty (continued)

PRC LAT (continued)

The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expense and deferred income tax provisions in the period in which such determination is made. As at 31 December 2025, the carrying amount of LAT provision (included in taxation payable) was approximately HK\$886 million (2024: HK\$1,668 million).

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on shared characteristics including historical credit loss experience, industry specific factors to the debtors and general economic conditions. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually.

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

Estimation of contract revenue and costs

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

Fair value measurements and valuation processes

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

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified professional valuers to perform the valuation. Management of the Group works closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise, and will report the significant results and findings to the board of directors of the Company. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 14 and 51(c) provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of various assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE

(i) Disaggregation of revenue

	For the year ended 31 December 2025			
	Infrastructure and environmental protection HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Total HK\$'000
Types of goods or services				
Sales of goods and services				
– sales of properties	–	4,048,876	–	4,048,876
– sales of goods	–	–	3,715,964	3,715,964
Income from infrastructure facilities, other than financial income from service concession arrangements				
– toll road operation	2,102,764	–	–	2,102,764
– water-related services				
– operating, maintenance and other income	5,333,865	–	–	5,333,865
– construction income from construction contracts	1,250,638	–	–	1,250,638
Ancillary facilities, property services and management income	–	1,613,790	–	1,613,790
Income from hotel operations	–	516,859	–	516,859
Revenue from goods and services	8,687,267	6,179,525	3,715,964	18,582,756
Financial income from service concession arrangements	1,085,795	–	–	1,085,795
Rental income	–	1,162,963	–	1,162,963
Total	9,773,062	7,342,488	3,715,964	20,831,514
Timing of revenue recognition of revenue from goods and services				
A point in time	4,683,354	4,048,876	3,715,964	12,448,194
Overtime	4,003,913	2,130,649	–	6,134,562
	8,687,267	6,179,525	3,715,964	18,582,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE (continued)

(i) Disaggregation of revenue (continued)

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

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers

Infrastructure and environmental protection

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

Toll road fee income and other service income are recognised over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance.

Revenue from operating and maintenance income from water-related businesses under service concession arrangements is recognised at a point in time when the Group has transmitted to the customers and the customers accepted the water supplied or when the wastewater treatment service is rendered. All other income derived from the managing and operating of infrastructure under non-service concession arrangements is classified as service income and are recognised over time.

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

Real estate

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

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

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

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

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

Consumer products

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE (continued)

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

The Group has elected to apply the practical expedient under HKFRS 15 for not to disclose the information of remaining performance obligations which are part of a contract that has an original expected duration of one year or less; or from satisfaction of which the Group recognises revenue in the amount, which the Group has the right to invoice, that corresponds directly with the value to the customers of the Group's performance completed to date. The transaction price allocated to the remaining performance obligations where the aforementioned practical expedients are not applicable as at 31 December 2025 was HK\$2,758,538,000 (2024: HK\$4,545,082,000), which relates to contracts of sales of properties and construction revenue. This amount represents the revenue expected to be recognised by the Group in the future when it satisfies the remaining performance obligations and around 89.2% (2024: 98.9%) is expected to be recognised as revenue within one year.

(iv) Leases

	2025 HK\$'000	2024 HK\$'000
Revenue arising from operating leases	1,162,963	1,206,470

6. NET INVESTMENT INCOME

	2025 HK\$'000	2024 HK\$'000
Interest on bank deposits	402,771	512,241
Interest on financial assets at FVTPL	21,402	45,836
Other interest income	89,562	136,623
Total interest income	513,735	694,700
Change in fair value of financial assets at FVTPL	112,762	(8,794)
Dividend income from financial assets at FVTPL and FVTOCI	204,705	8,042
Rental income from property, plant and equipment	1,841	2,031
	833,043	695,979

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

	2025 HK\$'000	2024 HK\$'000
Financial assets at FVTPL and FVTOCI	338,869	45,084
Financial assets at amortised cost (including cash and cash equivalents)	492,333	648,864
	831,202	693,948
Investment income earned on non-financial assets	1,841	2,031
	833,043	695,979

Included above is net income from listed investments of HK\$115,677,000 (2024: net loss of HK\$4,207,000) and net income from unlisted investments of HK\$223,192,000 (2024: HK\$49,291,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on bank and other borrowings	1,767,465	2,248,177
Interests on lease liabilities	7,099	16,068
	1,774,564	2,264,245
Less: amounts capitalised in PUD	(157,140)	(239,242)
	1,617,424	2,025,003

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

8. NET GAIN/(LOSS) ON DISPOSAL OF INTERESTS IN ASSOCIATES/JOINT VENTURES/SUBSIDIARIES AND LIQUIDATION OF A SUBSIDIARY

	2025 HK\$'000	2024 HK\$'000
Gain/(loss) on disposal of interests in associates	(35,025)	1,225,251
Gain on disposal of interests in joint ventures	3,091	183
Gain on disposal of subsidiaries	1,476	531
Gain on liquidation of a subsidiary (note 37(ii))	–	122,940
	(30,458)	1,348,905

9. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current tax		
– Hong Kong	129,196	125,190
– PRC LAT	486,544	414,270
– PRC EIT (including PRC withholding tax of HK\$98,867,000 (2024: HK\$88,009,000))	999,797	1,357,421
– Other jurisdictions	1,064	4,824
	1,616,601	1,901,705
Under-/ (over-) provision in prior years		
– Hong Kong	(3,868)	(232)
– PRC LAT	(52,511)	(145,615)
– PRC EIT	(34,854)	19,735
	(91,233)	(126,112)
Deferred taxation for the year (note 25)	(476,286)	124,452
	1,049,082	1,900,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (continued)

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

	2025 HK\$'000	2024 HK\$'000
Profit before taxation	2,820,992	4,902,369
Tax at PRC statutory tax rate of 25%	705,248	1,225,592
Effect of different tax rates of subsidiaries	(15,097)	(21,904)
Effect of PRC subsidiaries subject to a lower tax rate	(19,147)	(47,740)
Overprovision of PRC LAT in prior years	(52,511)	(145,615)
Under/(over-)provision of PRC EIT in prior years	(34,854)	19,735
Overprovision of Hong Kong Profits Tax in prior years	(3,868)	(232)
Provision for PRC LAT for the year	486,544	483,828
Tax effect of deductible temporary difference not recognised	374,263	6,395
Tax effect of expenses not deductible for tax purpose	95,942	588,957
Tax effect of income not taxable for tax purpose	(397,683)	(382,765)
Tax effect of share of results of joint ventures and associates	(62,050)	(127,501)
Tax effect of PRC LAT deductible for PRC EIT	(121,636)	(120,957)
Tax effect on dividend withholding tax	98,867	83,608
Tax effect of tax losses not recognised as deferred tax assets	353,291	441,925
Utilisation of tax losses previously not recognised as deferred tax assets	(344,051)	(93,430)
Others	(14,176)	(9,851)
Income tax expense for the year	1,049,082	1,900,045

Notes:

- (i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.
- (ii) Under the law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the Group's subsidiaries in the PRC are subject to PRC EIT at a rate of 25% for both years, except that (i) seven (2024: seven) PRC subsidiaries are qualified as High New Technology Enterprises and enjoy a preferential tax rate of 15% for the current year (the preferential tax rate is applicable for three years from the date of grant and subject to approval for renewal) and (ii) certain PRC subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from PRC EIT for the first three years and a 50% reduction in PRC EIT for the next three years from the first year of generating operating income.
- (iii) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs and all qualified property development expenditures.
- (iv) Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.
- (v) The Group falls within the scope of the Global Anti Base Erosion Model Rules ("Pillar Two Model Rules") issued by the Organisation for Economic Cooperation and Development, with subsidiaries operating in some jurisdictions that have legislated domestic Pillar Two income tax requirements in alignment with this framework. The Group's earnings are subject to domestic minimum top up taxes in Vietnam (effective from 1 January 2024), Hong Kong, Singapore and Malaysia (effective from 1 January 2025). From 1 January 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 in respect of its earnings from operations in British Virgin Islands, Mainland China, Macau and United States of America, even though these jurisdictions have not yet enacted Pillar Two legislation. The Group has assessed its potential Pillar Two income tax exposure in these jurisdictions based on the information available regarding the financial performance of the Group for the year ended 31 December 2025. Based on the assessment, all of the jurisdictions the Group operates, except for British Virgin Islands and Macau, qualify for the Transitional Country-by-Country Reporting ("CbCR") Safe Harbor, and as a result, the Pillar Two income tax exposure for these jurisdictions is deemed to be zero. The Group notes that British Virgin Islands and Macau do not qualify for the Transitional CbCR Safe Harbor. However, based on the assessment above, the expected impact of such taxes is not considered material to the consolidated financial statements. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in May 2023. The Group will continue to monitor developments in Pillar Two legislation across relevant jurisdictions and assess the potential future impact on its financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. PROFIT FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Profit for the year has been arrived at after charging:		
Employee benefits expense, including directors' emoluments:		
Basic salaries, allowances and bonus	1,922,490	1,915,024
Retirement benefits scheme contributions*	326,244	335,382
	2,248,734	2,250,406
Amortisation of toll road operating rights (included in cost of sales)	821,131	786,667
Amortisation of other intangible assets (included in cost of sales)	920,928	585,289
Depreciation of property, plant and equipment	536,158	566,457
Depreciation of right-of-use assets	82,709	77,707
Total depreciation and amortisation	2,360,926	2,016,120
Auditor's remuneration**	12,228	20,994
Cost of inventories recognised as an expense		
– properties	2,732,383	9,141,208
– inventories, other than properties	2,606,495	2,590,246
Impairment loss on interest in a joint venture (included in other income, gains and losses)	–	117,641
Impairment loss on interests in associates (included in other income, gains and losses)	27,120	207,079
Impairment loss on inventories, other than properties (included in cost of sales)	–	39,877
Impairment loss on trade receivables (included in other income, gains and losses)	176,430	70,477
Impairment loss on other receivables (included in administrative and other expenses or other income, gains and losses)	555,408	327,182
Impairment loss on property, plant and equipment (included in other income, gains and losses)	42,075	28,467
Impairment loss on PHFS (included in cost of sales)	675,985	149,504
Impairment loss on PUD (included in cost of sales)	555,072	757,709
Net decrease in fair value of investment properties (included in other income, gains and losses)	631,865	779,480
Net foreign exchange loss (included in other income, gains and losses)	–	72,601
Provision for major overhauls (included in cost of sales)	14,301	4,947
Research expenditure	96,329	98,756
Direct operating expenses incurred for investment properties that generated rental income during the year	378,494	366,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. PROFIT FOR THE YEAR (continued)

	2025 HK\$'000	2024 HK\$'000
and after crediting:		
Compensation from settlement of a legal case	12,623	100,028
Government compensation of toll road operating rights (included in other income, gains and losses)	452,925	437,750
Interest income	513,735	694,700
Net gain on disposal/written off of property, plant and equipment (included in other income, gains and losses)	2,396	1,251
Reversal of impairment loss on inventories, other than properties (included in cost of sales)	8,862	—
Net foreign exchange gain (included in other income, gains and losses)	330,110	—

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** This item represented only the audit fees (including some of subsidiaries of the Company) paid and payable to the auditor of the Company and the member firms of the auditor of the Company.

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

The emoluments paid or payable to each of the six (2024: six) existing directors of the Company were as follows:

	Executive directors						Independent non-executive directors					Total
	Leng	Zhang	Yao	Xu	Shen	Shu	Leung	Yuen		Tang,	Woo	
	Wei Qing	Qian	Jia Yong	You Li	Xiao Chu	Dong	Pak To,	Tin Fan,	Zhang	William Harry	Chia-Wei	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Francis	Francis	Qian	Jiasheng	HK\$'000	
(Note			(Note	(Note					HK\$'000	HK\$'000		
(vii)			(vii)	(vii)	(vii)	(vii)			(Note (ix))	(Note (ix))	(Note (viii))	
Year ended 31 December 2025												
Executive directors:												
Basic salaries and allowances	-	1,343	-	-	-	-	-	-	-	-	-	1,343
Retirement benefits scheme contributions	-	149	-	-	-	-	-	-	-	-	-	149
Independent non-executive directors:												
Directors' fees and committee remuneration	-	-	-	-	-	-	480	473	160	160	83	1,356
Total directors' emoluments	-	1,492	-	-	-	-	480	473	160	160	83	2,848
Year ended 31 December 2024												
Executive directors:												
Basic salaries and allowances	-	1,396	-	-	325	358	-	-	-	-	-	2,079
Retirement benefits scheme contributions	-	135	-	-	60	25	-	-	-	-	-	220
Independent non-executive directors:												
Directors' fees and committee remuneration	-	-	-	-	-	-	480	470	-	-	480	1,430
Total directors' emoluments	-	1,531	-	-	385	383	480	470	-	-	480	3,729

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

Notes:

- (i) The directors of the Company are also the key management personnel of the Company. Their emoluments including those for services rendered by them as the key management personnel are also included in the above directors' emoluments tables for presentation.
- (ii) The executive director's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.
- (iii) The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.
- (iv) Bonuses were determined with reference to the Group's operating results, individual performance and comparable market statistics.
- (v) During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office. None of the directors has waived any emoluments during both years.
- (vi) The directors' fees for Ms. Leng Wei Qing, Mr. Yao Jia Yong and Mr. Xu You Li were borne by the Group's ultimate parent company.
- (vii) Ms. Leng Wei Qing was appointed as an executive director and chairlady of Company on 30 April 2024. Mr. Yao Jia Yong was appointed as an executive director of the Company on 30 April 2024. Mr. Xu You Li was appointed as an executive director, deputy chief executive officer and chief financial officer of the Company on 8 August 2024. Mr. Shen Xiao Chu resigned as an executive director and the chairman of Company on 30 April 2024. Mr. Shu Dong resigned as an executive director of Company on 30 April 2024.
- (viii) Mr. Woo Chia-Wei, an independent non-executive director, passed away on 2 March 2025.
- (ix) Prof. Zhang Qian was appointed as an independent non-executive director of the Company on 29 August 2025. Mr. Tang, William Harry Jiasheng was appointed as an independent non-executive director of the Company on 29 August 2025.

For the year ended 31 December 2025, the five individuals with the highest emoluments in the Group do not include any director of the Company disclosed above (2024: Nil). The emoluments of the five (2024: five) highest paid individual are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other allowances	9,641	10,502
Retirement benefits	227	275
	9,868	10,777

The emoluments of those individuals are within the following band:

	2025	2024
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	4	4

During the years ended 31 December 2025 and 2024, no emoluments have been paid by the Group to the five employees with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 December 2025

12. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividends recognised as distribution during the year:		
2025 interim dividend of HK42 cents (2024: 2024 interim dividend of HK42 cents) per share	456,629	456,629
2024 final dividend of HK52 cents (2024: 2023 final dividend of HK52 cents) per share	565,350	565,350
	1,021,979	1,021,979

The final dividend of HK50 cents (2024: HK52 cents) per share and a special dividend of HK20 cents (2024: HKNil cents) per share in respect of the year ended 31 December 2025, amounting to approximately HK\$761.0 million (2024: HK\$565.4 million) in total, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Profit for the year attributable to owners of the Company	2,019,868	2,807,653

	2025	2024
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,087,211,600	1,087,211,600

The computation of diluted earnings per share for the year ended 31 December 2025 and 2024 does not assume the exercise of options issued by Canvest Environmental Protection Group Company Limited ("Canvest Environmental"), a listed associate of the Group, because the exercise price of the options was higher than the average market price for the corresponding period.

14. INVESTMENT PROPERTIES

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

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

	HK\$'000
FAIR VALUE	
At 1 January 2024	35,713,121
Exchange differences	(1,171,644)
Subsequent expenditures	650,266
Net decrease in fair value recognised in profit or loss	(779,480)
Transfer from inventories	34,465
Transfer from property, plant and equipment	234,990
At 31 December 2024	34,681,718
Exchange differences	1,604,999
Subsequent expenditures	387,802
Net decrease in fair value recognised in profit or loss	(631,865)
Transfer from inventories	32,968
Transfer from property, plant and equipment	232,161
Transfer from right-of-use asset	41,366
Transfer to property under development (Note)	(6,084,727)
At 31 December 2025	30,264,422

Note:

As at 31 December 2025, certain investment properties of the Group with a carrying amount of HK\$13,080,387,000 (2024: HK\$17,007,157,000) were pledged as collateral for bank borrowings.

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.

The fair values of the Group's investment properties as at 31 December 2025 have been arrived at on the basis of valuation carried out on the respective dates by Cushman and Wakefield Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, and Shanghai Shenwei Assets Appraisal Co., Limited (2024: Cushman and Wakefield Limited) (the "independent qualified professional valuers"). They have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The fair value of investment properties was determined using the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate, or using the market approach by reference to comparable market transactions.

In estimating the fair values of the investment properties, the management of the Group has considered that the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting. For certain commercial car parks, the valuation technique was changed from a market approach to an income approach due to the increasing of rental occupancy rates.

All of the Group's investment properties are located in the Mainland China and classified as Level 3 in the fair value hierarchy for both years. There were no transfers into or out of Level 3 during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES (continued)

The management of the Group works closely with the independent qualified professional valuers to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

Note:

During the year ended 31 December 2025, investment properties under development with fair value of HK\$6,084,727,000 (2024: HK\$Nil) were transferred to property under development in inventories.

The following are the key inputs used in valuing the investment properties as at 31 December 2025 and 2024:

Categories	Fair value		Valuation techniques	Significant unobservable inputs	Range		Relationship of key unobservable inputs to fair value
	2025 HK\$'000	2024 HK\$'000			2025	2024	
Commercial – offices and related car parking units in various locations	8,610,013	8,516,051	Income approach	Reversionary yield derived from market rent and the transaction price of comparable properties in the same locations	3.50% to 6.50%	3.75% to 6.75%	The higher the reversionary yield, the lower the fair value
Residential – a detached villa, and service/long-term apartments in various locations	1,666,366	1,817,433	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same locations	3.00% to 5.00%	3.00% to 6.00%	The higher the reversionary yield, the lower the fair value
Industrial properties in Shanghai	120,313	123,452	Income approach	Reversionary yield derived from market rent and the transaction price of comparable properties in the same locations	5.75%	5.75%	The higher the reversionary yield, the lower the fair value
Commercial – shopping malls, stores, marts and related car park units in various locations	12,360,520	12,058,317	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	3.50% to 6.50%	3.50% to 7.75%	The higher the reversionary yield, the lower the fair value
Commercial – exhibition hall in Shanghai	237,165	216,049	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	5.00%	5.25%	The higher the reversionary yield, the lower the fair value
Commercial – building complex with offices, shopping malls and related car park units in various locations	7,210,913	6,620,280	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	4.00% to 6.50%	4.00% to 5.00%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	Price per square metre	RMB5,019-5,775 per square metre	N/A	The higher the price per square metre, the higher the fair value
Commercial properties held for rental under construction in Shanghai	59,132*	5,330,136	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	3.50% to 5.00%	3.50% to 4.50%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	Price per square metre	N/A	RMB14,796 per square metre	The higher the price per square metre, the higher the fair value
	30,264,422	34,681,718					

* During the year ended 31 December 2025, commercial properties held for rental under construction in Shanghai with fair value of HK\$6,084,727,000 (2024: HK\$Nil) were transferred to property under development in inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK\$'000	Leasehold land and buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST							
At 1 January 2024	3,837,950	3,013,028	1,330,027	160,838	3,412,172	618,220	12,372,235
Exchange differences	(169,213)	(126,571)	(59,201)	(6,348)	(140,566)	(7,272)	(509,171)
Additions	28,260	54,912	40,708	8,712	78,936	178,174	389,702
Reclassification	528,482	37,975	37,613	–	18,325	(622,395)	–
Transfer to investment properties (note 14)	–	(247,008)	–	–	–	–	(247,008)
Liquidation of a subsidiary (note 37 (ii))	–	–	(12,867)	(1,809)	–	–	(14,676)
Disposals/written off	(640)	(2,718)	(14,123)	(16,631)	(15,701)	–	(49,813)
At 31 December 2024	4,224,839	2,729,618	1,322,157	144,762	3,353,166	166,727	11,941,269
Exchange differences	214,119	67,712	32,163	6,223	86,928	3,068	410,213
Additions	–	10,826	204,593	8,556	84,645	64,419	373,039
Reclassification	–	1,533	3,495	–	(5,028)	–	–
Transfer	–	304	(1,696)	139	12,123	(112,783)	(101,913)
Transfer to investment properties (note 14)	(604,623)	–	(63,815)	–	–	–	(668,438)
Disposals/written off	–	(47,053)	(219,273)	(18,341)	(283,169)	–	(567,836)
At 31 December 2025	3,834,335	2,762,940	1,277,624	141,339	3,248,665	121,431	11,386,334
DEPRECIATION, AMORTISATION AND IMPAIRMENT							
At 1 January 2024	929,273	1,138,692	788,157	137,076	2,412,272	–	5,405,470
Exchange differences	(39,862)	(51,297)	(34,807)	(5,349)	(89,023)	–	(220,338)
Provided for the year	139,257	107,888	88,763	20,205	210,344	–	566,457
Impairment loss recognised in profit or loss	–	–	74	–	28,393	–	28,467
Transfer to investment properties (note 14)	–	(26,073)	–	–	–	–	(26,073)
Eliminated on liquidation of a subsidiary (note 37 (ii))	–	–	(12,847)	(873)	–	–	(13,720)
Eliminated on disposals/written off	(620)	(2,390)	(12,294)	(15,801)	(12,670)	–	(43,775)
At 31 December 2024	1,028,048	1,166,820	817,046	135,258	2,549,316	–	5,696,488
Exchange differences	42,792	19,181	23,218	5,023	64,937	–	155,151
Provided for the year	113,473	108,214	95,758	15,966	202,747	–	536,158
Reclassifications	–	1,184	4,816	(76)	(5,924)	–	–
Transfer	–	2,636	(266)	–	276	–	2,646
Impairment loss recognised in profit or loss	–	–	–	–	42,075	–	42,075
Transfer to investment properties (note 14)	(373,825)	–	(62,452)	–	–	–	(436,277)
Eliminated on disposals/written off	–	(15,352)	(42,576)	(17,505)	(267,180)	–	(342,613)
At 31 December 2025	810,488	1,282,683	835,544	138,666	2,586,247	–	5,653,628
CARRYING VALUES							
At 31 December 2025	3,023,847	1,480,257	442,080	2,673	662,418	121,431	5,732,706
At 31 December 2024	3,196,791	1,562,798	505,111	9,504	803,850	166,727	6,244,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

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

Hotel property	20 – 40 years
Leasehold land and buildings	5 – 40 years
Furniture, fixtures and equipment	3 – 8 years
Motor vehicles	5 – 10 years
Plant and machinery	5 – 25 years

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

	2025 HK\$'000	2024 HK\$'000
Leasehold land in the PRC	4,010,130	4,243,693
Leases in Hong Kong	481,389	502,700
Lease in Asian, other than Hong Kong and the PRC	12,585	13,196
	4,504,104	4,759,589

- (iii) As at 31 December 2025, certain property, plant and equipment of the Group with a carrying amount of HK\$622,183,000 (2024: HK\$582,653,000) were pledged as collateral for bank borrowings.

16. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased properties (Note i) HK\$'000	Total HK\$'000
As at 31 December 2025			
Carrying amount	395,342	259,910	655,252
As at 31 December 2024			
Carrying amount	474,847	253,259	728,106
For the year ended 31 December 2025			
Depreciation charge	15,068	67,641	82,709
Exchange difference	12,969	15,364	28,333
For the year ended 31 December 2024			
Depreciation charge	16,847	60,860	77,707
Exchange difference	(15,856)	(13,940)	(29,796)

16. RIGHT-OF-USE ASSETS (continued)

	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term leases and low-value assets	75,986	71,568
Total cash outflow for leases (Note ii)	130,637	168,105
Additions to right-of-use assets	22,888	235,803

Notes:

- (i) The Group leases various office premises and apartment units for its operations. Majority of the lease contracts are entered into for lease terms of 2 to 10 years (2024: 2 to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease terms and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.
- (ii) Total cash outflow for leases included the repayment of lease liabilities and related interest paid, expense relating to short-term leases and expense relating to leases of low-value assets.

Restrictions or covenants on leases

In addition, in respect of right-of-use assets of HK\$259,910,000 (2024: HK\$253,259,000) and the associated lease liabilities of HK\$263,416,000 (2024: HK\$287,716,000) as at 31 December 2025, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. TOLL ROAD OPERATING RIGHTS

	HK\$'000
COST	
At 1 January 2024	14,804,056
Exchange differences	(477,508)
At 31 December 2024	14,326,548
Additions	246,684
Exchange differences	359,265
At 31 December 2025	14,932,497
AMORTISATION AND IMPAIRMENT	
At 1 January 2024	10,135,374
Charged for the year	786,667
Exchange differences	(335,959)
At 31 December 2024	10,586,082
Charged for the year	821,131
Exchange differences	201,404
At 31 December 2025	11,608,617
CARRYING VALUES	
At 31 December 2025	3,323,880
At 31 December 2024	3,740,466

Notes:

- (i) The toll road operating rights represent:
 - (a) the right to receive toll fees from vehicles using the Shanghai section of the Jing-Hu Expressway and to operate service facilities in designated areas along the Shanghai section for a period of 25 years ending in 2028;
 - (b) the right to receive toll fees from vehicles using the Shanghai section of the Hu-Kun Expressway and to operate service facilities in designated areas along the Shanghai section for a period of 30 years ending in 2030; and
 - (c) the right to receive toll fees from vehicles using the Shanghai section of Hu-Yu Expressway and to operate service facilities in designated areas along the Shanghai section for a period of 20 years ending in 2027.
- (ii) The Group's rights to operate the toll roads are amortised on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the period for which the Group is granted the rights to operate the toll roads.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. GOODWILL

	HK\$'000
COST	
At 1 January 2024	933,176
Exchange differences	(23,921)
At 31 December 2024	909,255
Exchange differences	32,919
At 31 December 2025	942,174
IMPAIRMENT	
At 1 January 2024	399,393
Exchange differences	(7,881)
At 31 December 2024	391,512
Exchange differences	10,846
At 31 December 2025	402,358
CARRYING VALUES	
At 31 December 2025	539,816
At 31 December 2024	517,743

For the purpose of impairment testing, goodwill arising on business combinations as set out above was allocated, at acquisition, to three (2024: three) cash-generating units ("CGUs"), comprising one (2024: one) subsidiary in the infrastructure and environmental protection segment, one (2024: one) subsidiary in the real estate segment and one (2024: one) subsidiary in the consumer products segment, that are expected to benefit from that business combination as follows:

	2025 HK\$'000	2024 HK\$'000
Infrastructure and environmental protection	498,543	476,470
Real estate	23,604	23,604
Consumer products	17,669	17,669
	539,816	517,743

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

For infrastructure and environmental protection CGU, the value in use is determined by discounting the future cash flows to be generated from the continuing use of waste water treatment plant and waste incineration power generation plant over the service concession periods ranging from 20 to 30 years, using a discount rate of 8% (2024: 8%). Since the recoverable amount of the CGU is higher than its carrying amount, the management of the Group considers that the goodwill is not impaired.

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

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For the year ended 31 December 2025

19. OTHER INTANGIBLE ASSETS

	Operating concessions HK\$'000 (Note i)	Premium on leasehold land/ prepaid lease payments HK\$'000 (Note ii)	Trademark HK\$'000 (Note iii)	Others HK\$'000	Total HK\$'000
COST					
At 1 January 2024	12,431,194	1,531	56,106	15,630	12,504,461
Exchange differences	(467,678)	(50)	(1,828)	–	(469,556)
Liquidation of a subsidiary (note 37(ii))	(9,327)	–	–	–	(9,327)
Additions	3,472,568	–	–	–	3,472,568
At 31 December 2024	15,426,757	1,481	54,278	15,630	15,498,146
Exchange differences	835,101	72	2,715	–	837,888
Additions	2,609,358	–	–	–	2,609,358
Disposals	(546,485)	–	–	–	(546,485)
At 31 December 2025	18,324,731	1,553	56,993	15,630	18,398,907
AMORTISATION AND IMPAIRMENT					
At 1 January 2024	2,883,033	792	–	–	2,883,825
Exchange differences	(105,675)	(27)	–	–	(105,702)
Liquidation of a subsidiary (note 37(ii))	(8,806)	–	–	–	(8,806)
Charged for the year	585,211	78	–	–	585,289
At 31 December 2024	3,353,763	843	–	–	3,354,606
Exchange differences	239,426	46	–	–	239,472
Charged for the year	920,850	78	–	–	920,928
Disposals	(189,541)	–	–	–	(189,541)
At 31 December 2025	4,324,498	967	–	–	4,325,465
CARRYING VALUES					
At 31 December 2025	14,000,233	586	56,993	15,630	14,073,442
At 31 December 2024	12,072,994	638	54,278	15,630	12,143,540

Notes:

- (i) Operating concessions represent the rights to operate waste water treatment, water supply and waste incineration plants and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis over the respective periods of the operating concessions granted to the Group of 7 to 50 years. Details of these operating concessions are set out in note 23.
- (ii) Premium on leasehold land represents the premium on acquisition of prepaid lease payments for land which is to be amortised over the period of the lease of the related prepaid lease payments on a straight-line basis.
- (iii) The trademark has a legal life of 10 years from September 2021 to September 2031 and is renewable upon expiry. The directors of the Company are of the opinion that the Group will renew the trademark continuously and has the ability to do so at minimal cost. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash inflow for the Group.

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

For the purpose of impairment testing, trademark with indefinite useful life set out above has been allocated to the individual CGU, comprising one subsidiary in the real estate segment. For the years ended 31 December 2025 and 2024, management of the Group has determined that there is no impairment of the CGU containing trademark by reference to the recoverable amount of the CGU, which has been determined based on a value in use calculation.

- (iv) As at 31 December 2025, certain receivables under services concession arrangements and intangible assets of the Group with a carrying amount of HK\$17,864,032,000 (2024: HK\$18,416,934,000) were pledged as collateral for bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investments in joint ventures	10,404,530	10,227,422
Share of post-acquisition profits and other comprehensive income, net of dividends received/declared	943,298	564,257
	11,347,828	10,791,679

Notes:

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

	Beiwaitan New Landmark		General water		Shanghai Nuozhuo		Yangtze River Delta	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Current assets	180,659	110,549	2,252,284	1,463,364	66	68	4,338,496	325,140
Non-current assets*	13,169,587	11,574,669	7,019,756	7,079,693	2,939,866	2,809,706	-	11,324,051
Current liabilities	(357,938)	(41,584)	(2,039,230)	(1,931,733)	(468)	(9,704)	(2,143,895)	(3,812,476)
Non-current liabilities	(2,333,013)	(1,443,800)	(1,758,185)	(1,589,509)	-	-	(1,815,679)	(7,421,249)
Non-controlling interests	-	-	(778,244)	(718,370)	-	-	-	-
The above amounts of assets and liabilities include the following:								
Cash and cash equivalents	2,919	12,420	866,955	754,376	66	68	1,569,437	325,140
Current financial liabilities (excluding trade and other payables and provisions)	(6,460)	37,868	(1,238,818)	(655,249)	-	-	(2,023,739)	(3,812,476)
Non-current financial liabilities (excluding trade and other payables and provisions)	(2,333,013)	(1,438,812)	(1,513,494)	(1,589,446)	-	-	(1,815,679)	(7,421,249)
Revenue	-	-	2,127,085	2,027,106	-	-	-	-
Profit/(loss) for the year	(9,059)	(50,056)	294,608	279,163	(4,476)	(6)	120,942	274,252
Other comprehensive income/(expense) for the year	468,521	(344,104)	41,395	(142,535)	134,612	(83,531)	558,272	(388,042)
Total comprehensive income/(expense) for the year	459,462	(394,160)	336,003	136,628	130,136	(83,537)	679,214	(113,790)
Dividends received during the year	-	-	54,983	54,959	-	-	357,879	-
The above profit/(loss) for the year includes the following:								
Depreciation and amortisation	(3,053)	(3,953)	(306,249)	(156,540)	-	-	-	-
Interest income	-	-	13,137	16,997	-	-	-	-
Interest expense	-	-	(47,095)	(50,034)	-	-	(360,429)	(345,078)
Income tax expense	-	-	(106,221)	(117,885)	-	-	(337,516)	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. INTERESTS IN JOINT VENTURES (continued)

Notes:(continued)

(i) (continued)

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

	Beiwaitan New Landmark		General water		Shanghai Nuozhuo		Yangtze River Delta	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity attributable to owners of	10,659,295	10,199,834	4,696,381	4,303,445	2,939,464	2,800,070	378,922	415,466
Proportion of the Group's ownership interest	50%	50%	45%	45%	50%	50%	50%	50%
Carrying amount of the Group's interest	5,329,648	5,099,917	2,113,371	1,936,550	1,469,732	1,400,035	189,461	207,733

Aggregate information of joint ventures that are not individually material:

	2025	2024
	HK\$'000	HK\$'000
The Group's share of profit	47,132	38,840
The Group's share of other comprehensive income/(expense)	83,865	(82,194)
The Group's share of total comprehensive income/(expense)	130,997	(43,354)
Dividends received during the year	20,954	48,420
Aggregate carrying amount of the Group's interests in these joint ventures	2,245,616	2,147,444

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

	2025	2024
	HK\$'000	HK\$'000
Unrecognised share of profit of a joint venture for the year	16	164
Accumulated unrecognised share of losses of a joint venture	(3,588)	(3,604)

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

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21. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Cost of investments in associates	3,445,746	5,124,361
Share of post-acquisition profit and other comprehensive income, net of dividends received/declared	22,248	705,066
	3,467,994	5,829,427
Fair value of listed investment in an associate – Canvest Environmental	–	2,181,402

Notes:

- (i) As at 31 December 2024, the cost of investments in associates included goodwill of HK\$517,597,000 arising on acquisitions.
- (ii) As at 31 December 2024, despite the shortfall of the market value of the relevant interest of Canvest Environmental, a listed associate, amounted to HK\$180,451,000 compared to the carrying amount of the relevant interest, the management of the Group has determined that there is no impairment on the carrying amount of the Group's interest in Canvest Environmental by reference to the recoverable amount of the relevant interest, which has been determined based on a value in use calculation with reference to the future dividend yields and disposal value of the relevant interest.
- During the year ended 31 December 2025, the Group disposed of its entire interest in Canvest Environmental. On the date of disposal, the Group held 475,251,000 shares in Canvest Environmental, representing approximately 19.47% of its total issued share capital. The Group received the full consideration of HK\$2,328,730,000, resulting in a loss on disposal of HK\$56,836,000, recognised in profit or loss.
- (iii) On 5 November 2024, the Group through its indirectly wholly-owned subsidiary, together with other shareholders of 寧波市杭州灣大橋發展有限公司 ("Hangzhou Bay Bridge") (collectively referred to as the "Vendors"), entered into an equity transfer agreement with a purchaser, pursuant to which the Group conditionally agreed to sell its 23.0584% equity interest in Hangzhou Bay Bridge, at a cash consideration of not less than RMB1,747 million and not more than RMB1,923 million to the purchaser. The transaction is completed on 30 November 2024 with a final cash consideration of RMB1,864,963,000 (equivalent to HK\$2,021,640,000) and a gain on disposal of an associate of RMB1,081,023,000 (equivalent to HK\$1,171,842,000) recognised in the profit or loss. During the year ended 31 December 2024, the Group received cash consideration amount of RMB1,770,666,000 (equivalent to HK\$1,919,421,000).
- The purchaser, upon the completion of the acquisition of the entire equity interest in Hangzhou Bay Bridge from the Vendors, set up an REIT, which is listed on Shanghai Stock Exchange. The Group, through its indirectly wholly-owned subsidiary, subscribed 158,284,000 shares of the REIT at a consideration of RMB1,280,201,000 (equivalent to HK\$1,387,752,000), without significant influence nor control over the REIT, the REIT is recognised as a financial asset at FVTOCI.
- (iv) Summarised financial information in respect of the Group's material associates, namely 上海莘天置業有限公司 ("Shanghai Shentian"), Canvest Environmental and SIIC New Energy Development Company Limited ("SIIC New Energy") (formerly known as Shanghai Galaxy Investment Co., Ltd.), is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRS Accounting Standards.
- (iv) All associates are accounted for using the equity method in these consolidated financial statements.

	Shanghai Shentian*		Canvest Environmental**		SIIC New Energy**	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Current assets	6,645,302	6,783,901	N/A	5,319,917	2,638,801	3,049,275
Non-current assets	1,890,437	621,946	N/A	20,681,936	5,515,862	5,395,433
Current liabilities	(1,540,898)	(1,446,499)	N/A	(7,185,218)	(1,668,164)	(1,976,834)
Non-current liabilities	(2,639,198)	(1,724,871)	N/A	(8,994,492)	(3,109,082)	(3,208,851)

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

** The balances of Canvest Environmental mainly comprise operating concession. The balances of SIIC New Energy mainly comprise property, plant and equipment.

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21. INTERESTS IN ASSOCIATES (continued)

Notes: (continued)

(iv) (continued)

	Shanghai Shentian		Canvest Environmental		SIIC New Energy	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue	157,950	1,316,094	N/A	4,198,331	585,442	690,349
Profit/(loss) for the year	(70,178)	277,997	N/A	641,020	27,144	(230,936)
Other comprehensive income/(expense) for the year	191,344	(138,419)	N/A	(256,799)	76,060	(46,990)
Total comprehensive income/(expense) for the year	121,166	139,578	N/A	384,221	103,204	(277,926)
Dividends received during the year	–	–	N/A	15,208	–	24,385

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

	Shanghai Shentian		Canvest Environmental		SIIC New Energy	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000 (Note (i))	2025 HK\$'000	2024 HK\$'000
Equity attributable to owners of the associate	4,355,643	4,234,477	N/A	9,467,433	2,790,691	2,709,989
Proportion of the Group's ownership interest	35%	35%	N/A	19.48%	45%	45%
Goodwill	–	–	N/A	517,597	–	–
Carrying amount of the Group's interest in the associate	1,524,475	1,482,067	N/A	2,361,853	1,255,811	1,219,495

Note:

(i) As at 31 December 2024, the Group was able to exercise significant influence over Canvest Environmental as the Group was the second largest shareholder and had appointed a director to the board of Canvest Environmental. Canvest Environmental was accounted for as an associate using the equity method accordingly.

Aggregate information of associates that are not individually material:

	2025 HK\$'000	2024 HK\$'000
The Group's share of profit/(loss)	27,137	2,287
The Group's share of other comprehensive income/(expense)	16,171	(6,692)
The Group's share of total comprehensive income/(expense)	43,308	(4,405)
Dividends received during the year	4,681	20,749
Aggregate carrying amount of the Group's interests in the associates	687,708	766,012

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

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For the year ended 31 December 2025

22. INVESTMENTS

	2025 HK\$'000	2024 HK\$'000
Financial assets at FVTPL		
Unlisted exchangeable bonds (Note i)	–	1,637,000
Listed equity securities	186,363	218,608
Unlisted equity securities	7,945	7,478
	194,308	1,863,086
Financial assets at FVTOCI		
Listed equity securities (Note ii)	1,549,945	1,497,254
Unlisted equity securities (Note iii)	212,341	240,542
	1,762,286	1,737,796
	1,956,594	3,600,882
Analysed for reporting purposes as:		
Current portion	193,729	225,532
Non-current portion	1,762,865	3,375,350
	1,956,594	3,600,882

Notes:

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

The exchangeable bonds are measured at FVTPL. As at 31 December 2024, the fair value had been arrived on the basis of valuation carried out by Greater China Appraisal Limited ("Greater China"). Greater China is a member of the Institute of Valuers and a firm of independent qualified professional valuer not connected with the Group. Greater China possesses appropriate qualifications and experience in the valuation of financial assets. During the year ended 31 December 2025, the issuer of the exchangeable bonds exercised its right to redeem the bonds early. As a result of this early redemption, the Group recognised an early redemption fee income of HK\$27,829,000 in profit or loss.

- (ii) The above listed equity securities as at 31 December 2025 and 2024 represent ordinary shares of entities listed in the PRC and/or HK. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as financial assets at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss is not consistent with the Group's strategy of holding these investments for long-term strategic purposes and realising their performance potential in the long run.
- (iii) The above unlisted equity securities as at 31 December 2025 and 2024 represent the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as financial assets at FVTOCI as they consider that the equity instruments are held for long-term strategic purposes and will realise their performance in the long run.

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23. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

(I) Nature of arrangements

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

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

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23. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (continued)

(I) Nature of arrangements (continued)

As at 31 December 2025, the Group had 212 (2024: 212) service concession arrangements on waste water treatment, 29 (2024: 27) service concession arrangements on water treatment and distribution, 3 (2024: 3) service concession arrangements on waste-to-energy and 8 (2024: 7) service concession arrangements on sludge treatment. A summary of the major terms of the principal service concession arrangements is set out below:

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

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23. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (continued)

(I) Nature of arrangements (continued)

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

	2025 HK\$'000	2024 HK\$'000
Receivables under service concession arrangements	20,963,209	23,522,936
Less: current portion classified as current assets	(978,806)	(968,486)
Non-current portion	19,984,403	22,554,450

During the year, the Group recognised financial income of HK\$1,085,317,000 (2024: HK\$1,339,140,000) and construction income of HK\$1,251,116,000 (2024: HK\$1,946,733,000) as revenue under the line item “income from infrastructure facilities” from service concession arrangements. The effective interest rate applied ranges from 2.50% to 7.83% (2024: 2.60% to 7.83%) per annum and the overall gross profit margin for construction contracts is at 12% (2024: 12%).

As at 31 December 2025, certain receivables under service concession arrangements and intangible assets of the Group with a carrying amount of HK\$17,864,032,000 (2024: HK\$18,416,934,000) were pledged as collateral for bank borrowings.

(II) Provision for major overhauls

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

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

	HK\$'000
At 1 January 2024	80,567
Exchange differences	(2,627)
Provided during the year	4,947
Settlement during the year	(4,761)
At 31 December 2024	78,126
Exchange differences	3,916
Provided during the year	14,301
Settlement during the year	(8,173)
At 31 December 2025	88,170

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24. DEPOSITS PAID ON ACQUISITION OF NON-CURRENT ASSETS

	2025 HK\$'000	2024 HK\$'000
Services concession arrangements	403,994	29,935
Others (Note)	197,124	32,882
	601,118	62,817

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

25. DEFERRED TAXATION

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

	Accelerated tax depreciation HK\$'000	Amortisation of toll road operating rights HK\$'000	Revaluation of investment properties HK\$'000	Tax losses HK\$'000	Fair value adjustments on business combinations HK\$'000	Undistributed earnings of PRC entities HK\$'000	LAT on properties under development/ properties held for sale HK\$'000	Other deferred tax liabilities HK\$'000	Other deferred tax assets HK\$'000	Total HK\$'000
At 1 January 2024	256,347	153,979	5,213,881	(80,425)	946,003	227,144	13,351	968,244	(65,759)	7,632,765
Exchange differences	(8,299)	(4,253)	(137,556)	1,875	(33,236)	(6,719)	(405)	(34,381)	1,640	(221,334)
Disposal of a subsidiary (note 37)	-	-	-	-	-	-	-	(5,036)	-	(5,036)
Charged/(credited) to profit or loss	42,555	(38,636)	(193,733)	35,749	23,393	(4,401)	(1,363)	265,694	(4,806)	124,452
Credited to other comprehensive income	-	-	-	-	-	-	-	(54)	-	(54)
Credited to other comprehensive income upon disposal	-	-	-	-	-	-	-	(2,308)	-	(2,308)
Charge to other comprehensive income upon transfer of property, plant and equipment to investment properties	-	-	-	-	-	-	-	3,514	-	3,514
At 31 December 2024	290,603	111,090	4,882,592	(42,801)	936,160	216,024	11,583	1,195,673	(68,925)	7,531,999
Exchange differences	4,869	7,304	137,423	(1,521)	63,919	15,181	440	73,756	(3,070)	298,301
Charged/(credited) to profit or loss	(6,325)	(62,784)	(115,221)	1,466	(69,833)	(38,174)	(79)	(148,666)	(36,670)	(476,286)
Credited to other comprehensive income	-	-	-	-	-	-	-	(4,935)	877	(4,058)
Release of deferred tax liabilities upon dividend received	-	-	-	-	-	(29,119)	-	-	-	(29,119)
At 31 December 2025	289,147	55,610	4,904,794	(42,856)	930,246	163,912	11,944	1,115,828	(107,788)	7,320,837

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For the year ended 31 December 2025

25. DEFERRED TAXATION (continued)

Notes:

- (i) For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax liabilities	7,567,685	7,705,109
Deferred tax assets	(246,848)	(173,110)
	7,320,837	7,531,999

- (ii) At the end of the reporting period, the Group had unused tax losses of approximately HK\$12,503 million (2024: HK\$13,931 million) available for offset against future assessable profits. A deferred tax asset amounting to approximately HK\$42.9 million (2024: HK\$42.8 million) in respect of tax losses amounting to approximately HK\$171 million (2024: HK\$184 million) has been recognised. No deferred tax asset was recognised in respect of the remaining tax losses of approximately HK\$12,332 million (2024: HK\$13,747 million) due to the unpredictability of future profit streams. The Hong Kong tax losses of approximately HK\$34.7 million (2024: HK\$34.7 million) may be carried forward indefinitely and the remaining PRC tax losses of approximately HK\$12,468 million (2024: HK\$13,896 million) will expire in various dates in the next five years.
- (iii) Under the Law of the PRC on EIT, withholding tax is imposed on dividends declared in respect of profits earned by PRC entities from 1 January 2008 onwards. At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised was approximately HK\$1,161 million (2024: HK\$3,049 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.
- (iv) Other deferred tax liabilities mainly include deferred tax on fair value change of financial assets classified as held for trading. Other deferred tax assets include deferred tax on (a) impairment loss on bad and doubtful debts, (b) pre-operating expenses, (c) accrued expenses and (d) unrealised gain on disposal of the equity investment.

26. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Properties under development held for sale	15,910,884	10,858,856
Properties held for sale	11,540,794	12,906,802
Raw materials	1,161,182	1,197,021
Work in progress	36,674	32,792
Finished goods and hotel stock	242,273	244,819
Merchandise held for resale	40,468	20,627
	28,932,275	25,260,917

As at 31 December 2025, certain properties under development held for sale of the Group with a carrying amount of HK\$13,961,767,000 (2024: HK\$8,338,620,000) and certain properties held for sale of the Group with a carrying amount of HK\$95,628,000 (2024: HK\$91,394,000) were pledged as collaterals for bank borrowings.

The net realisable value of the Group's certain properties held for sale and properties under development held for sale, as at 31 December 2025 has been arrived at on the basis of valuation carried out by the independent qualified professional valuers. They have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The net realisable value of these properties is arrived at by reference to pre-sale contracts entered by the Group during the year (if applicable), comparable sales transactions available in the relevant markets with adjustments according to nature of each property, its location and the prevailing market prices and, for properties under development held for sale, the independent qualified professional valuers have also taken into account the construction cost expended and the estimated construction cost to complete the development.

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For the year ended 31 December 2025

27. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
– Goods and services	8,608,664	7,128,141
– Lease receivables	39,503	10,955
	8,648,167	7,139,096
Less: allowance for credit loss	(574,948)	(376,352)
	8,073,219	6,762,744
Amounts due from related parties (Note iv)	172,025	2,118,244
Other receivables (Note v)	1,244,180	2,054,866
Prepaid other taxes (Note vi)	859,369	694,818
Consideration receivable (note 21(iii))	119,679	100,358
Total trade and other receivables	10,468,472	11,731,030

Notes:

- (i) Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating their historical credit records and defines credit limits by customer. Credit sales are made to customers with good credit history and credit limits granted to customers are under regular review. Majority of the trade receivables that are neither past due nor impaired has no default payment history.
- (ii) The Group generally allows credit periods ranging from 30 days to 180 days to its trade customers, other than property buyers. For property sales, due to the nature of business, the Group generally grants no credit period to property buyers, unless it is specially approved. The following is an ageing analysis of trade receivables, net of allowance for credit loss, presented based on the invoice or contract date, which approximates the respective revenue recognition dates.

	2025 HK\$'000	2024 HK\$'000
Within 30 days	1,061,404	1,192,689
Within 31 – 60 days	875,591	548,503
Within 61 – 90 days	579,348	504,205
Within 91 – 180 days	1,245,530	1,180,031
Within 181 – 365 days	1,909,926	1,601,723
Over 365 days	2,401,420	1,735,593
	8,073,219	6,762,744

- (iii) As at 31 December 2025, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK\$3,903,032,000 (2024: HK\$3,306,887,000) which is past due as at reporting date. The management of the Group considers no deterioration in credit qualities of the debtors and the settlement records from those debtors are satisfactory, the management of the Group concludes that these debtors are not considered a default and the impact of ECL for this past due trade receivables is insignificant.
- (iv) The balances of amount due from related parties are non-trade in nature. As at 31 December 2025, included in amounts due from related parties were: (i) unsecured amounts of HK\$42,978,000 (2024: HK\$44,210,000) due from certain associates of which an amount of HK\$75,224,000 (2024: HK\$Nil) carries fixed interest at prevailing market interest rates and (ii) amounts of HK\$Nil (2024: HK\$2,074,004,000) due from certain joint ventures of which an amount of HK\$Nil (2024: HK\$1,434,940,000) carries variable interest rates at 3 months Hong Kong Interbank Offered Rate ("HIBOR") plus a premium of 1.20% per annum (2024: 1.20% per annum) and an amount of RMBNil (equivalent to HK\$Nil) ((2024: RMB439,858,000 (equivalent to HK\$468,134,000)) carries fixed interest at prevailing market interest rate.
- (v) As at 31 December 2025, other receivables amounting HK\$1,244,180,000 (after deducting allowance of HK\$1,823,599,000) (2024: HK\$2,054,866,000 (after deducting allowance of HK\$1,197,797,000)) mainly represented advances to contractors, sundry advance payments, prepayments and deposits.

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For the year ended 31 December 2025

27. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

- (vi) Prepaid other taxes comprise prepayments for urban real estate tax, city maintenance and construction tax, business tax and value-added tax.
- (vii) Details of impairment assessment of trade and other receivables are set out in note 51(b).
- (viii) As at 31 December 2025, certain trade receivables of the Group with a carrying amount of HK\$515,766,000 (2024: HK\$410,334,000) were pledged as collateral for bank borrowings.
- (ix) The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	376,352	515,373
Impairment losses recognised, net	176,430	70,477
Release upon liquidation of a subsidiary	–	(209,498)
Exchange differences	22,166	–
At end of year	574,948	376,352

28. CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Amounts due from contract customers	29,307	57,035

As at 1 January 2024, contract assets amounted to HK\$83,487,000.

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

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

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

Changes in the contract asset balances during the reporting period due to the decrease in ongoing projects under construction during the year.

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

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	31,524,346	28,513,964
Less: Bank deposits	(3,054,077)	(7,460,852)
Pledged bank deposits	(228,934)	(211,619)
Cash and cash equivalents	28,241,335	20,841,493

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For the year ended 31 December 2025

29. BANK DEPOSITS/PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS (continued)

The Group's cash and bank balances are denominated in different currencies are set out below:

	2025 HK\$'000	2024 HK\$'000
Renminbi ("RMB")	25,980,234	24,541,484
Hong Kong dollar ("HK\$")	4,774,522	3,450,977
United States dollar ("USD") and others	769,590	521,503
Total	31,524,346	28,513,964

Note:

As at 31 December 2025, certain bank deposits of the Group with carrying amount of HK\$228,934,000 (2024: HK\$211,619,000) were pledged as collateral for bank borrowings.

30. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables (Note i)	4,663,886	5,728,857
Bills payables	55,189	13,915
Accrued expenditure on PUD	2,367,776	3,365,403
Other taxes payables (Note ii)	444,143	540,891
Accrued charges	1,796,613	1,116,028
Other payables (Note iii)	3,981,370	5,326,384
Total trade and other payables	13,308,977	16,091,478

Note:

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

	2025 HK\$'000	2024 HK\$'000
Within 30 days	1,766,974	3,071,754
Within 31 – 60 days	204,582	272,984
Within 61 – 90 days	91,311	125,802
Within 91 – 180 days	100,012	340,136
Within 181 – 365 days	1,067,412	447,631
Over 365 days	1,433,595	1,470,550
	4,663,886	5,728,857

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

(iii) Included in other payables as at 31 December 2025 were (a) amounts of HK\$43,158,000 (2024: HK\$43,111,000), due to State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District (the "Xuhui SASAC") and entities controlled by the Xuhui SASAC (see note 43(i)(a)(iii)), (b) amounts of HK\$Nil (2024: HK\$1,047,000) due to certain fellow subsidiaries, which are unsecured and have no fixed terms of repayment, (c) amounts of HK\$876,344,000 (2024: HK\$838,133,000) due to non-controlling interests, of which the amount of HK\$387,650,000 (2024: HK\$597,146,000) carries fixed interest at prevailing market interest rates and (d) amounts of HK\$2,481,000 (2024: HK\$165,315,000) due to other related parties, which are unsecured and have no fixed terms of repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Amounts due to contract customers (Note i)	11,814	21,325
Customers deposits from sales of properties (Note ii)	2,335,377	1,373,969
	2,347,191	1,395,294

At as 1 January 2024, contract liabilities amounted to HK\$8,482,575,000.

Notes:

(i) Construction contracts

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

(ii) Sales of properties

Customers deposits from sales of properties are liabilities in relation to sale and purchase agreements entered into with property buyers and their proceeds received on sales of property units that have not been recognised as revenue in accordance with the Group's revenue recognition policy. The Group normally receives 30% to 100% of the contract value as pre-sale proceeds from property buyers when they sign the sale and purchase agreement. The revenue recognised included in the contract liabilities at the beginning of the year amounted to HK\$1,300,035,000 (2024: HK\$8,249,103,000).

For properties under development held for sale, the Group typically provides guarantees to banks in connection with the property buyers' mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless there is significant drop in the market price, which is remote as considered by the directors of the Company, the Group would not be in a significant loss position in selling those properties out.

(iii) The net increase in contract liabilities during the year was mainly due to the increase in advances received from customers in relation to the pre-sales of properties, partly offset by the recognition of revenue upon delivery of properties to customers.

32. DEFERRED INCOME

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

The amount is transferred to other income on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the period for which the Group is granted the rights to operate toll road. This policy has resulted in a credit to other income in the current year of HK\$453 million (2024: HK\$438 million). As at 31 December 2025, an amount of RMB1,672 million (equivalent to approximately HK\$1,862 million) (2024: RMB2,089 million (equivalent to approximately HK\$2,224 million)) deferred income remains to be unamortised, of which the amount of RMB453 million (equivalent to approximately HK\$504 million) are expected to be amortised within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Bank loans	46,984,488	51,304,684
Other loans	8,636,620	8,174,409
	55,621,108	59,479,093
Analysed as:		
Secured	20,821,495	20,466,038
Unsecured	34,799,613	39,013,055
	55,621,108	59,479,093
Carrying amount repayable:		
Within one year	17,207,123	19,205,072
More than one year but not more than two years	11,276,732	13,949,378
More than two years but not more than five years	14,381,662	13,821,391
Over five years	12,755,591	12,503,252
	55,621,108	59,479,093
Less: amounts due within one year shown under current liabilities	(17,207,123)	(19,205,072)
	38,413,985	40,274,021
Floating rate		
– expiring within one year	12,258,146	13,371,571
– expiring beyond one year	33,513,543	34,143,421
Fixed rate		
– expiring within one year	4,948,977	5,833,501
– expiring beyond one year	4,900,442	6,130,600
	55,621,108	59,479,093

Notes:

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

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	0.80%-4.20%	2.44%-4.53%
Variable-rate borrowings	1.85%-6.69%	0.80%-6.77%

- (ii) Included in the Group's bank borrowings as at 31 December 2024 was an amount of approximately HK\$2,800 million drawn under syndicated loan facilities of approximately HK\$2,800 million obtained by the Group. In 2024, transaction costs of approximately HK\$13 million, which were directly attributable to such bank borrowings were deducted from the fair values of the bank borrowings on initial recognition. Such bank borrowings was fully settled during the year ended 31 December 2025.
- (iii) Included in other loans as at 31 December 2025 were (a) advanced bonds and medium term notes (the "Bonds and Notes") amount of HK\$8,475,739,000 (2024: HK\$7,281,223,000) issued by non-wholly owned subsidiaries of the Group (the "Issuers") in the PRC, which are listed on Shanghai Stock Exchange. The Bonds and Notes with an aggregate principal amount of RMB7,760,000,000 (2024: RMB7,740,000,000), are unsecured and have maturities of three to five years (2024: three to five years) falling due between 2026 and 2030 (2024: 2025 and 2027). The bondholders have the rights to request the Issuers to redeem the bonds at their third to fifth anniversary. The Bonds and Notes carry interest at fixed rates of 1.99% to 4.20% per annum (2024: fixed rates of 2.45% to 4.20% per annum) and (b) borrowing from related party amounted to HK\$Nil (2024: HK\$850,000,000) carry variable interest rate at prevailing market interest rates.

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For the year ended 31 December 2025

33. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (iv) Certain bank facilities granted to the Group include requirements that (a) SIIC retains management control over the Company and holds not less than 35% of the Company's voting capital and (b) SIIC remains under the control of the Shanghai Municipal People's Government.
- (v) The Group's variable-rate borrowings carry interest at HIBOR, Loan Prime Rate ("LPR") and People's Bank of China Lending Rate ("PBOCLR").
- (vi) In respect of bank borrowings with carrying amount of RMB141,000,000 (equivalent to HK\$157,016,000) (2024: HK\$Nil) as at 31 December 2025, the Group was required to comply with certain financial covenants throughout the continuance of the borrowing and/or as long as the borrowing is outstanding. However, the Group failed to comply with the covenant related to financial ratio. Up to the date of these consolidated financial statements are authorised for issue, the Group has obtained a waiver in respect of this covenant from the banker.

34. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	50,820	51,606
Within a period of more than one year but not more than two years	48,255	48,389
Within a period of more than two years but not more than five years	94,775	96,841
Within a period of more than five years	69,566	90,880
	263,416	287,716
Less: Amounts due for settlement with 12 months shown under current liabilities	(50,820)	(51,606)
Amounts due for settlement after 12 months shown under non-current liabilities	212,596	236,110

35. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	1,087,211,600	13,649,839

36. ASSETS CLASSIFIED AS HELD FOR SALE**For the year ended 31 December 2024**

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

The proceed of disposal was expected to exceed the net carrying amount of the interest in the associate and, accordingly, no impairment loss has been recognised on the classification of the asset held for sales. The disposal was completed during the year ended 31 December 2025 and the consideration was received in full, a disposal gain amounting to HK\$12,804,000 is recognised in the profit or loss.

37. DISPOSAL/LIQUIDATION OF SUBSIDIARIES**For the year ended 31 December 2024**

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

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

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For the year ended 31 December 2025

37. DISPOSAL/LIQUIDATION OF SUBSIDIARIES (continued)

For the year ended 31 December 2024 (continued)

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

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

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

38. OPERATING LEASING ARRANGEMENTS**The Group as lessor**

The Group leases its investment properties (note 14) in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. All of the Group's investment properties have committed tenants for the next one to twenty years, certain of which with an option to renew the lease after that date at which time all terms are renegotiated. Rental income recognised by the Group during the year was HK\$1,162,963,000 (2024: HK\$1,206,470,000), details of which are included in note 5 to the consolidated financial statements.

Undiscounted lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	1,306,250	959,146
In the second year	793,205	559,687
In the third year	528,954	446,481
In the fourth year	456,782	385,680
In the fifth year	329,868	328,895
After five years	335,162	548,423
	3,750,221	3,228,312

39. COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Expenditure contracted for but not provided in the consolidated financial statements in respect of		
– acquisition of property, plant and equipment	61,892	22,800
– additions in properties under development held for sale	3,019,668	2,689,850
– investments in joint ventures	–	43,854
– additions in construction in progress	618,579	581,944
	3,700,139	3,338,448

Note: As at 31 December 2025, the Group had HK\$556,793,000 (equivalent to RMB500,000,000) investment commitments contracted for business developments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

(a) Financial guarantee contracts

	2025 HK\$'000	2024 HK\$'000
Guarantees given to banks in respect of banking facilities utilised by		
– property buyers	1,140,861	1,232,277
– associates	440,869	231,023
– joint ventures	1,817,479	1,889,167
	3,399,209	3,352,467

Guarantees given to banks in respect of banking facilities utilised by property buyers

The Group entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and made deposits as security to and gave guarantees on mortgage loans provided to the buyers by these banks under the agreements. The management of the Group considers that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no ECL under HKFRS 9 has been made in the consolidated financial statements for these guarantees.

Guarantees given to banks in respect of banking facilities utilised by associates/joint ventures

The Group entered into agreements with banks to provide corporate guarantees with respect to bank loans granted to associates/joint ventures. In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the management of the Group exercised judgment in evaluation of the probability of resources outflow that would be required and the assessment of whether a reliable estimate could be made of the amount of the obligation. The management of the Group considers that the possibility of default by these parties is remote given their strong financial background and the good quality of assets. Accordingly, no ECL under HKFRS 9 has been made in the consolidated financial statements for these guarantees.

As at 31 December 2025, the Company entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to a joint venture of the Group. The maximum liability of the Company under such guarantee was the outstanding amount of the bank borrowing to the joint venture of approximately HK\$1,817 million (2024: HK\$1,784 million).

In the opinion of the management of the Group, the fair values of the aforementioned financial guarantee contracts of the Group are insignificant.

Guarantees given to banks in respect of banking facilities utilised by a subsidiary

As at 31 December 2025, the Company granted financial guarantees to the extent of approximately HK\$Nil (2024: HK\$4,800 million) to banks in respect of banking facilities granted to its subsidiary, out of which approximately HK\$Nil (2024: HK\$2,800 million) were utilised.

(b) Contingent liabilities

In the opinion of the management of the Group, there were no material contingent liabilities of the Group which required a separate disclosure in the consolidated financial statements for both years.

41. PLEDGE OF ASSETS

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

- (i) investment properties with an aggregate carrying value of HK\$13,080,387,000 (2024: HK\$17,007,157,000);
- (ii) property, plant and equipment with an aggregate carrying value of HK\$622,183,000 (2024: HK\$582,653,000);
- (iii) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK\$17,864,032,000 (2024: HK\$18,416,934,000);
- (iv) PUD with an aggregate carrying value of HK\$13,961,767,000 (2024: HK\$8,338,620,000);
- (v) PHFS with an aggregate carrying value of HK\$95,628,000 (2024: HK\$91,394,000);
- (vi) trade receivables with an aggregate carrying value of HK\$515,766,000 (2024: HK\$410,334,000);
- (vii) bank deposits with an aggregate carrying value of HK\$228,934,000 (2024: HK\$211,619,000); and
- (viii) land use right with an aggregate carrying value of HK\$Nil (2024: HK\$467,000).

42. RETIREMENT BENEFITS SCHEMES

The Company and its subsidiaries in Hong Kong operate a defined contribution retirement benefits scheme for their qualifying employees pursuant to the Occupational Retirement Schemes Ordinance. To comply with the Mandatory Provident Fund Schemes Ordinance, a Mandatory Provident Fund Scheme was also established. The assets of both schemes are held separately in funds which are under the control of independent trustees. The retirement benefits schemes contributions charged to the consolidated statement of profit or loss represent contributions payable by the Company and its subsidiaries in Hong Kong to the funds at rates specified in the rules of the schemes. When there are employees who leave the defined contribution retirement benefits scheme prior to becoming fully vested in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Company and its subsidiaries in Hong Kong.

For members of the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a monthly cap of HK\$1,500.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

At the end of the reporting period, no forfeited contributions were available to reduce the contribution payable in future years.

The total expense recognised in profit or loss of HK\$326,244,000 (2024: HK\$335,382,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

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43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group had significant transactions and balances with related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules.

(I) Related parties and connected persons

- (a) Save as disclosed in elsewhere in these consolidated financial statements, the significant connected transactions pursuant to the Listing Rules during the year, and significant balances with them at the end of the reporting period, are as follows:

Related parties and connected persons	Nature of transactions and balances	2025 HK\$'000	2024 HK\$'000
Transactions			
Fellow subsidiaries	Expenses relating to short-term leases and leases of low-value assets (Note (a)(i))	44,248	44,932
Associate	Interest income received by the Group (Note (a)(ii))	292	15,489
Joint Venture	Interest income received by the Group	83,626	109,493
Balance			
Associate	Loan provided by the Group (Note (a)(ii))	75,167	–
	Interest receivable by the Group	57	–
Joint Venture	Loan provided by the Group	–	1,903,074
	Interest receivable by the Group	–	276
<i>Non-controlling shareholders of subsidiaries:</i>			
The Xuhui SASAC and entities controlled by the Xuhui SASAC	Non-trade payables by the Group (Note (a)(iii))	43,158	43,111

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(I) Related parties and connected persons (continued)

(a) (continued)

Notes:

- (i) The rentals were charged in accordance with the relevant tenancy agreements and the prevailing rent was equivalent or approximate to the open market rentals as certified by an independent firm of professional property valuers when the tenancy agreements were entered into.
- (ii) In January 2016, Shanghai Hu-Ning Expressway (Shanghai Section) Company Limited ("Hu-Ning Expressway") agreed to make a shareholder's loan facility in an aggregate principal amount of up to RMB500,000,000 for the three years from 21 January 2016 to SIIC New Energy. The relevant loan amount would be determined on a case-by-case basis, with the maximum amount representing the unutilised portion of the facility. The duration of each term loan would be negotiated on a case-by-case basis and each term loan would expire by the end of the three-year period from 21 January 2016. The interest should be the benchmark interest rate of RMB denominated loans for the same period as announced by the People's Bank of China and be repaid on a semi-annual basis.

In January 2019, Hu-Ning Expressway agreed to extend the above shareholder's loan on substantially the same terms, with the renewed expiry date on 20 January 2022.

In January 2020, an amount of RMB200,000,000 (equivalent to HK\$223,713,000) has been repaid and SIIC New Energy agreed to borrow an additional shareholder's loan in the amount of RMB210,000,000 (equivalent to HK\$234,899,000), the interest rate of such loan is 5% (2021: 5%) per annum.

In November 2021, Hu-Ning Expressway agreed to extend the Shareholder's Loan Facility available to SIIC New Energy on substantially the same terms for a further term of three years from 21 January 2023 to 20 January 2025.

As at 31 December 2025, the ending balance of loan provided to SIIC New Energy included in other receivables set out in note 27 amounted to HK\$75,167,000 (2024: HK\$Nil), giving rise to interest income amounting to HK\$292,000 during the year ended 31 December 2025 (2024: HK\$14,634,000).

- (iii) The amounts due to the Xuhui SASAC and entities controlled by the Xuhui SASAC included in note 30(iii) are unsecured, non-interest bearing and repayable on demand.

- (b) Hu-Ning Expressway, Shanghai Luqiao Development Company Limited ("Shanghai Luqiao"), Shanghai Shen-Yu Development Company Limited ("Shanghai Shen-Yu"), Wing Fat Printing (Dongguan) Company Limited ("WF Dongguan") (together the "2021 Relevant Companies" and each the "2021 Relevant Company"), entered into an asset management entrustment agreement (together the "2021 Entrustment Agreements") with SIIC New Energy on 19 August 2021 for a term of three years from the date when SIIC New Energy serves a written notice to the 2021 Relevant Companies requesting for the provision of the initial entrustment fund under the 2021 Entrustment Agreements (the "2021 Commencement Date") to the date immediately prior to the third anniversary of the Commencement Date (the "2021 Expiry Date").

Each Relevant Company should provide at least RMB10,000,000 as the initial entrustment fund. The total maximum amount of the entrustment fund to be provided by all the 2021 Relevant Companies should be no more than RMB500,000,000, provided that: (i) the maximum amount of entrustment fund from each of Hu-Ning Expressway, Luqiao Development and Shanghai Shen-Yu should not exceed RMB500,000,000; and (ii) the maximum amount of entrustment fund from WF Dongguan should not exceed RMB200,000,000. As at year ended 31 December 2024, SIIC New Energy has fully repaid to 2021 Relevant Companies.

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43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(I) Related parties and connected persons (continued)

(b) (continued)

SIIC New Energy should pay guaranteed returns calculated on a daily basis at the rate of 5% per annum on the accumulated principal of the entrustment funds. The annual caps for the aggregate amount of guaranteed returns payable to the 2021 Relevant Companies by SIIC New Energy under the 2021 Entrustment Agreements would be RMB9,247,000 for the period from the Commencement Date to 31 December 2021, RMB25,000,000 for the financial year ended 31 December 2022, RMB25,000,000 for the financial year ended 31 December 2023 and RMB25,000,000 for the period from 1 January 2024 to the Expiry Date. During the year ended 31 December 2025, actual guaranteed returns from SIIC New Energy of RMB1,397,000 (equivalent to HK\$1,515,000) (2024: RMB789,000 (equivalent to HK\$855,000)) was received by Shanghai Shen-Yu.

If there is any revenue surplus after making the above distribution and deducting all taxes and expenses, such sum shall be divided between SIIC New Energy and the Relevant Companies on a 50:50 basis. 50% of the revenue surplus should be distributed among the 2021 Relevant Companies based on the amount of entrustment funds entrusted and the duration of entrustment. The annual caps for the aggregate amount of revenue surplus payable to the 2021 Relevant Companies or SIIC New Energy under the 2021 Entrustment Agreements will be RMB9,247,000 for the period from the Commencement Date to 31 December 2021, RMB25,000,000 for the financial year ended 31 December 2023, RMB25,000,000 for the financial year ended 31 December 2024 and RMB25,000,000 for the period from 1 January 2024 to the Expiry Date. During the year ended 31 December 2025, no actual revenue surplus payable from SIIC New Energy (2024: HK\$Nil).

- (c) On 2 January 2024 and 6 January 2025, Nanyang Brothers Tobacco Company, Limited (“Nanyang Tobacco”), an indirect wholly-owned subsidiary of the Company as tenant, entered into the lease agreements (i.e. the Tuen Mun Lease Agreement relating to a 16-storey property at No. 9 Tsing Yeung Circuit, Tuen Mun, New Territories, Hong Kong), with Nanyang Enterprises Properties Limited (“Nanyang Enterprises”), which is in turn a subsidiary of SIIC and a connected person of the Company, as landlord, with a term commencing from 1 January 2024 to 31 December 2024 (both days inclusive) and 1 January 2025 to 31 December 2025 (both days inclusive) to renew the previous lease agreements, both of which expired by 31 December 2024 and 31 December 2025, for the operation of the Group.

The monthly rentals (exclusive of rates, management fee and other outgoings) under the Tuen Mun Lease Agreement was HK\$2,750,000 for both period from 1 January 2024 to 31 December 2024 and 1 January 2025 to 31 December 2025. The annual caps, which represented the sum of the rental payable by Nanyang Tobacco to Nanyang Enterprises under the Tuen Mun Lease Agreement for both period from 1 January 2024 to 31 December 2024 and 1 January 2025 to 31 December 2025 amounting HK\$33,000,000, respectively. The actual amount paid by Nanyang Tobacco amounted to HK\$33,000,000 (2024: HK\$33,000,000) for the year ended 31 December 2025.

- (d) On 2 January 2024 and 6 January 2025, the Company, as tenant, entered into the lease agreements (i.e. the Harcourt Tenancy Agreement relating to a property at the whole of 26th Floor and a portion of 27th Floor of Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong), with International Hope Limited (“International Hope”), which is in turn a subsidiary of SIIC and a connected person of the Company, as landlord with a term commencing from 1 January 2024 to 31 December 2024 (both days inclusive) and 1 January 2025 to 31 December 2025 (both days inclusive) to renew the previous lease agreements, both of which expired by 31 December 2024 and 31 December 2025, for the operation of the Group.

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(I) Related parties and connected persons (continued)

(d) (continued)

The monthly rentals (exclusive of rates, management fee and other outgoings) under the Harcourt Tenancy Agreement was HK\$937,000 for both period from 1 January 2024 to 31 December 2024 and 1 January 2025 to 31 December 2025. The annual caps, which represented the sum of the rental payable by the Company to International Hope under the Harcourt Tenancy Agreement for both period from 1 January 2024 to 31 December 2024 and 1 January 2025 to 31 December 2025 amounting HK\$11,248,000, respectively. The actual amount paid by the Company amounted to HK\$11,248,000 (2024: HK\$11,248,000) for the year ended 31 December 2025.

- (e) On 27 October 2024 and 30 October 2025, the Wing Fat Printing Company, Limited (“Wing Fat Printing”), an indirect non-wholly owned subsidiary of the Company, entered into a procurement framework agreement (the “Procurement Framework Agreement”) with 上海醫藥集團股份有限公司 (“Shanghai Pharmaceuticals Holding”), an associate of SIIC and a connected person of the company, for a term of one year commencing from 1 January 2024 and ending on 31 December 2024 and 1 January 2025 and ending on 31 December 2025, respectively. Pursuant to the Procurement Framework Agreement, any members of Wing Fat Printing and its subsidiaries from time to time (the “Wing Fat Group”) might enter into an individual procurement agreement(s) (the “Individual Agreements”) with any members of Shanghai Pharmaceuticals Holding and its subsidiaries and 30%-controlled companies from time to time (the “Shanghai Pharmaceuticals Holding Group”) to supply printed packaging materials for pharmaceutical products, subject to the annual cap of the procurement amount.

The annual cap for the total procurement amount payable by the Shanghai Pharmaceuticals Holding Group to the Wing Fat Group with respect to the transactions contemplated under the Procurement Framework Agreement for the financial year ending 31 December 2025 is RMB90,000,000 (2024: RMB90,000,000).

The actual amount of sales for the year ended 31 December 2025 amounted to a total of RMB44,610,700 (equivalent to HK\$49,678,000) (2024: RMB61,960,000 (equivalent to HK\$67,165,000)).

(II) Related party, other than connected persons

Other than transactions and balances with connected persons, the significant transaction with other related party during the year, and significant balance with them at the end of the reporting period, are as follows:

Related party	Nature of transaction and balance	2025 HK\$'000	2024 HK\$'000
Associate:			
上海城開地產經紀有限公司 (Shanghai Urban Development Real Estate Agency Co., Ltd.)	Property agency fees paid by the Group	–	49
	Trade payables by the Group	–	9,051

Details of amounts due from (to) associates are set out in notes 27 and 30, respectively.

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For the year ended 31 December 2025

43. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(III) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	12,716	14,508

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. MATERIAL TRANSACTIONS AND BALANCES WITH GOVERNMENT RELATED ENTITIES

The Group itself is part of a larger group of companies under SIIC, which is controlled by the PRC government. The directors consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government. Apart from the transactions with SIIC, other connected persons and related parties disclosed in note 43, the Group also conducts business with other government related entities in the ordinary course of business. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operation of the Group. The directors consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

45. GOVERNMENT GRANTS

Save as disclosed in note 32, during the year ended 31 December 2025, (i) business and other taxes refund from local tax authorities of approximately HK\$17.4 million (2024: HK\$76.0million) were received; (ii) an amount of approximately HK\$191.8 million (2024: HK\$119.6million) was received as incentives for investments in certain provinces in the PRC. These amounts have been included in other income, and there are no unfulfilled conditions or contingencies relating to these grants.

46. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation or establishment/ operations	Nominal value of issued and fully paid share capital/registered capital	Percentage of issued share/ registered capital held by the Company/subsidiaries		Principal activities
			2025	2024	
SI Development (Note i)	The PRC	A shares – RMB1,844,562,892	48.60% (note 4)	48.60% (note 4)	Property development and investment
SI Urban Development (Note ii)	Bermuda/The PRC	Ordinary shares – HK\$191,217,000	43.12% (note 4)	43.12% (note 4)	Property development and investment
SUD (Note viii)	The PRC	RMB3,200,000,000	59%	59%	Property development and investment
Hu-Ning Expressway (Note iii)	The PRC	RMB1,500,000,000 (2024: RMB3,000,000,000)	100%	100%	Holding of the right to operate a toll road
Luqiao Development (Note iii)	The PRC	RMB800,000,000 (2024: RMB1,600,000,000)	100%	100%	Holding of the right to operate a toll road

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46. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation or establishment/ operations	Nominal value of issued and fully paid share capital/registered capital	Percentage of issued share/ registered capital held by the Company/subsidiaries		Principal activities
			2025	2024	
Shanghai Shen-Yu (Note iii)	The PRC	RMB1,200,000,000	100%	100%	Holding of the right to operate a toll road
SIIC Environment (Note iv)	The Republic of Singapore/The PRC	Ordinary shares – RMB5,920,175,000	49.25% (note 4)	49.25% (note 4)	Waste water treatment and water supply
S.I. Infrastructure Holdings Limited ("S.I. Infrastructure")	The British Virgin Islands/Hong Kong	Ordinary share – US\$1	100%	100%	Investment holding
SIHL Treasury Limited ("SIHL Treasury")	Hong Kong	Ordinary shares – HK\$2	100%	100%	Investment
Nanyang Tobacco (Marketing) Company, Limited	The British Virgin Islands/PRC and Macau	Ordinary shares – US\$1 – HK\$100,000,000	100%	100%	Sale and marketing of cigarettes and raw materials sourcing
Nanyang Tobacco	Hong Kong	Ordinary shares – HK\$2	100%	100%	Manufacture and sale of cigarettes
		Non-voting deferred shares (Note vi) – HK\$8,000,000	–	–	
The Wing Fat Printing	Hong Kong	Ordinary shares – HK\$83,030,000	94.29%	94.29%	Manufacture and sale of packaging materials and printed products

Notes:

- (i) This company is listed on the A Shares Market of the Shanghai Stock Exchange.
- (ii) This company is listed on the Main Board of the Stock Exchange.
- (iii) These companies were established in the PRC as wholly foreign owned enterprises.
- (iv) This company is dual listed on the Main Board of the SGX-ST and Main Board of the Stock Exchange.
- (v) Except for S.I. Infrastructure and SIHL Treasury, all the above subsidiaries are indirectly held by the Company.
- (vi) None of the deferred shares are held by the Group. The deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of the respective companies and have practically no rights to dividends or to participate in any distributions on winding up.
- (vii) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (viii) This company was established in the PRC as sino-foreign owned enterprise.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. These subsidiaries are mainly dormant companies or subsidiaries principally engaged in investment holding.

None of the subsidiaries had issued any debt securities at the end of the year except for those disclosed in note 33.

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46. PRINCIPAL SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
SI Development	The PRC	51.40%	51.40%	(284,235)	(135,043)	7,416,199	7,482,354
SI Urban Development	Bermuda/The PRC	56.88%	56.88%	(547,124)	(188,413)	6,869,290	7,081,611
SUD	The PRC	41%	41%	(61,650)	27,960	3,094,277	3,144,358
SIIC Environment	The Republic of Singapore/The PRC	50.75%	50.75%	332,140	329,038	6,422,662	5,934,918
Individually immaterial subsidiaries with non-controlling interests				312,911	161,129	7,771,695	7,079,584
				(247,958)	194,671	31,574,123	30,722,825

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	SI Development (Consolidated)		SI Urban Development (Consolidated, including SUD)		SUD (Consolidated)		SIIC Environment (Consolidated)	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current assets	20,965,466	14,454,333	18,743,332	21,452,050	5,598,037	7,628,059	13,424,145	11,592,902
Non-current assets	16,490,764	21,923,367	28,365,162	27,532,710	18,157,828	16,109,804	36,074,659	36,253,519
Current liabilities	(9,841,042)	(5,764,171)	(14,381,943)	(17,960,765)	(6,664,391)	(7,804,142)	(11,062,712)	(9,933,633)
Non-current liabilities	(11,103,700)	(14,130,918)	(13,922,733)	(11,913,991)	(9,046,620)	(7,778,645)	(19,882,162)	(20,796,452)
Equity attributable to owners of the Company	6,843,347	6,905,897	5,785,817	5,946,775	4,452,739	4,524,809	5,853,653	5,377,691
Non-controlling interests	7,416,199	7,482,354	6,869,290	7,081,611	3,094,277	3,144,358	6,422,662	5,934,918
Non-controlling interests of Group's subsidiaries	2,251,942	2,094,360	6,148,711	6,081,618	497,838	485,909	6,277,615	5,803,727

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For the year ended 31 December 2025

46. PRINCIPAL SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	SI Development (Consolidated)		SI Urban Development (Consolidated, including SUD)		SUD (Consolidated)		SIIC Environment (Consolidated)	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue	3,674,564	2,711,674	3,667,924	12,440,369	1,535,742	4,739,161	7,670,297	8,233,772
Profit/(loss) for the year	(495,451)	(292,721)	(1,088,789)	(372,828)	(153,393)	103,430	1,049,004	1,031,592
Other comprehensive income/(expense) for the year	423,645	(421,756)	828,066	(237,703)	3,671	(355,152)	447,407	(560,731)
Total comprehensive income/(expense) for the year	(71,806)	(714,477)	(260,723)	(610,531)	(149,722)	(251,722)	1,496,411	470,861
Profit/(loss) for the year attributable to the owners of the Company	(268,751)	(127,685)	(414,768)	(101,140)	(88,716)	40,235	329,866	326,944
Profit/(loss) for the year attributable to the non-controlling interests	(284,235)	(135,044)	(547,124)	(230,050)	(61,650)	27,960	332,140	329,035
Profit/(loss) for the year attributable to the non-controlling interests of Group's subsidiaries	57,535	(29,992)	(126,897)	(41,638)	(3,027)	35,235	386,998	375,613
Other comprehensive income/(expense) for the year attributable to the owners of the Company	106,960	(204,973)	254,450	68,651	(13,348)	(196,899)	(71,413)	(276,160)
Other comprehensive income/(expense) for the year attributable to the non-controlling interests	218,081	(216,783)	334,803	(135,015)	(5,219)	(141,450)	244,602	(284,571)
Other comprehensive income/(expense) for the year attributable to the non-controlling interests of Group's subsidiaries	98,604	–	238,813	(171,339)	22,238	(16,803)	274,218	–
Total comprehensive income/(expense) for the year attributable to the owners of the Company	(161,791)	(332,658)	(160,318)	(32,489)	(102,064)	(156,664)	(258,453)	50,784
Total comprehensive income/(expense) for the year attributable to the non-controlling interests	(66,154)	(351,827)	(212,321)	(365,065)	(66,869)	(113,490)	576,742	44,464
Total comprehensive income/(expense) for the year attributable to the non-controlling interests of Group's subsidiaries	156,139	(29,992)	111,916	(212,977)	19,211	18,432	661,216	375,613
Dividends paid to non-controlling interests	412	27,819	43,690	78,161	–	93,333	20,486	67,901
Net cash inflow/(outflow) from operating activities	1,212,001	(1,383,109)	(657,407)	853,118	(267,335)	3,171,708	1,837,509	601,414
Net cash inflow/(outflow) from investing activities	119,118	245,032	(170,287)	(493,262)	(199,045)	(349,928)	320,423	(752,699)
Net cash inflow/(outflow) from financing activities	(648,997)	(1,383,630)	(62,013)	(794,216)	42,285	(1,280,541)	(1,579,604)	1,249,974
Net cash inflow/(outflow)	682,122	(2,521,707)	(889,707)	(434,360)	(424,095)	1,541,239	578,328	1,098,689

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47. PRINCIPAL JOINT VENTURES

Particulars of the Group's principal joint ventures at 31 December 2025 and 2024 are as follows:

Name of joint ventures	Place of establishment/ operations	Percentage of registered capital attributable to the Group		Principal activities
		2025	2024	
General Water	The PRC	45%	45%	Joint investment and operation of water-related and environment protection businesses in the PRC
Shanghai Nuozhuo	The PRC	12.72% (Note i)	12.72% (Note i)	Integrated management service
Yangtze River Delta	The PRC	50%	50%	Joint investment and operation of water-related services
Beiwaitan New Landmark	The PRC	24.3% (Note ii)	24.3% (Note ii)	Joint investment and property development, property investment and property management

Notes:

- (i) This is a 50% owned joint venture of SUD, in which the Group indirectly owns 59% equity interest through SI Urban Development, a 43.12% (2024: 43.12%) owned listed subsidiary.
- (ii) This is a 50% owned joint venture through SI Development, a 48.60% (2024: 48.60%) owned listed subsidiary.
- (iii) The above joint ventures are indirectly held by the Company and are accounted for as joint ventures because the subsidiary of the Company and the joint venture partner have contractual arrangements to jointly control the strategic financial and operating policies pursuant to its Articles of Association.
- (iv) The above table lists the joint venture of the Group which, in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

48. PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates at 31 December 2025 and 2024, which are all established in the PRC, are as follows:

Name of associates	Form of entities	Percentage of registered capital attributable to the Group		Principal activities
		2025	2024	
Shanghai Shentian	Sino-foreign joint venture	8.9% (Note i)	8.90% (Note i)	Property development
Canvest Environmental (Note iii)	Limited liability company	N/A	19.48%	Provision of municipal solid waste handling services and operation and management of waste-to-energy plants in the PRC
SIIC New Energy	Limited Liability company	45%	45%	Operation of photovoltaic related business in the PRC and provision of asset management services

Notes:

- (i) This is a 35% owned associate of SUD, in which the Group indirectly owns 59% equity interest through SI Urban Development, a 43.12% (2024: 43.12%) owned listed subsidiary.
- (ii) The above associates are indirectly held by the Company.
- (iii) As disclosed in note 22(i), the Company had an investment in exchangeable bond which entitles the Company to exchange for no more than 243,954,117 ordinary shares of Canvest Environmental, representing approximately 10% of the entire share issued share capital of Canvest Environmental as at the issue date. During the year ended 31 December 2025, the issuer of the exchangeable bonds early redeemed the bonds.
- (iv) The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

49. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

Infrastructure and environmental protection	–	investment in toll road/bridge projects and water services/clean energy businesses
Real estate	–	property development and investment and hotel operation
Consumer products	–	manufacture and sale of cigarettes, packaging materials and printed products
Comprehensive healthcare operations	–	manufacture and sales of pharmaceutical and healthcare products, provision of distribution and supply chain solutions services and operation and franchise of a network of retail pharmacies

Infrastructure and environmental protection, real estate, consumer products and comprehensive healthcare operations also represent the Group's reportable segments.

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For the year ended 31 December 2025

49. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 December 2025

	Infrastructure and environmental protection HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Comprehensive healthcare operations HK\$'000	Elimination and unallocated HK\$'000	Consolidated HK\$'000
REVENUE						
Segment revenue – external sales	9,773,062	7,342,488	3,715,964	–	–	20,831,514
Segment operating profit/(loss)	3,347,653	(236,437)	918,523	–	190,936	4,220,675
Finance costs	(692,466)	(867,367)	(2,886)	–	(54,705)	(1,617,424)
Share of results of joint ventures	257,545	(26,479)	–	2,344	–	233,410
Share of results of associates	53,614	(38,825)	–	–	–	14,789
Net gain/(loss) on disposal of interests in associates/joint ventures/a subsidiary	(42,437)	11,979	–	–	–	(30,458)
Segment profit/(loss) before taxation	2,923,909	(1,157,129)	915,637	2,344	136,231	2,820,992
Income tax expense	(434,891)	(427,112)	(142,368)	–	(44,711)	(1,049,082)
Segment profit/(loss) after taxation	2,489,018	(1,584,241)	773,269	2,344	91,520	1,771,910
Less: segment loss/(profit) attributable to non-controlling interests	(687,727)	952,694	(17,009)	–	–	247,958
Segment profit/(loss) after taxation attributable to owners of the Company	1,801,291	(631,547)	756,260	2,344	91,520	2,019,868

For the year ended 31 December 2024

	Infrastructure and environmental protection HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Comprehensive healthcare operations HK\$'000	Elimination and unallocated HK\$'000	Consolidated HK\$'000
REVENUE						
Segment revenue – external sales	10,262,620	15,152,043	3,503,034	–	–	28,917,697
Segment operating profit	3,468,343	713,665	836,496	–	49,961	5,068,465
Finance costs	(844,945)	(959,744)	(4,396)	–	(215,918)	(2,025,003)
Share of results of joint ventures	233,921	(11,595)	–	54,233	–	276,559
Share of results of associates	139,142	94,301	–	–	–	233,443
Gain on disposal of interests in associates/ a joint venture/a subsidiary and liquidation of a subsidiary	1,173,681	175,224	–	–	–	1,348,905
Segment profit/(loss) before taxation	4,170,142	11,851	832,100	54,233	(165,957)	4,902,369
Income tax expense	(936,320)	(677,400)	(169,698)	–	(116,627)	(1,900,045)
Segment profit/(loss) after taxation	3,233,822	(665,549)	662,402	54,233	(282,584)	3,002,324
Less: segment loss/(profit) attributable to non-controlling interests	(604,828)	429,191	(19,034)	–	–	(194,671)
Segment profit/(loss) after taxation attributable to owners of the Company	2,628,994	(236,358)	643,368	54,233	(282,584)	2,807,653

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

49. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At 31 December 2025

	Infrastructure and environmental protection HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Comprehensive healthcare operations HK\$'000	Elimination and unallocated HK\$'000	Consolidated HK\$'000
Segment assets	66,621,387	84,565,248	7,366,843	–	6,412,233	164,965,711
Segment liabilities	31,621,493	48,761,278	1,038,945	–	1,814,329	83,236,045

At 31 December 2024

	Infrastructure and environmental protection HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Comprehensive healthcare operations HK\$'000	Elimination and unallocated HK\$'000	Consolidated HK\$'000
Segment assets	68,631,942	85,362,961	7,776,387	11,429	6,729,974	168,512,693
Segment liabilities	34,949,104	49,949,715	1,065,701	–	4,254,843	90,219,363

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than corporate cash and cash equivalents, certain investments, certain interests in joint ventures and some other unallocated assets; and
- all liabilities are allocated to operating segments other than corporate tax liabilities, corporate bank borrowings and some other unallocated liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

49. SEGMENT INFORMATION (continued)

Other segment information 2025

	Infrastructure and environmental protection HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Comprehensive healthcare operations HK\$'000	Elimination and unallocated HK\$'000	Consolidated HK\$'000
<i>Amounts included in the measurement of segment profit or loss or segment assets:</i>						
Additions to non-current assets (Note)	1,516,238	407,976	151,236	–	1,597	2,077,047
Depreciation and amortisation	1,775,128	294,297	238,032	–	53,469	2,360,926
Fair value changes on investment properties	–	631,865	–	–	–	631,865
Impairment loss on interests in associates	–	27,120	–	–	–	27,120
Impairment loss on trade receivables	173,822	(1,318)	3,926	–	–	176,430
Impairment loss on other receivables	256,928	298,447	33	–	–	555,408
Impairment loss on PHFS	–	675,985	–	–	–	675,985
Impairment loss on PUD	–	555,072	–	–	–	555,072
Impairment loss on property, plant and equipment	–	–	42,075	–	–	42,075
Interest income	(230,080)	(41,144)	(90,268)	–	(152,243)	(513,735)
Interests in joint ventures	3,470,457	7,877,371	–	–	–	11,347,828
Interests in associates	1,674,232	1,793,762	–	–	–	3,467,994

2024

	Infrastructure and environmental protection HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Comprehensive healthcare operations HK\$'000	Elimination and unallocated HK\$'000	Consolidated HK\$'000
<i>Amounts included in the measurement of segment profit or loss or segment assets:</i>						
Additions to non-current assets (Note)	3,971,033	1,219,179	125,199	–	9,189	5,324,600
Depreciation and amortisation	1,472,598	296,700	240,112	–	6,710	2,016,120
Fair value changes on investment properties	–	779,480	–	–	–	779,480
Impairment loss on interests in associates	200,000	7,079	–	–	–	207,079
Impairment loss on trade receivables	67,356	1,174	1,947	–	–	70,477
Impairment loss on other receivables	46,046	281,543	(407)	–	–	327,182
Impairment loss on PHFS	–	149,504	–	–	–	149,504
Impairment loss on PUD	–	757,709	–	–	–	757,709
Impairment loss on property, plant and equipment	–	–	28,467	–	–	28,467
Interest income	(242,103)	(56,396)	(126,430)	–	(269,771)	(694,700)
Interests in joint ventures	3,194,996	7,585,255	–	11,428	–	10,791,679
Interests in associates	3,997,024	1,832,403	–	–	–	5,829,427

Note: Non-current assets excluded financial instruments and deferred tax assets.

49. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Hong Kong (place of domicile) and the PRC.

The Group's revenue from external customers by geographical location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers	
	2025 HK\$'000	2024 HK\$'000
PRC	18,196,343	26,563,405
Asia areas, other than Hong Kong and the PRC	1,092,004	1,142,310
Hong Kong (place of domicile)	1,036,423	691,819
Other areas	506,744	520,163
	20,831,514	28,917,697

	Non-current assets (note)	
	2025 HK\$'000	2024 HK\$'000
PRC	68,952,228	73,729,891
Asia areas, other than Hong Kong and the PRC	28,015	28,625
Hong Kong (place of domicile)	1,026,215	981,761
	70,006,458	74,740,277

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

No individual customer contributed to over 10% of the total revenue of the Group for both years.

50. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in note 33, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, repurchase of shares as well as the issue of new debt or the redemption of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

51. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
FVTPL		
Mandatorily measured at FVTPL		
– Held for trading	186,363	218,608
– Others	7,945	1,644,478
Equity instruments at FVTOCI	1,762,286	1,737,796
Financial assets at amortised cost (including cash and cash equivalents)	62,333,130	62,554,519
Financial liabilities		
Amortised cost	69,433,290	71,860,673

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets at FVTOCI, trade and other receivables, receivables under service concession arrangements, pledged bank deposits, bank deposits, cash and cash equivalents, trade and other payables and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC and Hong Kong and the exposure in exchange rate risks mainly arises from fluctuations in USD, HK\$ and RMB exchange rates. The management monitors foreign currency exposure, especially in view of the current depreciation risk for RMB. The management will also consider hedging significant foreign currency exposure and adopting suitable measures where necessary in order to mitigate impacts due to the depreciation of the RMB to the Group.

The carrying amounts of the Group's monetary assets and monetary liabilities at the reporting date that are denominated in currencies other than the functional currency of the group entities ("foreign currency") are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
RMB (against HK\$)	1,187,909	421,250	344,390	2,679
USD (against RMB)	122,049	424,974	311	215,490
HK\$ (against RMB)	76,582	91,365	21,689	1,115,703

The above foreign currency denominated monetary assets and monetary liabilities mainly represent the Group's trade and other receivables, pledged bank deposits, bank deposits, cash and cash equivalents, trade and other payables and bank and other borrowings.

51. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies (continued)****Market risk (continued)****(i) Currency risk (continued)****Sensitivity analysis**

The Group is mainly exposed to the currencies of RMB and HK\$. Since HK\$ is pegged to US\$, the management does not expect significant foreign exchange exposure in relation to the foreign currency of US\$.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the functional currency of each group entity against the above foreign currency. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% (2024: 5%) increase in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of balances are in currencies other than the functional currency of the respective group companies. A positive (negative) number below indicates an increase (a decrease) in profit after taxation where the above foreign currency strengthens 5% against the functional currency of each group entity.

	2025 HK\$'000	2024 HK\$'000
Increase/(decrease) in profit after taxation	68,750	(12,640)

(ii) Interest rate risk

The Group's fair value and cash flow interest rate risks mainly relate to fixed and variable rates borrowings and lease liabilities respectively. The Group's receivables under service concession arrangements, pledged bank deposits, fixed-rate amounts due to certain fellow subsidiaries/associates, loan to a joint venture/an associate, amounts due to non-controlling shareholders and fixed-rate bank and other borrowings have exposure to fair value interest rate risk due to the fixed interest rate on these instruments. The Group's bank balances and variable-rate bank and other borrowings also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate.

In order to exercise prudent management against interest rate risks, the Group continues to review market trends against its business operations and financial position in order to arrange the most interest rate risk management tools.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank balances and short-term bank deposits (collectively referred to as the "Bank Deposits") and variable-rate borrowings at the end of the reporting period. The sensitivity analysis does not consider the effect of interest expenses qualified for capitalisation.

For variable-rate borrowings and Bank Deposits, the analysis is prepared assuming that the amount of asset/liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points and 50 basis points (2024: 50 basis points and 50 basis points), respectively, increase or decrease are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

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For the year ended 31 December 2025

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis (continued)

If interest rates had been 50 basis points and 10 basis points (2024: 50 basis points and 10 basis points) higher/lower for bank borrowings and bank deposits respectively, and all other were variables were held constant, the Group's profit after taxation for the year would decrease/increase by HK\$146,385,000 (2024: HK\$150,606,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate Bank Deposits and borrowings.

(iii) Price risk

The Group is exposed to price risk through its listed investments classified as either financial assets at FVTPL or financial assets at FVTOCI. The management strictly monitors this exposure by maintaining a portfolio of investments with different levels of risks. The Group's price risk is mainly concentrated on equity instruments quoted in the Stock Exchange and the Shanghai Stock Exchange. In addition, a special team has been appointed by the management to monitor the price risk and hedging against such risk exposures will be made should the need arises.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks on quoted equity instruments held by the Group at the reporting date:

If the prices of the respective quoted equity instruments had been 5% (2024: 5%) higher/lower:

- profit after taxation for the year would increase/decrease by HK\$7,781,000 (2024: HK\$9,127,000) as a result of the changes in fair value of financial assets at FVTPL; and
- investment revaluation reserve would increase/decrease by HK\$58,050,000 (2024: HK\$56,147,000) as a result of the changes in fair value of financial assets at FVTOCI.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, contract assets, financial guarantees, receivables under services concession arrangements, pledged bank deposit, bank deposits and cash and cash equivalents. The Group's maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties and financial guarantees provided is arising from the amount of liabilities in relation to financial guarantee issued by the Group as disclosed in note 40.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group recognises lifetime ECL as prescribed by HKFRS 9 under simplified approach on trade receivables and contract assets; and recognises 12m ECL on receivables under service concession arrangements and other receivables. To measure the ECL of trade receivables and contract assets, they are assessed collectively using provision matrix based on shared characteristics including historical credit loss experience, industry specific factors to the debtors, general economic conditions and the available and supportive forward-looking information, including time value of money where appropriate. To measure the ECL of receivables under service concessions and other receivables, they are assessed individually on the recoverability based on historical settlement records, past experience, and also the available and supportive forward-looking information.

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Except for the credit-impaired trade receivables, other receivables and contract assets of HK\$574,948,000, HK\$1,823,599,000 and HK\$Nil, respectively (2024: HK\$376,352,000, HK\$1,197,797,000 and HK\$Nil, respectively), the management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of trade and other receivables, and contract assets.

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

The credit risk arising from receivable under service concession arrangements is limited as these receivables are guaranteed by the relevant governmental authorities in the PRC.

The Group's concentration of credit risk by geographical locations of customers is mainly in the PRC which accounted for 100% (2024: 100%) of the trade receivables as at 31 December 2025.

The Group's credit risk on cash and cash equivalents and bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk in relation to amounts due from associates and joint ventures which account for 17% (2024: 43%) of other receivables. These counterparties have a sound financial background at the end of the reporting period by reference to their financial position and business prospects. The Group's credit risk position is monitored closely by the management.

The tables below detail the credit risk exposures of the Group's trade and other receivables, contract assets, financial guarantees, receivables under service concession arrangements, pledged/bank deposits and cash and cash equivalents, which are subject to ECL assessment:

	Notes	12-month or Lifetime ECL	31 December 2025		31 December 2024	
			Gross carrying amount		Gross carrying amount	
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at amortised cost						
Trade receivables (note 27)	(i)	Lifetime ECL – not credit-impaired	8,073,219		6,762,744	
	(i)	Lifetime ECL – credit-impaired	574,948	8,648,167	376,352	7,139,096
Other receivables (note 27)	(i)	12-month ECL	1,244,180		1,183,057	
	(i)	Lifetime ECL – not credit-impaired	–		453,604	
	(i)	Lifetime ECL – credit-impaired	1,823,599	3,067,779	1,197,797	2,834,458
Amounts due from related parties	(i)	12-month ECL		172,025		2,118,244
Receivables under service concession arrangements (note 23)	(i)	12-month ECL		20,963,209		23,522,936
Pledged bank deposits (note 29)	(ii)	12-month ECL		228,934		211,619
Bank deposits (note 29)	(ii)	12-month ECL		3,054,077		7,460,852
Cash and cash equivalents (note 29)	(ii)	12-month ECL		28,241,335		20,841,493
Other items						
Contract assets (note 28)	(i)	Lifetime ECL – not credit-impaired		29,307		57,035
	(i)	Lifetime ECL – credit-impaired		–		–
Financial guarantees (note 40)	(iii)	12-month ECL		2,885,022		3,352,467

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For the year ended 31 December 2025

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

- (i) For other receivables and receivables under service concession arrangements, the Group measures the loss allowance equal to 12m ECL. The Group applies internal credit risk management to assess whether credit risk has increased significantly since initial recognition, in which case the Group recognises lifetime ECL. Except for other receivables of HK\$1,823,599,000 (2024: HK\$1,197,797,000) which are credit-impaired and ECL has been provided amounting to HK\$555,408,000 (2024: HK\$327,182,000) as at 31 December 2025, the credit risk on other receivables and receivables under service concession arrangements are limited because the counterparties have no historical default record and the ECL on these items are considered insignificant.

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items using a provision matrix, grouped by past due status.

During the year ended 31 December 2025, impairment allowance of HK\$176,430,000 (2024: HK\$70,477,000) and HK\$555,408,000 (2024: HK\$327,182,000) were made on credit impaired trade receivables and other receivables, respectively.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Trade receivables (credit-impaired) HK\$'000	Other receivables (credit-impaired) HK\$'000	Contract assets (credit-impaired) HK\$'000
As at 1 January 2024	515,373	2,432,993	368,047
Changes due to financial instruments recognised and at 1 January 2024:			
– Impairment losses recognised	70,477	327,182	–
– Release upon liquidation of a subsidiary	(209,498)	(1,562,378)	(368,047)
As at 31 December 2024	376,352	1,197,797	–
Changes due to financial instruments recognised and at 1 January 2025:			
– Impairment losses recognised	176,430	555,408	–
– Exchange difference	22,166	70,394	–
As at 31 December 2025	574,948	1,823,599	–

- (ii) Pledged bank deposits, bank deposits and cash and cash equivalents that are deposited with state-owned banks or financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, no loss allowance was recognised during the year.
- (iii) For financial guarantee contracts, the gross carrying amount representing the maximum amount the Group has guaranteed under the respective contracts. Further details are set out in note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

51. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position are monitored closely by management. The following tables detail the contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	Less than 1 month or on demand HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2025 HK\$'000
2025							
Non-interest bearing	-	13,161,117	-	-	-	13,161,117	13,161,117
Fixed interest rate instruments	2.97	20,913	39,802	5,398,017	5,022,953	10,481,685	10,237,069
Variable interest rate instruments	4.27	323,010	315,925	12,588,404	36,375,600	49,602,939	45,771,689
		13,505,040	355,727	17,986,421	41,398,553	73,245,741	69,169,875
Financial guarantee contracts	-	3,009,454	-	-	-	3,009,454	-
Lease liabilities	4.27	8,326	8,006	44,492	244,231	305,055	263,415
		3,017,780	8,006	44,492	244,231	3,314,509	263,415
	Weighted average interest rate %	Less than 1 month or on demand HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2024 HK\$'000
2024							
Non-interest bearing	-	12,321,977	-	-	-	12,321,977	12,321,977
Fixed interest rate instruments	2.65	26,927	51,249	5,972,150	6,293,061	12,343,387	12,023,705
Variable interest rate instruments	3.85	5,336,742	267,511	8,722,768	36,710,973	51,037,994	47,514,991
		17,685,646	318,760	14,694,918	43,004,034	75,703,358	71,860,673
Financial guarantee contracts	-	3,352,467	-	-	-	3,352,467	-
Lease liabilities	4.27	4,474	8,948	40,267	271,900	325,589	287,716
		3,356,941	8,948	40,267	271,900	3,678,056	287,716

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

51. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 31 December 2025 HK\$'000	Fair value as at 31 December 2024 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL					
Listed equity securities	186,363	218,608	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	7,945	7,478	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control, the higher the discount factor, the lower the fair value.
Unlisted exchangeable bonds	–	1,637,000	Level 3	Equity component: adopted Trinomial Tree method under Black-Scholes model. Debt component: adopted effective interest methods	Volatility, the higher volatility, the higher fair value Discount rate, the higher the discount rate, the lower the fair value
Financial assets at FVTOCI					
Listed equity securities	1,549,945	1,497,254	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	212,341	240,542	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control, the higher the discount factor, the lower the fair value

There was no transfer amongst Levels 1, 2 and 3 in both periods.

51. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity instruments at FVTPL HK\$'000	Unlisted exchanges bonds at FVTPL HK\$'000	Unlisted equity instruments at FVTOCI HK\$'000	Total HK\$'000
At 1 January 2024	7,731	1,637,000	402,563	2,047,294
Fair value loss in other comprehensive income	–	–	(117,614)	(117,614)
Disposal	–	–	(34,058)	(34,058)
Exchange loss	(253)	–	(10,349)	(10,602)
At 31 December 2024	7,478	1,637,000	240,542	1,885,020
Fair value loss in other comprehensive income	–	–	(7,537)	(7,537)
Disposal	–	(1,637,000)	(1,084)	(1,638,084)
Investment income received	–	–	(29,694)	(29,694)
Exchange gain/(loss)	467	–	10,114	10,581
At 31 December 2025	7,945	–	212,341	220,286

Fair value measurements and valuation processes

The directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages independent professional qualified valuers to perform the valuation. Management of the Group works closely with the independent professional qualified valuers to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise and will report the significant results and findings to the board of directors of the Company. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

52. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK\$'000	Bank and other borrowings HK\$'000 (Note)	Dividend paid to non-controlling interests (included in other payables) HK\$'000	Interests payable (included in other payables) HK\$'000	Dividend payable (included in other payables) HK\$'000	Amount due to related parties (included in other payables) HK\$'000	Amounts due to fellow subsidiaries (included in other payables) HK\$'000	Total HK\$'000
At 1 January 2024	165,261	58,663,361	1,678,023	269,061	–	213,570	121,778	61,111,054
Financing cash flows	(96,537)	2,722,676	(513,474)	(2,351,165)	(1,021,979)	1,612	(118,929)	(1,377,796)
<i>Non-cash changes</i>								
Dividend declared (note 12)	–	–	–	–	1,021,979	–	–	1,021,979
Dividend declared paid to non-controlling interests	–	–	424,764	–	–	–	–	424,764
Finance costs (including amounts capitalised in PUD) (note 7)	16,068	–	–	2,248,177	–	–	–	2,264,245
New leases entered/lease modified	229,971	–	–	–	–	–	–	229,971
Transfer upon liquidation of a subsidiary	–	–	(711,087)	–	–	–	–	(711,087)
Transfer to other receivables	–	10,500	–	–	–	–	–	10,500
Exchange difference	(27,047)	(1,917,444)	(40,093)	(6,888)	–	(6,756)	(1,802)	(2,000,030)
At 31 December 2024	287,716	59,479,093	838,133	159,185	–	208,426	1,047	60,973,600
Financing cash flows	(54,651)	(6,576,121)	(184,461)	(1,875,178)	(1,021,979)	(7,922)	(1,067)	(9,721,379)
<i>Non-cash changes</i>								
Dividend declared (note 12)	–	–	–	–	1,021,979	–	–	1,021,979
Dividend declared paid to non-controlling interests	–	–	225,301	–	–	–	–	225,301
Finance costs (including amounts capitalised in PUD) (note 7)	7,099	–	–	1,767,465	–	–	–	1,774,564
New leases entered/lease modified	20,370	–	–	–	–	–	–	20,370
Transfer upon liquidation of a subsidiary	–	–	(4,540)	–	–	–	–	(4,540)
Transfer to other receivables	–	198,301	–	–	–	–	–	198,301
Exchange difference	2,882	2,519,835	1,911	4,483	–	(2,967)	20	2,526,164
At 31 December 2025	263,416	55,621,108	876,344	55,955	–	197,537	–	57,014,360

Note: The cash flows from bank and other borrowings comprise the net amount of new bank and other borrowings raised and repayment of bank and other borrowings.

53. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform with the current year's presentation and accounting treatment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

54. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-Current Assets		
Property, plant and equipment	2,843	3,130
Investment	–	1,637,000
Investments in subsidiaries	556,477	556,477
	559,320	2,196,607
Current Assets		
Deposits, prepayments and other receivables	8,846	20,550
Amounts due from subsidiaries	32,839,886	33,116,525
Cash and cash equivalents	4,569,849	1,394,716
	37,418,581	34,531,791
Current Liabilities		
Other payables and accrued charges	19,892	26,491
Amounts due to subsidiaries	66,400	323,051
Taxation payable	157,894	154,741
	244,186	504,283
Net Current Assets	37,174,395	34,027,508
Total Assets less Current Liabilities	37,733,715	36,224,115
Capital and Reserves		
Share capital	13,649,839	13,649,839
Reserves	24,083,876	22,574,276
Total Equity	37,733,715	36,224,115



Zhang Qian
Chief Executive Officer



Xu You Li
Deputy Chief Executive Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

55. RESERVES OF THE COMPANY

	Capital reserve HK\$'000 (Note ii)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	1,137,728	20,584,347	21,722,075
Profit for the year	–	1,874,180	1,874,180
Dividends paid (note 12)	–	(1,021,979)	(1,021,979)
At 31 December 2024	1,137,728	21,436,548	22,574,276
Profit for the year	–	2,531,579	2,531,579
Dividends paid (note 12)	–	(1,021,979)	(1,021,979)
At 31 December 2025	1,137,728	22,946,148	24,083,876

Notes:

- (i) The Company's reserves available for distribution to shareholders as at 31 December 2025 comprised of retained profits of approximately HK\$22,946 million (2024: HK\$21,437 million).
- (ii) The Company's capital reserve which arose in year 1997 upon reduction of share premium as confirmed by the Order of the High Court of Hong Kong was not realised profits and is an undistributable reserve.

56. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

FINANCIAL SUMMARY

	Year ended 31 December				
	2021	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
Revenue	38,747,951	31,348,592	32,697,955	28,917,697	20,831,514
Profit before taxation	10,746,014	5,511,078	8,740,567	4,902,369	2,820,992
Income tax expense	(6,633,048)	(2,181,308)	(4,214,900)	(1,900,045)	(1,049,082)
Profit for the year	4,112,966	3,329,770	4,525,667	3,002,324	1,771,910
Profit for the year attributable to					
– Owners of the Company	3,745,505	2,313,924	3,423,695	2,807,653	2,019,868
– Non-controlling interests	367,461	1,015,846	1,101,972	194,671	(247,958)
	4,112,966	3,329,770	4,525,667	3,002,324	1,771,900
	HK\$	HK\$	HK\$	HK\$	HK\$
Earnings per share					
– Basic	3.429	2.128	3.149	2.582	1.858
– Diluted	3.429	2.128	3.149	2.582	1.858

	As at 31 December				
	2021	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES					
Total assets	207,710,535	193,933,752	179,311,612	168,512,693	164,965,711
Total liabilities	(126,352,834)	(117,139,841)	(101,851,509)	(90,219,363)	(83,236,045)
	81,357,701	76,793,911	77,460,103	78,293,330	81,729,666
Equity attributable to owners of the Company	47,439,454	45,524,021	46,603,040	47,570,505	50,155,543
Non-controlling interests	33,918,247	31,269,890	30,857,063	30,722,825	31,574,123
	81,357,701	76,793,911	77,460,103	78,293,330	81,729,666

PARTICULARS OF MAJOR PROPERTIES HELD FOR INVESTMENT PURPOSES

Details of the Group's major properties held for investment purposes as at 31 December 2025 are as follows:

Location	Term of lease	Type of use	Group's interest
1. Urban Development International Tower (城開國際大廈) No. 355 Hongqiao Road, Xuhui District, Shanghai, the PRC	Held under a land use right for a term expiring on 7 October 2053	Commercial	25.44%
2. YOYO Tower (城開YOYO) No. 111 and 123 Tianyaoqiao Road, Xuhui District, Shanghai, the PRC	Held under a land use right with an unspecified term	Commercial	25.44%
3. ShanghaiMart (上海世貿商城) No. 2299 Yanan Road West, Changning District, Shanghai, the PRC	Held under a land use right for a term expiring on 20 October 2049	Commercial, Office and Expo	21.99%
4. Phase 2 of Shanghai Youth City (上海青年城) No. 1519 Husong Road, Jiuting Town, Songjiang District, Shanghai, the PRC	Held under a land use right for a term expiring on 8 July 2055	Commercial	43.12%
5. Lot No. B2, Phase I of Top City (城上城) No. 1 Aoti Road, Yuanjiagang, Jiulongpo District, Chongqing, the PRC	Held under a land use right for a term expiring in February 2044	Commercial and Car Park Spaces	43.12%
6. The commercial building at Phase 3 of Youngman Point, No. 2 Gan Lu Yuan Zhong Li, Qingnian Road, Chaoyang District, Beijing, the PRC	Held under a land use right for a term expiring on 5 February 2044	Commercial	43.12%
7. Taiyuan Business Avenue (瀋陽城開中心), Tai Yuan Street, Heping District, Shenyang, Liaoning Province, the PRC	Held under a land use right for a term expiring on 11 January 2048 and 2 February 2050	Commercial and Office	43.12%
8. The retail, office and basement car park portion of Changning United 88 (長寧八八中心) No. 88 Changning Road, Changning District, Shanghai, the PRC	Held under a land use right for a term expiring on 14 August 2052	Composite	48.60%
9. Several levels of Golden Bell Plaza (金鐘廣場) No. 98 Huahai Road Central, Huangpu District, Shanghai, the PRC	Held under a land use right for a term expiring on 18 November 2043 and 22 August 2050	Commercial and Office	43.74%
10. Several levels of commercial and Cultural Complex of Hi Shanghai (海上海) Lane 568 Feihong Road and Nos. 950, 970 and 990 Dalian Road, Yangpu District, Shanghai, the PRC	Held under a land use right for a term expiring on 19 September 2052	Composite	48.60%

PARTICULARS OF MAJOR PROPERTIES HELD FOR INVESTMENT PURPOSES

Location	Term of lease	Type of use	Group's interest
11. Tower 3 of Shanghai Industrial Investment Center(上實中心) No. 195 Xianggang East Road, Laoshan District, Qingdao, the PRC	Held under a land use right for a term expiring on 8 September 2054	Commercial and Office	48.60%
12. Commercial units of Huangpu Estate (黃浦新苑) No. 1130 and Nos. 1-2, Lane 1108, Tibet Road South, Huangpu District, Shanghai, the PRC	Held under a land use right for a term expiring on 8 November 2050	Commercial	48.60%
13. The Land Lot No.9 Qiu and 1/920 Qiu, 90 Jiefang, Tilanjiao Street, East of Dantu Road, south of East Daming Road, west of HK323-02 Green Land, north of East Changzhi Road, Hongkou District, Shanghai, the PRC	Held under a land use right for a term of 40 years for culture and commercial use and 50 years for office use from 29 January 2021	Commercial, Office and Culture	48.60%
14. The Land Lot No. 21 Qiu and 1/929 Qiu, 91 Jiefang, Tilanjiao Street, East of Dantu Road, south of East Changzhi Road, west of Gaoyang Road, north of Tangshan Road, Hongkou District, Shanghai, the PRC	Held under a land use right for a term of 40 years for commercial use, 40 years for hotel use and 50 years for office use from 29 January 2021	Commercial, Office and Hotel	24.30%

GLOSSARY OF TERMS

Term used	Brief description
Canvest Environmental Company	Canvest Environmental Protection Group Company Limited
Director(s)	Shanghai Industrial Holdings Limited (HKSE stock code: 363)
Galaxy Energy	director(s) of the Company
General Water of China Group	SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd.
Listing Rules	General Water of China Co., Ltd.
Model Code	the Company and its subsidiaries
Nanyang Tobacco	Rules Governing the Listing of Securities on the Stock Exchange
Net Business Profit	Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules
PRC	Nanyang Brothers Tobacco Company, Limited
SFO	Net profit excluding net corporate expenses
SGX	The People's Republic of China
Shanghai Pharmaceutical Group	Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
Shanghai Pharmaceuticals Holding	Singapore Stock Exchange
Share(s)	Shanghai Pharmaceutical (Group) Co., Ltd.
Shareholder(s)	Shanghai Pharmaceuticals Holding Co., Ltd. (SSE stock code: 601607; HKSE stock code: 2607)
SI Development	ordinary share(s) of the Company
SI Urban Development	shareholder(s) of the Company
SI Yangtze River Delta	Shanghai Industrial Development Co., Ltd. (SSE stock code: 600748)
SIIC	Shanghai Industrial Urban Development Group Limited (HKSE stock code: 563)
SIIC Environment	S.I. Yangtze River Delta Ecological Development Co., Ltd.
SIIC New Energy	Shanghai Industrial Investment (Holdings) Company Limited
SSE	SIIC Environment Holdings Ltd. (SGX stock code: BHK; HKSE stock code: 807)
Stock Exchange or HKSE	SIIC New Energy Development Company Limited (formerly Shanghai Galaxy Investment Co., Ltd. ("Shanghai Galaxy"))
SUS Environment	Shanghai Stock Exchange
Wing Fat Printing	The Stock Exchange of Hong Kong Limited

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