



**瑞安建業**  
SOCAM DEVELOPMENT

Stock Code : 983

# BUILDING FOR THE FUTURE

ANNUAL REPORT 2025

# TODAY







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# ABOUT SOCAM

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

SOCAM has a comprehensive construction value chain, providing a full range of building's life-cycle services: from design and construction under Shui On Building Contractors Limited and Shui On Construction Company Limited, to building maintenance and minor works through Shui On Building Contractors Limited and Pacific Extend Limited, to interior fit-out and renovation services via Pat Davie Limited.

The Group owns and operates four shopping malls and an office building in Chengdu, Chongqing, Shenyang and Tianjin in the Mainland, position to be "Green and Fun Community Mall", and remain responsive to enhance asset value.

Shui On's corporate culture is built on integrity and propelled by a commitment to quality, excellence and innovation, enabling us to remain resilient and forward-thinking in today's dynamic, fast-paced market environment.

INTEGRITY  
INNOVATION QUALITY  
EXCELLENCE

# 2025 HIGHLIGHTS

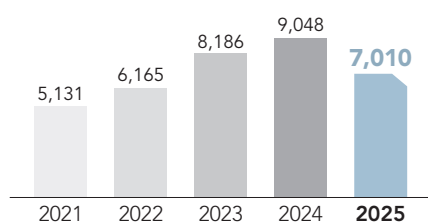
## FINANCIAL AND OPERATIONAL HIGHLIGHTS

### Year ended 31 December

HK\$ million	2025	2024	2023	2022	2021
Turnover from continuing operations	<b>7,010</b>	9,048	8,186	6,165	5,131
(Loss) profit attributable to shareholders	<b>(92)</b>	(364)	(155)	(232)	76
Basic (loss) earnings per share (HK\$)	<b>(0.24)</b>	(0.98)	(0.41)	(0.62)	0.20
Dividend per share (HK\$)	–	–	–	–	0.07
<b>At 31 December</b>					
Total assets (HK\$ billion)	<b>8.8</b>	9.5	9.2	9.1	9.6
Equity attributable to owners of the Company (HK\$ billion)	<b>2.0</b>	2.0	2.4	2.6	3.3
Net asset value per share (HK\$)	<b>5.32</b>	5.32	6.35	7.04	8.72
Net gearing	<b>101.0%</b>	107.1%	88.9%	60.9%	46.9%
Gross value of contracts on hand (HK\$ billion)	<b>38.9</b>	36.9	26.7	24.4	23.8
Value of outstanding contracts to be completed (HK\$ billion)	<b>19.5</b>	20.5	15.7	16.2	15.0

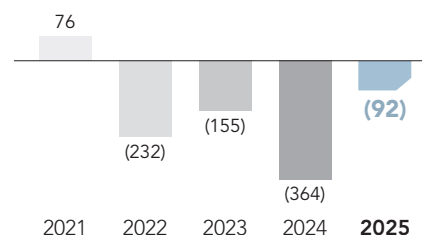
### Turnover from Continuing Operations

HK\$ million



### Profit (Loss) Attributable to Shareholders

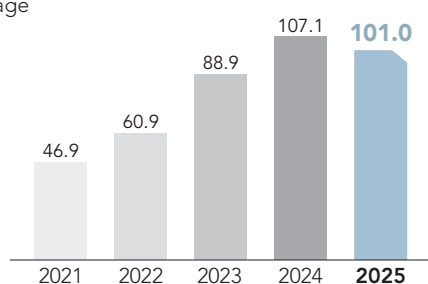
HK\$ million



### Net Gearing

Percentage

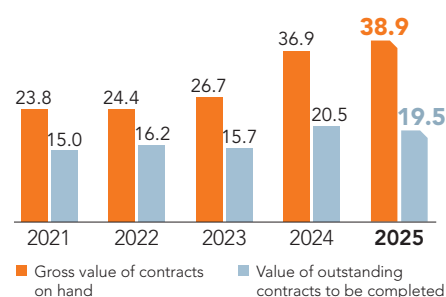
At 31 December



### Contracts on Hand

HK\$ billion

At 31 December



# CHAIRMAN'S STATEMENT

“

Our core businesses are inherently long-term endeavours, guided not by short-term economic cycles but by the belief that resilience, innovation and trust form the foundations on which enduring value is built.

”

## DEAR SHAREHOLDERS,

In 2025, the world experienced what has been described as a “rupture” with the past, a rewriting of the rules-based global order that has impacted not only the geopolitical landscape, but global trade and capital flows. Yet the Chinese Mainland sustained solid headline economic growth despite the escalating external stresses and domestic imbalances, while Hong Kong’s growth momentum strengthened progressively over the course of the year.

It was in this broad context that the Group reported a modest improvement in its financial results compared to 2024. This improvement demonstrates that our core businesses are inherently long-term endeavours, guided not by short-term economic cycles but by the belief that resilience, innovation and trust form the foundations on which enduring value is built. We remain focused on what the Group does best, continuing to deliver high-quality construction services that support the development of Hong Kong and contribute to building a better future.



**VINCENT H. S. LO**  
*Chairman*

## Building What Matters

Hong Kong's construction sector remained intensely competitive, with private-sector demand at subdued levels and cost pressures heightened by volatile materials prices and skilled labour shortages. Indeed, the Construction Industry Business Index showed industry confidence in the short-term outlook to be at its lowest since the pandemic. Yet, the Chief Executive's most recent policy address reaffirmed the HKSAR's resolute

commitment to controlled expenditure on a schedule of essential works in support of long-term social and economic priorities. This includes the accelerated development of the Northern Metropolis and the creation of land for new housing as two of its key pillars.

The increasingly evident trend towards consolidation in the construction industry has served to reinforce the importance of building robust execution capabilities across the Group and its supply chain. In navigating the challenging environment, we have maintained caution in

financial management and exercised pricing discipline, placing greater emphasis on projects that align with public policy imperatives.

In consequence, SOCAM's core operations remain profitable. The order book has stayed healthy, as we secured HK\$6.7 billion new construction contracts in 2025, adding to HK\$20.5 billion of outstanding contracts brought forward from 2024. Since the year-end, a further HK\$3.2 billion of contracts have been awarded. Barring unforeseen circumstances, our construction projects on hand are expected to accelerate gradually, driving greater output and turnover in the coming years.

The ability to stand out from the competition and maintain a solid pipeline of work reflects a steadfast commitment to delivering integrated and sustainable projects that are intrinsic to the city's social and economic fabric, such as public housing, government buildings, and public facilities. Years of consistency in delivering high-impact projects at scale underpin the Group's success. This enviable track record has cemented our reputation as a go-to partner for premier construction services among both public and private clients. With the HKSAR Government seeking to build more affordable housing and integrate with the Greater Bay Area in the interest of healthy, sustainable development, demand for these attributes will remain strong, promising steady access to future opportunities for us.

### **Technology, Safety and Sustainability**

In recent years, businesses across the world have had to address the implications of an aging workforce, climate change and the increasing impact of new technology on working practices.

The Group has been keenly aware of these issues and has adopted pioneering industry practices to address them, along with appropriate new technologies. In

2025 we celebrated the completion of the Anderson Road public housing project, a prime example of how we have adopted full MiC to great effect in enhancing efficiency, as well as expanding the use of BIM to advance digital solutions for the built environment. Furthermore, our growing partnerships with industry specialists in areas such as data tracking, energy and AI optimisation in building management systems are contributing to the improvement of operational reliability while integrating globally recognised standards into the Group's operations. Innovation and technology are thus enhancing productivity while simultaneously realising our commitment to a sustainable future.

Throughout its history, SOCAM has had a culture in which safety is paramount, taking regulatory compliance as merely the first step on a path to a working environment for all employees that is both safe and conducive to operational excellence. As we have grown, responsibility and accountability for safety have been deeply embedded throughout every layer of our organisation. In addition to effective training programmes and tested working practices, we have been early adopters of digital solutions designed to enhance real time safety awareness, and collaborated with trusted partners to ensure we apply best-in-class practices. The Group's self-developed Smart Site Safety System (4S), now in action across all our major construction projects, ultimately aims for an innovation-driven safety culture that can foster sustained industry growth.

### **Strengthening Resilience**

In the Chinese Mainland, weak investment sentiment and rapid shifts in consumer behaviour continue to weigh on the operating performance and capital value of our retail mall assets. Benefitting from government measures to stimulate domestic consumption, the tenant mix and leasing income nonetheless remained stable, a stability reinforced by the stringent operational and cost control we have exercised in the recent years.

Despite a challenging market, we took the opportunity to review our business portfolio and disposed of our property management business in Hong Kong, which allows us to concentrate resources on SOCAM's core business, strengthening focus onto areas where we can further leverage our competitive advantages.

## Prospects

The world in 2026 has entered a critical new era, as geopolitical tensions, trade fragmentation and protectionism look set to increase further following the recent war in the Middle East. Forecasts made shortly beforehand saw GDP growth in the Chinese Mainland moderating a little to between 4.5% and 5%, while Hong Kong's economy was to expand at between 2.5% and 3.5%. The war may pose considerable downside risk to these growth prospects, depending on its duration and the level of damage inflicted on the Gulf's oil and gas facilities.

Under China's 15th Five-Year Plan, more proactive macroeconomic policies are expected to be rolled out to expand domestic demand and regulate supply, providing positive impetus to sentiment in the property market. Developments in Hong Kong, meanwhile, will be shaped largely by government initiatives. The 2026-2027 Budget reinforced the supportive nature of public policy, with plans to issue tenders this year to accelerate the development of the Northern Metropolis. Although the recent property market conditions will test the performance across the construction sector in the short-term, the various development initiatives indicate the breadth of opportunity that lies ahead for the industry, not least for experienced and disciplined contractors like SOCAM. Our adoption of new construction technology, the continual enhancement of safety practices and an expanding footprint in government works position us well for the upcoming tender opportunities.

Notwithstanding the inevitable challenges that lie ahead, we enter the new year with confidence, bolstered by a strong pipeline of projects, a competitive edge in construction technology and the relentless pursuit of safety and execution excellence that are our solid foundation. Having cemented ourselves as a capable contractor who can deliver at scale and on schedule, we must continue to prove we take a consistent and careful approach to executing the projects we are entrusted with. Collaborations with selected partners will also be broadened to leverage a wider knowledge base, as we increase digitalisation to future-proof our supply chain.

Finally, I wish to thank my fellow Board members for their insightful guidance during the past year, and our management and employees for another year of hard work. I extend my sincere gratitude also to all stakeholders for their unwavering support. Guided by our principles, SOCAM is pursuing opportunities that will lay the foundation for long-term value creation, while making a positive impact on the economy, the environment and the communities we serve.



**VINCENT H. S. LO**  
Chairman

Hong Kong, 27 March 2026



# PIK WAN ROAD PUBLIC HOUSING DEVELOPMENT





NEW

PROJECTS





**ANDERSON ROAD FIRE STATION-CUM-AMBULANCE  
DEPOT WITH DEPARTMENTAL QUARTERS**

# MANAGEMENT DISCUSSION AND ANALYSIS



**FREDDY C. K. LEE**  
*Chief Executive Officer*

## BUSINESS REVIEW

During 2025, SOCAM has navigated through many challenges and uncertainties in the construction and property sectors in the Chinese Mainland and Hong Kong. Whilst sailing through all the volatility, the Group has also taken the opportunity to optimise its business portfolio and sharpen its business focus and disposed of business that was no longer part of its core strategy. The Group refined its strategy and focused on leveraging its expertise in construction, building maintenance services and minor works and interior fit-out to build better communities while enhancing the value of its property portfolio through strategic positioning and customised offerings. With a steadfast commitment to sustainability and innovation, SOCAM integrates smart building technologies and green practices into its construction projects, property assets and daily operations.

In recent years, Hong Kong's construction industry has been facing challenges due to economic slowdown, with most activity driven by the public sector. The HKSAR Government reaffirms its commitment to deliver public housing, infrastructure and community facilities, as well as major development projects such as the Northern Metropolis, which are conducive to the long-term growth and economic resilience of the city.

Against this background, market consolidation among major building contractors has accelerated, as many face rising cost pressures and operational challenges. While the property market remains subdued and the broader economy continues to undergo structural changes, private-sector construction demand remains sluggish, resulting in stiff competition for public works tenders, which is a key focus and core business area for the Group.

The property market in Chinese Mainland remained weak during the year. Notably, the overall housing market is still in a de-stocking phase. Business and consumer sentiments have also remained soft and patchy despite various government measures aimed at stimulating consumption and rejuvenating the property sector. At the same time, artificial intelligence, big data and e-commerce continue to reshape the consumption landscape and the tectonic shifts in consumer behaviour continue to put pressure on retail and commercial asset owners and operators over the past several years.

Against this backdrop, the Group's disciplined execution and prudent management are more critical than ever. During the year, the Group successfully completed the disposal of its property management business in Hong Kong, and focused on continuing to build its foundation in risk management, operational resilience, aided by innovations in construction technology, and continued to be a trusted partner in construction services for both public and private markets.

## CONSTRUCTION

### OPERATING PERFORMANCE

SOCAM has a comprehensive construction value chain, providing a full range of building's life-cycle services for major clients in the public, institutional and corporate sectors in Hong Kong and Macau. Throughout the years, SOCAM has invested consistently in digital capabilities and construction technology, embedding innovation as a core component of its long-term strategy. Artificial intelligence and robotics applications – including automated plastering, painting, welding and façade testing – are being progressively integrated into construction processes to improve efficiency and, more importantly, site safety. The Group also extended its market coverage in government works, creating synergies among its construction arms, partnered with industry players to build stronger capabilities and focused on safety and supply chain management.

Safety is a top priority, especially in the construction industry where site work is inherently exposed to higher risk if not properly managed. Over the years, the Group's strong safety culture has helped us maintain an accident

rate well below the Hong Kong industry average. In 2025, the Group recorded an accident rate of 3 cases per thousand workers, supported by the rollout of its AI-enabled Smart Site Safety System (4S) across almost all of its major construction and building maintenance projects. The deployment of 4S helps improve operational efficiency and enhance visibility into its site situations in real-time. The Group has also strengthened training and monitoring to ensure strict compliance with safety rules within the supply chain to safeguard the life and wellbeing of everyone at work.

SOCAM's digital arm, Janus Services Limited, redefined its market positioning during the year to become "The Digital Solutions Provider for the Built Environment", as a strategic move to underscore its commitment to integrating virtual data with physical construction works through advanced Building Information Modelling (BIM) services, 3D scanning and 4S across major projects for clients. It has been awarded ISO/IEC 42001 certification, demonstrating that its digital-first approach to building is recognised by globally accepted standards for responsible and secure AI management and operational reliability.

In order to generate solid returns and to mitigate the potential risks associated with the increasingly competitive market environment, the Group has prioritised selectivity and margin discipline in pursuing tender opportunities. In 2025, the Group secured new building construction, building maintenance and minor works, fit-out and renovation contracts in Hong Kong and Macau worth a total of HK\$6.7 billion, as compared with the HK\$11.5 billion awarded in 2024. After the year end, the Group won a further HK\$3.2 billion new contracts, largely from the Hong Kong Housing Authority (HKHA).

The Group's order book remains healthy and is poised to contribute to the continued growth in turnover, profit and cash flow in the medium term. As at 31 December 2025, the gross value of contracts on hand was HK\$38.9 billion while the remaining works to be completed was HK\$19.5 billion, in comparison to HK\$36.9 billion and HK\$20.5 billion respectively as at 31 December 2024.

## **PUBLIC HOUSING CONSTRUCTION, BUILDING MAINTENANCE AND MINOR WORKS**

### **Shui On Building Contractors Limited (SOBC) and Pacific Extend Limited (PEL)**

The HKSAR Government has pledged to forge ahead with the public housing production under the Long Term Housing Strategy, providing ample job opportunities to SOBC. Despite the cyclical slowdown in new building works in the private market, the demand for building maintenance and minor works remains strong, driven by the aging building stock, dense urban environment, government regulations, safety concerns, and preservation of asset value, among others. SOBC and PEL are well positioned to benefit from the steady pipeline of development work with their strong track record including long-time clientele, such as government authorities, institutional organisations, public transport, utility companies, and large corporates.

In 2025, SOBC successfully completed the Anderson Road public housing projects using Modular Integrated Construction (MiC), marking the first public housing development in Hong Kong to have adopted this innovative building method. The housing development delivers 1,410 residential units, providing the much-needed subsidised accommodation to long-awaited families while showcasing the efficiency, quality, and safety advantages conferred by MiC. This milestone also reinforces SOBC's leadership in advancing modern construction technologies and supporting the city's housing development goals.

Similar to the building construction market, the building maintenance sector continues to face workforce shortage and government's tightening control over non-housing related public expenditure. With the on-going robust competition and softer-than-expected demand for

maintenance services, PEL has expanded its strategic focus to minor new building works contracts from institutions. One of its key achievements during the year was the successful completion of the Hong Kong International School's student activity centre, which proved its technical strength in building construction while contributing positively to the Group's financial performance and enhancing prospects for future building works opportunities.

PEL is also expanding its network to meet the growing demand for electrical and mechanical services from major clients, particularly public utilities. To support this, PEL, working with strategic partners to leverage respective technical expertise, delivers comprehensive one-stop solutions that enhance its service capabilities and competitiveness.

SOBC and PEL secured new construction and maintenance contracts in a total amount of HK\$4.4 billion in 2025, which included:

- the construction of public housing development at Mei Tin Estate in Shatin for the HKHA, which will provide 480 public rental housing units upon completion in 2028;
- the construction of public housing development at Pik Wan Road, Yau Tong for the HKHA, providing 3,120 public rental housing units upon completion in 2028;
- the 4-year term contract for the maintenance of slopes in Kowloon and Lantau Island for which the Architectural Services Department (ASD) is responsible;
- the 3-year term contract for minor works for New Territories East Cluster for the Hospital Authority; and
- the main contract works for renovation of Shamshuipo Centre for CLP Power Hong Kong Limited (CLP).

During the year, SOBC and PEL continued to make progress on their existing contracts, including:

- the term contracts for maintenance, improvement and vacant flat refurbishment works for public housing estates in various districts for the HKHA;
- the term contract for the design and construction of fitting-out works to buildings and lands and other properties in Kowloon and New Territories for which the ASD is responsible;
- the term contract for minor works on buildings and lands and other properties in Hong Kong for which the ASD is responsible;
- the term contract for the design and construction of minor works to government and subvented properties on Hong Kong Island, Lantau Island and Outlying Islands (South) for which the ASD is responsible;
- the term contract for building structure refurbishment works for CLP;
- the term contracts for maintenance, improvement and refurbishment works for buildings and hydraulic systems at the Hong Kong International Airport for the Airport Authority;
- the term contract for architectural and building works for MTR Corporation Limited (MTRC) at its railways and premises in Hong Kong; and
- the design and build contract for the security access management system for the new extension projects of MTRC.

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

- the construction of public housing developments at Anderson Road Quarry Sites RS-1, R2-6 and R2-7 for the HKHA;

- the construction of public housing developments at Sheung Shui Areas 4 and 30 Site 1 Phase 1 and Site 2 Phase 2 for the HKHA;
- the 5-year term contract for maintenance, improvement and refurbishment works for buildings at the Hong Kong International Airport;
- the 3-year term contracts for alterations, additions, maintenance and repair of aided schools, buildings and lands, and other properties in various districts for the Education Bureau;
- the 3-year term contract for minor works for New Territories East Cluster for the Hospital Authority;
- the 5-year term contract for design and construction of minor building and civil engineering works for CLP; and
- the main contract for outstanding works for the proposed student activity centre for Hong Kong International School Association Limited in its campus in Tai Tam.

After the year-end, SOBC and PEL were awarded new contracts worth a total of HK\$3.1 billion, including:

- the contract for the construction of public housing development in Tung Chung for the HKHA, which will provide approximately 1,572 public housing units, when completed in 2028; and
- the contract for the construction of public housing development in Sheung Shui for the HKHA, which will offer approximately 630 public housing units, upon completion in 2029.



## PUBLIC WORKS

### Shui On Construction Company Limited (SOC) and Shui On Joint Venture

Hong Kong's public works sector, primarily overseen by the ASD, remains a cornerstone of the city's construction industry, focusing on the provision and maintenance of government buildings, public facilities and community assets as well as heritage conservation and sustainability-driven upgrades. While fiscal conditions come under considerable pressure, ASD continues to manage a strong pipeline of projects, aiming to shape and maintain the city's built environment to meet evolving community needs.

In support of the HKSAR Government's efforts to promote collaborative partnering in the delivery of public works projects, SOC has teamed up with Cycle Links Construction Company Limited in a 90/10 joint venture and, in June 2025, secured the contract for the design and construction of a fire station-cum-ambulance depot with departmental quarters and supporting facilities at the Anderson Road Quarry Site for the ASD, enriching public services to meet rising demand driven by the growing population in the area.

SOC's construction projects continued apace during the year, which included:

- the design and construction of Western Police Married Quarters for the ASD;
- the design and construction of an integrated development with an open space garden and a public vehicle park in Sham Shui Po for the ASD;
- the design and construction of a new divisional fire station-cum-ambulance depot in Wanchai for the ASD;
- the design and construction of Lai Chi Kok Reception Centre for the ASD; and
- the main contract for the construction of Teaching-Research Complex for The Chinese University of Hong Kong.

During the year, Shui On Joint Venture, the joint venture formed between SOC and SOBC, completed the redevelopment of Kwai Chung Hospital (Phase 2) for the Hospital Authority and the Drainage Services Department Building at the Cheung Sha Wan Sewage Pumping Station for the ASD.

# INTERIOR FIT-OUT AND REFURBISHMENT WORKS

## Pat Davie Limited (PDL)

Amid economic headwinds, the Group is cautiously optimistic in the interior fit-out and refurbishment market in Hong Kong, with tightened corporate budgets and more value-driven projects. While some asset owners remain conservative, others see potential opportunities with active investment and upgrades. Institutional clients and large landlords continue to prioritise retrofitting and amenity upgrades of their assets to stay competitive and enhance brand experiences. The Group has seen the resurgence in the Macau market as driven by the strong recovery of the tourism and hospitality sectors. High-end luxury fit-outs, renovations and upgrades in hotels, gaming facilities and retail spaces remain in demand as integrated resorts compete for visitors.

PDL is one of the industry leaders in the institutional interior fit-out and refurbishment segment that delivers premium, innovative, sustainable and cost-effective solutions within complex constraints, which enable it to lead and thrive in fiercely competitive markets. In 2025, PDL secured new fit-out and refurbishment contracts with an aggregate value of HK\$1.4 billion, primarily for selected institutional and commercial clients in Hong Kong, and the hospitality and entertainment industry in Macau.

The major contracts secured by PDL during the year included:

- asset enhancement works at Yat Tung Shopping Centre for Link Asset Management Limited;
- interior fit-out works for the residential development at 8-10 Lomond Road;
- renovation works for a hotel in Tsing Yi for HKIA Accommodation Limited;

- renovation works on office toilets for Three Pacific Place;
- design-and-build works on Microelectronics Centre Extension at Yuen Long InnoPark;
- airport lounge expansion works in the Hong Kong International Airport Terminal 1;
- ambience upgrade at Hotel Link Bridge in the Hong Kong International Airport;
- renovation works on hotel guestrooms at Grand Lisboa Macau;
- hotel refurbishment works in Galaxy Macau; and
- fit-out works on the NBA flagship store in The Londoner, Macau.

PDL has progressed well with the projects it secured, while maintaining strict control over quality, delivery timelines and budgets. During the year, contracts worth a total of HK\$1.2 billion were completed across various type of properties including: offices, shopping arcades, clubhouses, airport, hotels. Notable projects included renovation works on various office buildings in Taikoo Place, addition and alteration, fit-out and building services works on the Atrium Link, Clubhouse and common facilities in various buildings in Hong Kong Science Park, fit-out works on a Cathay Pacific lounge in the West Hall at the Hong Kong International Airport Terminal 1, fit-out works on Chairman's Club in Galaxy Macau, hotel refurbishment works in Galaxy Macau and renovation works on the atrium, shopping arcade and designated areas in One Central Macau.

After the year-end, PDL was awarded new contracts totalling HK\$69 million, including fit-out works on a commercial development in Causeway Bay, and the porte cochere at City of Dreams in Macau.



PAT DAVIE

INTERIOR FIT-OUT  
PROJECTS





- 1. Studio City - Gala
- 2. Cathay Pacific - The Bridge Lounge
- 3. The Londoner - Chelsea Garden

3.

1.

2.



## PROPERTY

### OPERATING PERFORMANCE

Chinese Mainland's retail and commercial property market is navigating through considerable challenges adapting to the constantly evolving retail environment and consumer behaviour given the shift towards e-commerce and with consumers focusing on experiential retail experience and integration of digital platforms to attract foot traffic in a competitive environment. The commercial office sector remains soft with hybrid work trends, prompting landlords to implement demand-driven pricing initiatives and provide value-added services.

The Group continues with its strategy to reposition the Group's shopping malls in the Mainland to "Green and Fun Community Mall" to align well with the evolving consumption trends and ramp up business resilience. Supported by the Central Government's measures to boost domestic consumption and drive sustainable economic growth, including targeted consumption vouchers and incentives for green and digital retail innovation, coupled with the Group's various initiatives to strengthen tenant engagement and customer loyalty, its community-centric malls reported steady leasing income and occupancies for 2025 and their occupancy outperformed its peers nearby.

The Group's property business, despite delivering a steady occupancy rate ranging from 76% to 93% (as at 31 December 2025) outperforming most of its neighboring competing assets, reported a total turnover of HK\$128 million for 2025 (excluding the Hong Kong property management business), representing a 18% decrease from HK\$156 million on the same basis for 2024. Amidst the economic climate and the evolving Mainland retail market impacted by shifting spending patterns, it has implemented proactive cost management to enhance operational efficiency and profitability in 2025.

### Mainland Property Portfolio

As of 31 December 2025, the Group owned six projects in the Chinese Mainland, comprising a total gross floor area (GFA) of 381,100 square metres, of which 364,200 square metres GFA were completed properties.

Location	Project	Retail (sq. m.)	Office/ SOHO (sq. m.)	Villa (sq. m.)	Carparks & Others (sq. m.)	Total GFA* (sq. m.)
<b>Investment properties</b>						
Chengdu	Centropolitan	43,000	33,300	–	44,100	120,400
Chongqing	Creative Concepts Center	21,000	–	–	9,900	30,900
Guangzhou	Parc Oasis	–	–	–	4,200	4,200
Shenyang	Shenyang Project Phase I	62,200	–	–	18,300	80,500
Tianjin	Veneto Phase 1	63,600	–	–	–	63,600
<b>Properties held for sale/Properties under development for sale</b>						
Chengdu	Centropolitan	–	–	–	37,700	37,700
Nanjing	Scenic Villa	–	–	10,900	7,200	18,100
Shenyang	Shenyang Project Phase I	–	1,600	–	–	1,600
Tianjin	Veneto Phase 2	22,800	1,300	–	–	24,100
<b>Total</b>		<b>212,600</b>	<b>36,200</b>	<b>10,900</b>	<b>121,400</b>	<b>381,100</b>

\* The GFA shown excludes sold and delivered areas.



## LEASING PERFORMANCE

In 2025, the Group's investment properties reported stable leasing income at HK\$100 million, compared to HK\$105 million for 2024.

Occupancy Rates of Retail and Office Properties in Chinese Mainland:

Project	Occupancy Rate	
	31 December 2025	31 December 2024
Chengdu Centropolitan – Retail	78%	89%
Chengdu Centropolitan – Office	85%	88%
Chongqing Creative Concepts Center – Retail	86%	91%
Shenyang Tiandi – Retail	93%	92%
Tianjin Veneto Phase 1 – Retail	76%	72%

Despite the retail market continuing to face downward pressure as consumers become increasingly value-conscious in their spending and the weak leasing market in neighbouring competing assets, the Group managed to make steady progress with its retail and office properties that posted resilient operating performance. As of 31 December 2025, Chengdu Centropolitan's retail and office spaces recorded 78% and 85% occupancies respectively, while Shenyang Tiandi's occupancy edged up to 93%. Chongqing Creative Concepts Center logged an occupancy of 86% for its mall. Meanwhile, the outlet mall in Tianjin saw a rise in occupancy to 76% after the enhancement works and brand upgrade, shrugging off the intense competition among shopping centres in the Wuqing region amid increased supply.

### Asset Enhancement

After the refurbishment works on the outlet mall in Tianjin Veneto Phase 1 in late 2024 which brought about the meaningful upsurge in foot traffic and tenant sales, in 2025 the Group has implemented a brand upgrade along the pedestrian street and added several high-quality chain brands to solidify the attractiveness and commercial value of the mall. In addition, the Group is proceeding with renovation of the West Zone of the mall to give it a facelift and boost occupancy further.

### Property Sales

The Group held a small property inventory for sale, which mainly consisted of retail shops and SOHO units in Phase 2 of Tianjin Veneto. The Mainland's real estate sector remains sluggish and continues to weigh on the investment sentiment for commercial properties, posing a drag on the Group's inventory sales in 2025.

During the year, the Group has contracted to dispose of a number of retail units in Tianjin Veneto Phase 2 for an aggregate consideration of HK\$30 million. Together with other disposals, total realised revenue from property sales for the year was HK\$28 million, compared with



HK\$51 million revenue for 2024. The property sales in the year were predominantly derived from sales of the retail shops in Phase 2 of Tianjin Veneto.

The downturn in the Mainland's real estate market lingered and continued to weigh on the investment sentiment for commercial and retail properties. The notable increase in retail sales and foot traffic in the newly-refurbished Tianjin Veneto Phase 1 has helped boost the sales of the inventory in Phase 2.

### Hong Kong Property Management

After a strategic review of the Group's business portfolio, the Group completed the disposal of its 100% equity interests in Shui On Properties Management Services Limited and its subsidiary, Pacific Extend Properties Management Limited on 19 December 2025, which provided the property management services in Hong Kong. The consideration for the disposal amounted to HK\$100 million, subject to certain adjustments as stipulated in the relevant sale and purchase agreement.

The disposal will enable the Group to focus its management attention and resources on its core operations and apply the proceeds in businesses and projects expected to deliver a higher return on capital and stronger synergies with its existing businesses.



## OUTLOOK

Looking forward, China's economy is expected to sustain the momentum of steady growth and stay resilient amid heightening global complexity and uncertainty. For Hong Kong, consumer sentiment and investment appetite in the real estate sector remain subdued, which may lead to less demand for private construction services. The outbreak of war in the Middle East in late February marked a significant escalation of geopolitical conflict and raised uncertainties about regional stability and the risks of broader conflict which could further disrupt global trade, logistics and prices of commodities, potentially dragging on the growth of the world economy.

Hong Kong's construction market is navigating a period of transition, shaped by global economic pressures, soft local property sector and government fiscal constraints, yet it remains anchored by ongoing investment in public infrastructure and housing, and strategic long-term development initiatives such as the Northern Metropolis, which will play a pivotal role in driving Hong Kong's long-term social and economic development. As per the HKSAR 2026-27 budget, the Government's annual capital works expenditure will amount to about HK\$130 billion from 2026-27 to 2030-31, while overall public housing production will reach 196,000 units for the next five years, and recurrent term contracts for building maintenance are expected to hold steady.

For the Macau market, alongside the continuous refurbishment and upgrade works on existing facilities by the resurgent hospitality and gaming industry, the Macau government's diversification strategy into non-gaming sectors will open new fit-out niches in the coming years.

Overall, the construction industry outlook calls for cautious optimism with emphasis on adaptability and technology advancement. The Group stands to benefit from the ample business opportunities in the years ahead and is confident in the sustainable development of its construction business.

Overshadowed by uncertainties, financial prudence and cash flow management are more critical than ever. SOCAM will stay agile with its strategy and adapt to market changes and continue to sharpen competitive edge. The Group will implement cost-saving measures progressively, manage risks and price fluctuations with caution and continue to drive sustainable operational efficiencies with an aim to strengthen its financial resilience and profitability in the near to medium term.

# COMPLETED PROJECTS



 **REDEVELOPMENT OF  
KWAI CHUNG HOSPITAL (PHASE 2)**



葵涌醫院  
KWAI CHUNG HOSPITAL



## DRAINAGE SERVICES DEPARTMENT BUILDING





 **ON PAK COURT**



**HONG KONG INTERNATIONAL SCHOOL  
THE DRAGON CENTER FOR  
ACTIVITIES & ATHLETICS**

# FINANCIAL REVIEW

## FINANCIAL RESULTS

The Group's results for the year ended 31 December 2025 recorded a loss attributable to shareholders from continuing operations of HK\$147 million on a turnover of HK\$7,010 million, comparing with the loss of HK\$374 million and turnover of HK\$9,048 million for 2024.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

An analysis of the total turnover is as follows:

	Year ended 31 December 2025 HK\$ million	Year ended 31 December 2024 HK\$ million (Re-presented)
<b>Continuing operations</b>		
<b>Turnover</b>		
Construction, maintenance and minor works and interior fit-out	6,882	8,892
Mainland property	128	156
<b>Total</b>	<b>7,010</b>	<b>9,048</b>

The construction segment reported a decrease of 23% in turnover this year to HK\$6,882 million as compared to the previous year. The decline was mainly attributable to building construction business, where certain construction contracts were nearing completion and completed during the year, such as the construction of four public housing developments projects, the design and construction of Drainage Services Department Building project and the mega-sized contract for the redevelopment of Kwai Chung Hospital (Phase 2). Nevertheless, the Group has maintained a strong order book with HK\$19.5 billion outstanding workload for the construction segment, with several construction contracts expected to accelerate progress which will lead to an increase turnover and profits contributions from 2026 onwards. During 2025, construction segment recorded HK\$6.7 billion new contracts won and also HK\$3.2 billion after the year end, totaling to HK\$9.9 billion.

Revenue from maintenance and minor works and interior fit-out business remained stable and contributed HK\$2.4 billion and HK\$1.4 billion respectively for the year, more than half of the revenue of the construction segment.

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

	Year ended 31 December 2025 HK\$ million	Year ended 31 December 2024 HK\$ million
<b>Continuing Operations</b>		
<b>Construction</b>	234	201
<b>Mainland Property</b>		
Loss from property sales	(41)	(38)
Net rental income	36	33
Fair value changes on investment properties, net of deferred tax provision	(60)	(76)
Impairment loss on property inventories, net of deferred tax provision	(22)	(15)
Net operating expenses and others	(33)	(33)
	(120)	(129)
<b>Net finance costs</b>	(170)	(237)
<b>Corporate overheads and others</b>	(63)	(77)
<b>Release of exchange gains</b>	–	3
<b>Net foreign exchange gain (loss)</b>	54	(50)
<b>Taxation</b>	(32)	(34)
<b>Non-controlling interests</b>	(50)	(51)
<b>Loss for the year from continuing operations</b>	(147)	(374)
<b>Discontinued Operation</b>		
Hong Kong Property management	6	10
Gain on disposal of Hong Kong property management business	49	–
<b>Profit for the year from discontinued operation</b>	55	10
<b>Total</b>	(92)	(364)

The Group's operating profit before interests, tax and excluding non-operational gains or losses, improved from HK\$96 million in 2024 to HK\$139 million in 2025. These non-operational gains or losses for the year 2025 include foreign exchange gain of HK\$54 million, property portfolio's fair value changes and impairments (net of deferred tax provision) of HK\$82 million and gain on disposal of Hong Kong property management business of HK\$49 million.

## Construction

For the overall construction segment, the average net profit before tax margin was 3.4% of turnover, progressively improved compared to 2.3% in the previous year. During the year, the Group completed several public housing build-only development projects awarded during the COVID years, which carried relatively lower margins. The results and profit margins of the building construction business were also slightly affected by the unfavourable contract price fluctuation adjustments. The gross value of contracts on hand was HK\$38.9 billion and total outstanding workload reached

a total of HK\$19.5 billion with a mix of several design-and-build projects that were at the foundation stage whilst some of the newly awarded projects are build-only with foundations already completed before taking over the site, which may potentially lead to a more gradual increase in turnover and profits contributions to the Group over the next few months but are expected to contribute significantly as construction progress accelerates in the coming years.

For the building maintenance and minor works segment, the profit contribution and margin dropped slightly amid the intense market competition. Profits in the prior year were also lifted by the increased contributions from completed maintenance contracts with relatively lower turnover recognised. The current outstanding workload of for maintenance and minor works has reached a total of HK\$5.0 billion with a mix of 71% from government departments and 29% from public organisations or private institutions.

For the interior fit-out segment, the profit contribution and margin of the Group's interior fit-out business were relatively stable. With increasing contribution from the Macau market, its share of the segment's turnover rose from approximately 36% to 42% year on year, driven by the resurgence of the tourism and hospitality sectors. Given that projects in Macau tend to have higher profit margins, PDL is well positioned to continue to capture the growth and opportunities. The current outstanding workload of the PDL's business reached a total of HK\$1.3 billion with a mix of 77% and 23% from Hong Kong and Macau market respectively.

## Property

The Group's property business despite delivering a steady occupancy rate ranging from 76% to 93% (as at 31 December 2025), reported a total turnover of HK\$128 million for 2025 (excluding the Hong Kong property management business), representing a 18% decrease from HK\$156 million on the same basis for 2024. Amidst the soft business and consumer sentiments and the constantly evolving consumer spending patterns, it has proactively implemented cost control to enhance operational efficiency and profitability in 2025. Although

the total turnover has decreased, the Group's portfolio has shown strong resilience with stable occupancy and outperformed most of our nearby peers.

On property sales, the Group disposed of a number of retail units in Tianjin Veneto Phase 2 for an aggregate consideration of HK\$30 million and portion of these units had been delivered during the year. Together with other disposals, total loss on disposal of approximately HK\$41 million and impairment losses, net of deferred tax provision of approximately HK\$22 million on the remaining unsold units of Tianjin Veneto Phase 2 were recognised during the year.

At 31 December 2025, the Group's investment properties were valued at HK\$3,854 million and excluding the effect on the appreciation of the Renminbi against the Hong Kong dollar in the current year, there was a 1.7% gross depreciation of fair value on a portfolio basis.

## Net finance costs

The Group's borrowings were predominantly Hong Kong Interbank Offered Rate ("HIBOR") based Hong Kong dollar bank borrowings. The decrease in net finance costs was mainly due to the decrease in total bank borrowings during the year, with year-end bank borrowings dropped by 10.4%, from HK\$3,499 million to HK\$3,135 million and the decrease in HIBOR. The average 1-month HIBOR decreased by around 36.8% in 2025, comparing to the prior year.

## Net foreign exchange gain/loss

During 2025, the Renminbi registered a 2.5% appreciation against the Hong Kong dollar. This resulted in net foreign exchange gain totalling HK\$126 million recorded for the current year, of which HK\$54 million and HK\$72 million were recognised in the consolidated statement of profit or loss and the consolidated statement of changes in equity respectively, comparing with the foreign exchange loss of HK\$50 million and HK\$64 million respectively for the previous year, on a 2.2% depreciation.

## ASSETS BASE

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

	<b>31 December 2025</b>	31 December 2024
	<b>HK\$ million</b>	HK\$ million
Total assets	<b>8,822</b>	9,460
Net assets	<b>1,985</b>	1,986
	<b>HK\$</b>	HK\$
Net asset value per share	<b>5.3</b>	5.3

Total assets of the Group was HK\$8.8 billion at 31 December 2025, comparing to HK\$9.5 billion at 31 December 2024. The net assets of the Group and net asset value per share at 31 December 2025 was relatively stable as compared with 2024. Loss for the year of HK\$92 million was partially offset by the appreciation of Renminbi against the Hong Kong dollar, which caused a HK\$72 million direct increase in equity.

## EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company was HK\$1,985 million on 31 December 2025, comparing with HK\$1,986 million on 31 December 2024.

Net bank borrowings of the Group, which represented the total bank borrowings, net of bank balances, deposits and cash, amounted to HK\$2,004 million on 31 December 2025, as compared with HK\$2,127 million on 31 December 2024.

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

	<b>31 December 2025</b>	31 December 2024
	<b>HK\$ million</b>	HK\$ million
Bank borrowings repayable:		
Within one year	<b>1,544</b>	2,636
After one year but within two years	<b>822</b>	310
After two years but within five years	<b>769</b>	553
Total bank borrowings	<b>3,135</b>	3,499
Bank balances, deposits and cash	<b>(1,131)</b>	(1,372)
<b>Net bank borrowings</b>	<b>2,004</b>	2,127

During the year, a term loan of HK\$1,100 million was partly refinanced by a 5-year term loan of HK\$700 million together with a repayment of HK\$400 million.

Both the total bank borrowings and net bank borrowings decreased. The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, decreased to 101.0% on 31 December 2025, from 107.1% on 31 December 2024, which was due to repayment of bank borrowings by the Group's internal resources, whilst the equity of the Company remained stable during the year.

## TREASURY POLICIES

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

The Group's bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating-rate basis. Investments in Chinese Mainland are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is primarily at project level where the sources of repayment are also Renminbi denominated. Given that income from operations in Chinese Mainland is denominated in Renminbi and property level financing is Renminbi denominated, the Group expects that the fluctuations of the Renminbi in the short-term will not have material affect to the Group's business performance and financial position. It is in the Group's policy not to enter into derivative transactions for speculative purposes. The Group may review its treasury policies from time to time to meet any potential changes to the business environment.

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group, including foreign exchange risk, interest rate risk, liquidity risk, concentration risk and regulatory and compliance risk, are discussed in the Risk Management Report contained in this Annual Report. The financial risk management objectives and policies of the Group, including credit risk management, are set out in note 36 to the consolidated financial statements.

## EMPLOYEES

At 31 December 2025, the number of employees in the Group was approximately 1,410 (31 December 2024: 3,362) in Hong Kong and Macau, and 210 (31 December 2024: 256) in subsidiaries and joint ventures in Chinese Mainland. The reduction in headcount was primarily attributable to the disposal of the property management business in Hong Kong during the year. Excluding the property management business in Hong Kong, the number of employees in Hong Kong and Macau as at 31 December 2024 was approximately 1,570. The Group continued to offer remuneration packages which were competitive and linked to performance, with additional staff benefits such as retirement benefits and medical insurance at appropriate levels. Retaining and developing talents remained a key priority. The Group provided structured programmes to support career growth at different levels, including Graduate Engineers and Apprentices Development, Managerial Development, Leadership Development and Talent Development initiatives. A major focus in 2025 was the Growth Accelerator Programme, which aimed to identify and groom emerging leaders and facilitate their growth through accelerated program into middle management and above and to strengthen their job exposure, team and people development and adaptability skills. The Group also collaborated with local universities on internships and corporate projects to support early career talents. In Chinese Mainland, staff benefits remained aligned with market standards, with continued emphasis on corporate culture and professional development. The Group remained committed to being an employer of choice, attracting, developing and retaining high calibre and capable professionals.

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## MESSAGE FROM THE SUSTAINABILITY STEERING COMMITTEE

As we reflect on SOCAM's journey in 2025, we are reminded that sustainability is not simply a goal but at the very heart of our mission. It is the guiding principle that shapes our vision and progress. We wish to express our deepest gratitude to our employees, customers, business partners and shareholders whose dedication and support have been instrumental in advancing our sustainability journey. It is this collective spirit that continues to inspire us and drives our commitment to building a better future.

In 2025, we made further progress in pursuing our ESG commitments. Innovation has remained the driving force behind our efforts, enabling us to embrace sustainable construction practices that address pressing social issues including affordable housing and public healthcare facilities. By implementing smart construction techniques, we have been able to shorten construction timelines without compromising quality. At the same time, we have prioritised the use of eco-friendly materials, incorporated energy-efficient design principles, and strengthened waste management strategies to reduce our carbon footprint. We have also worked to enhance the resilience of our supply chain and mitigate climate risks, ensuring that our operations remain sustainable and responsible in the long term.

Safety continues to be the foundation of our operations. In 2025, we achieved a further reduction in our accident rate to 3 per 1,000 workers, the lowest in our records and significantly below the industry average. This achievement reflects our unwavering commitment to protecting our employees and workers. We have enforced stringent safety standards at the workplace, leveraged technology and actively collaborated with industry peers to enhance safety measures, and expanded the use of our smart site safety system across our projects. Through our efforts, safety remains deeply embedded in every aspect of our operations, reinforcing our responsibility to our people and stakeholders.

We also continue to engage with and give back to the communities where we operate. Through partnerships with NGOs, we have supported local initiatives, including volunteering programmes that provide care services to the elderly and underprivileged, and empower the younger generation to reach their full potential. In response to the Wang Fuk Court fire in Tai Po, the Shui On Group made a donation to support affected residents and mobilised a volunteer construction workforce to aid recovery efforts. These actions reflect our belief that businesses thrive when communities thrive, and we remain dedicated to fostering positive social impact wherever we operate.

The strong partnerships we have forged with like-minded organisations have been instrumental in driving sustainable practices. Together, we achieved significant milestones that underscore the power of collaboration in creating a better tomorrow. Each step we take is a testament to our conviction that united efforts can make a profound impact on the communities around us.

Looking ahead, we remain steadfast in our pursuit of ESG goals as we navigate the challenges of a rapid-changing society. We will continue to strengthen our sustainability practices, innovate responsibly, and create long-term value for our shareholders, stakeholders, and the communities we serve. At SOCAM, we recognise that our journey is ongoing. We stay humble in acknowledging that there is more to be done, and we are committed to continuous learning, improving, and collaborating to build a sustainable future.

## OUR APPROACH TO SUSTAINABILITY

SOCAM operates in Hong Kong, Macau and the Chinese Mainland with two core business segments: construction and property. We seek to promote a safe and inclusive workplace, invest in the younger generation, and bring a positive impact to the wider community and the environment.

In 2020, building on the “Shui On We Care” spirit, we advanced our “Better Tomorrow 2030” strategy, which sets out our ambitions and focus areas across the three pillars: Our Economy, Our Environment and Our Community. With a refined focus, we set short- and long-term ESG goals and targets, as we actively respond to sustainability issues, and press ahead with actions.

Guided by this forward-thinking strategy, SOCAM integrated sustainability into its business practices and generated desired impact for our stakeholders across the operations, with a view to building a better future.

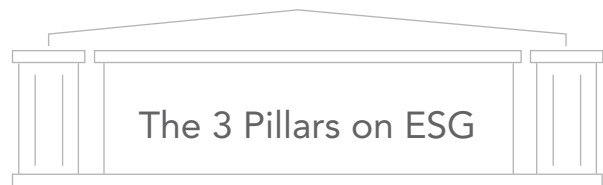
### Sustainability Strategies and Governance

With more than 50 years of expertise in the construction industry, SOCAM has consistently demonstrated our commitment to quality, excellence and innovation – our core values. Our diverse scope of works comprises public housing construction, design-and-build of institutional projects, interior fit-out and renovation works, and building maintenance, exhibiting our collective wealth of knowledge and experience that contributes to the development and wellbeing of the community. Our property business primarily focuses on the Chinese Mainland, where we have a niche in the special situation market segment, earning recognition for developing and managing particular kind of projects in the second and third tier cities as these communities progress.

As we dedicate ourselves to fostering industry innovation and resilience, and enhancing the livability of the communities where we operate, the “Better Tomorrow 2030” underscores our unwavering commitment to sustainability. Through strong governance, strengthened ESG practices and rigorous monitoring of performance, we are driving the sustainable and inclusive growth for our Company and the wider community.

### Better Tomorrow 2030 – The 3 Pillars

SOCAM remains resolute in its commitment to contributing to a better tomorrow by 2030 through its sustainability strategy. Building on the three pillars, the sustainability strategy provides a clear framework for a sustainable future and guidelines for action towards achieving our defined goals and targets.



#### Better Economy

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



#### Better Community

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



#### Better Environment

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

Moving forward, with a vision to promote a clean, healthy and livable environment, and a safe workplace, SOCAM will consistently implement an array of initiatives. These initiatives include the wider application of innovations and technology, creating sustainable supply chains and strengthening resources management to minimise our environmental footprint. The Group’s overarching aim is to make a meaningful and lasting impact to our economy, community and environment in the longer term.

# Performance Highlights 2025

## Economy Being a Trusted Partner and Good Employer

 Construction Turnover  
**HK\$ 6.9 billion**  
 (2024: HK\$8.9 billion)

Gross Value of Contracts on hand  
**HK\$ 38.9 billion**  
 (2024: HK\$36.9 billion)

 **Employees**

Total Number of Employees **1,620\*** (2024: 3,618)


Employee Turnover Rate **12.5%\*** (2024: 15.5%)


Average Training Hours **14.65\*** (2024: 15.13)

**Targets for 2030** ▼ 20% Turnover rate ▲ Average training hours 20 hours

\* The 2025 figures exclude the Hong Kong property management business, following its disposal in December 2025.

## Community Safety, People and Our Community

 Accident Rate **3** cases per thousand workers (2024: 3.3)


 Corporate Donation  
**HK\$ 0.72 million** (2024: HK\$1 million)


 No. of Participants on Safety Training  
**137,059** (2024: 189,857)


 No. of Volunteering Hours  
**2,435** (2024: 2,029)

**Targets for 2030** ▼ Accident rate < 3.3 cases ▼ No fatalities ▲ 50% Volunteering hours

## Environment Mitigate and Respond to Climate Change

 Carbon Intensity  
**8.94**  
 tCO<sub>2</sub>e/million turnover  
 (2024: 14.06)

 Energy Intensity  
**7,297**  
 kWh/million turnover  
 (2024: 6,370)

 Waste Intensity  
**26.74**  
 tonnes/million turnover  
 (2024: 13.12)

 Water Intensity  
**42.48**  
 m<sup>3</sup>/million turnover  
 (2024: 46.33)

 **Aligned IFRS S2 – Climate-related Disclosures Framework**

**Targets for 2030** ▼ 20% of Carbon, Energy, Waste and Water intensity  
 ▲ Annual training for suppliers on sustainable practices  
 ▲ 100% acknowledgment from suppliers on "Sustainability Guidelines"

2030 targets use 2024 as the base year.

## Sustainable Development Goals and Targets

Our sustainability strategy supports the United Nations’ SDGs that most closely align with our business activities. Through integration of the principles and targets of the SDGs into our business practices, SOCAM aims to contribute to the global agenda to help end poverty, protect the planet, and ensure prosperity for all.

### SDG 8:

#### Decent Work and Economic Growth



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

### SDG 9:

#### Industry, Innovation and Infrastructure



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

### SDG 11:

#### Sustainable Cities and Communities



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

### SDG 13:

#### Climate Action



- Employs sustainable building designs and incorporates green technologies to reduce energy consumption and greenhouse gas emissions and waste.
- Integrates climate adaptation measures to raise the capacity of buildings and infrastructure to withstand extreme weather and flooding.

## Our Sustainability Governance Structure



## Board Statement

At SOCAM, sustainability is a long-term, steadfast commitment driven at the top level. The Board, through the Audit Committee, oversees the overall management of ESG and climate-related risks. This encompasses formulating and implementing a clear ESG management strategy, and assessing and monitoring the sustainability performance of the Group's key material issues continuously, thereby providing a solid sustainability roadmap towards ESG goals.

To deliver on this roadmap, the Board receives ESG and climate-related updates from the Audit Committee at least twice a year, including progress against the Group's decarbonisation target of a 20% reduction in carbon, energy, water and waste intensity by 2030 (vs 2024), workplace safety performance, and key social initiatives. ESG considerations are integrated into the Group's annual strategic planning discussions. The Board reviews and endorses major ESG-related policies and any material deviations from set targets.

The Board has strengthened our sustainability governance and provided guidance to the Sustainability Steering Committee in devising policies and measures to manage effectively climate-related risks and opportunities impacting our business, while ensuring effective oversight and continuous vigilance. We have proactively re-aligned our practices with the latest changes of the HKEX's ESG reporting requirements that took effect from 1 January 2025.

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

## The Sustainability Steering Committee

SOCAM's ESG performance is overseen by the Group's Sustainability Steering Committee, comprising the CEO, Deputy CEO and heads of various business and functional units, supported by five ESG sub-groups. The Committee spearheads the integration of sustainability into our operational practices, implements appropriate measures, monitors performance, gauges stakeholder feedback, evaluates and prioritises key ESG risks and opportunities. During the year, the Sustainability Steering Committee held one meeting and 17 sub-group meetings.



The Audit Committee provides regular updates to the Board on progress against ESG goals, and management of sustainability performance in key areas, presenting a clear roadmap to achieving the Group's ESG objectives.

The five ESG sub-groups devise action plans for execution on respective focus areas, namely Innovation & Technology, People, Environment, Partners and Community. Each of the sub-groups comprises staff members from various operations and functions of the Group, which allows pooling of skillsets and diversity of views for designated ESG areas.

In line with our sustainability policy, we regularly review our strategies, measures and performance to ensure all necessary resources and expertise be allocated timely for effective implementation.

## Risk Management and Internal Controls

The Board holds ultimate responsibility for the maintenance of robust risk management and internal control systems within the Group, while the Audit Committee is entrusted to uphold these systems and conduct reviews on a regular basis.

SOCAM adopts a strenuous approach to risk management, which identifies, assesses, reviews and manages material enterprise risks across the Group. We have put in place a well-defined Enterprise Risk Management Framework, with detailed procedures and internal controls embedded within the Group's governance structure and implemented across all business operations and support functions. ESG-related risks, climate risks, business risks and other potential risks are covered in our multi-disciplinary risk management system. During the year, the Audit Committee reviewed the result of the independent audit conducted by our Corporate Evaluation Department on the effectiveness of our risk management process and internal controls.

## SUSTAINABILITY COMMITMENT AND POLICY

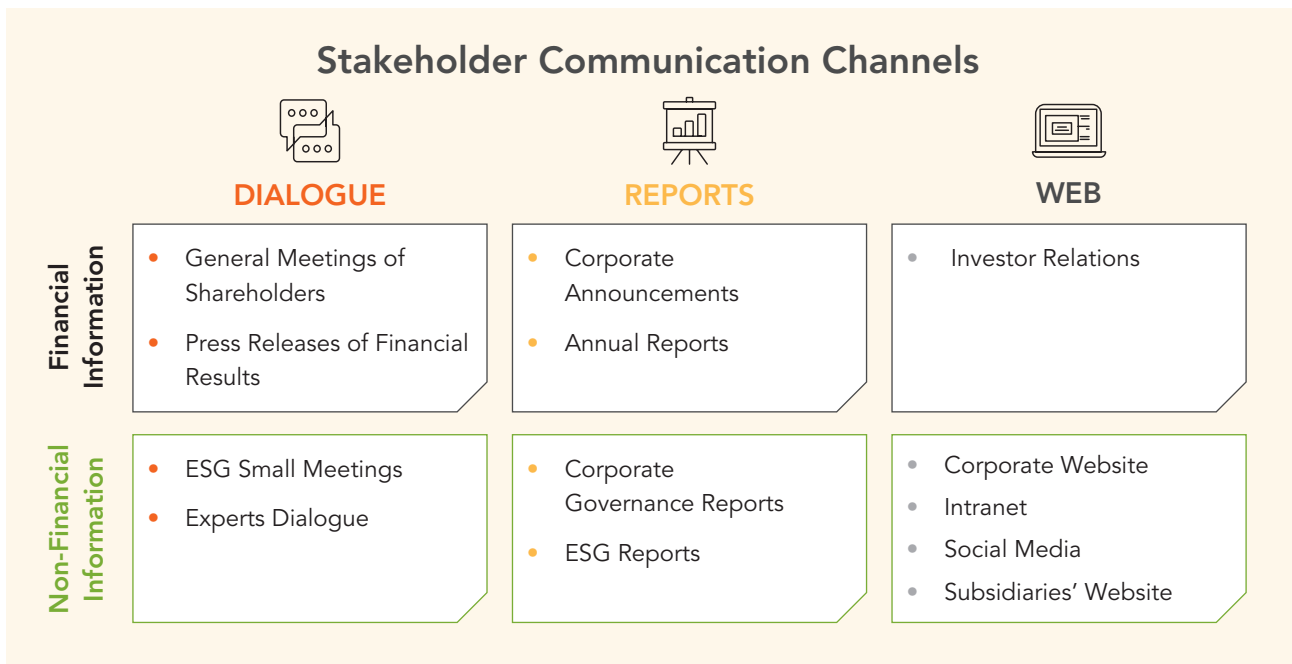
We place strong emphasis on ensuring that our sustainability plans and policies are aligned with the priorities of our stakeholders, reinforcing our dedication to responsible and ethical practices. This includes maintaining robust anti-corruption measures, enforcing the supplier code of conduct that promotes accountability across our value chain, integrating climate change considerations into our strategic planning, and fostering workplace diversity and inclusion. This approach ensures that our sustainability agenda remains relevant and impactful for our people, business partners, and the communities we serve.

Recognising the increasing risks posed by climate change, SOCAM has integrated climate considerations into our broader sustainability strategy, and developed a climate change reporting and management framework in compliance with the recommendations of the TCFD and aligned with IFRS S2. This framework enhances our ability to identify, assess, and respond to climate-related risks and opportunities, while reinforcing our long-term resilience.

## Stakeholder Engagement

The Group actively engages with our key stakeholders through various channels, including direct dialogues, interviews and surveys, to seek their feedback about our business and ESG strategy and performance, and understand their concerns and perceptions. Our key stakeholders include shareholders and investors, clients, tenants, customers, sub-contractors and suppliers, business partners, employees, government authorities and the community.

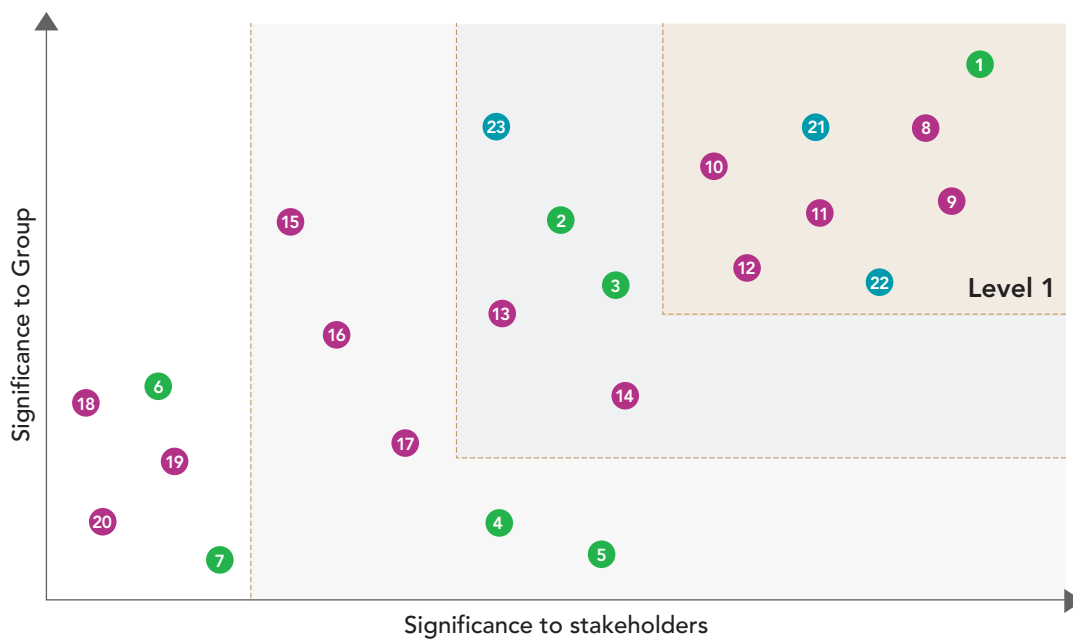
Our ongoing and customised communication with key stakeholders is augmented by conducting online surveys. The insights and perspectives gathered from them enable us to, among others, further identify current and emerging ESG-related risks and opportunities in our business operations, and enhance our operational and ESG strategies which, in turn, help ensure our sustainability priorities and practices align with their expectations. Through this process, we establish sustainability topics of high concern to our stakeholders.



## Materiality Assessment

Our materiality assessment is based on our business focus, stakeholder input and industry trend analysis. Periodically, we solicited insights from a diverse group of key stakeholders on the sustainability issues with the greatest influence. Through a formal materiality assessment process, material topics are identified and prioritised according to their impact on our business, people and the environment.

Based on the latest assessment, SOCAM’s material topics are displayed in the materiality matrix below. These topics include Addressing Climate Change, Innovation and Technology, Anti-corruption, Workplace Safety and Health, Business Ethics, Talent Management, Diversity and Equal Opportunity, and Community Engagement and Wellbeing.



ENVIRONMENTAL	SOCIAL		GOVERNANCE
<ul style="list-style-type: none"> <li>1 Addressing Climate Change</li> <li>2 Resources Management</li> <li>3 Indoor Air Quality</li> <li>4 Water Resources</li> <li>5 Green Building</li> <li>6 Effluent and Waste</li> <li>7 Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>8 Community Engagement and Wellbeing</li> <li>9 Workplace Safety and Health</li> <li>10 Innovation and Technology</li> <li>11 Diversity and Equal Opportunity</li> <li>12 Talent Management</li> <li>13 Employee Communication</li> </ul>	<ul style="list-style-type: none"> <li>14 Training and Development</li> <li>15 Provision of Quality Construction</li> <li>16 Supplier Management</li> <li>17 Remuneration and Benefits</li> <li>18 Data Privacy</li> <li>19 Customer Satisfaction</li> <li>20 Anti-discrimination</li> </ul>	<ul style="list-style-type: none"> <li>21 Business Ethics</li> <li>22 Anti-corruption</li> <li>23 Economic Performance</li> </ul>

## PILLAR ONE : BETTER ECONOMY

We are committed to helping build a stronger and resilient economy while ensuring responsible operations. Our approach rests on two key dimensions:

### Building Economic Strength:

We drive sustainable growth by investing in innovation, enhancing productivity, and creating opportunities that contribute to long-term prosperity for our stakeholders and the wider community.

### Responsible Operation:

We uphold high standards of governance, transparency, and ethical conduct. By integrating environmental, social, and compliance considerations into our business practices, we achieve growth responsibly and sustainably.

## BUILDING ECONOMIC STRENGTH

Construction plays a pivotal role in a community's growth. Leveraging robust infrastructure, it provides essential facilities such as schools, hospitals, and housing, which are fundamental to social development. By creating jobs and stimulating local economies, construction projects enhance the quality of life and foster a sense of community.

Our commitment to the construction industry is rooted in contributing to sustainable community growth for Hong Kong and creating long-term value for stakeholders. Undertaking a broad range of projects allows us to provide essential community infrastructure and generate economic and social benefits, particularly in public housing and building maintenance. Efficiency, speed, and eco-friendliness are central to our approach, supported by innovative practices that ensure timely delivery and high-quality services. Through this, we help to meet pressing community needs while building a resilient and sustainable future for Hong Kong.



### PUBLIC HOUSING

Home ownership is a keen aspiration of most people in the Hong Kong community, and SOCAM has always been focused on helping needy families achieve their dream. To speed up the process, we have pioneered and adopted modern construction methods to offer fast and affordable living options, allowing eligible households to have access to safe and comfortable accommodation.

In 2025, the Anderson Road Projects and two Sheung Shui public housing contracts were completed, providing a total of 6,210 public housing units to serve the Hong Kong community.



## PUBLIC FACILITIES

We are committed to serving the public good through the design and construction of government buildings and public facilities. Among our diverse portfolio of projects, in 2025, we completed the Redevelopment of Kwai Chung Hospital (Phase 2) and proceeded apace with the construction of two new fire stations-cum-ambulance depot at Anderson Road and Wanchai. These modern, efficient facilities will strengthen healthcare services and emergency response capabilities, enhancing the safety and wellbeing of our communities. The completion of the Drainage Services Department Building in 2025 provides a state-of-the-art workplace that supports the delivery of the relevant essential services with greater efficiency.

Among others, these community-focused facilities reflect our dedication to building resilient, people-centric infrastructure that safeguards lives, promotes wellbeing, and supports the smooth functioning of government operations.



## OPTIMISING AGEING BUILDINGS

The Group is engaged in ongoing building and facility maintenance and upgrades for notable clients such as the Hong Kong Housing Authority, Architectural Services Department, CLP Power Hong Kong, MTR Corporation, and the Airport Authority Hong Kong. Through continual maintenance and optimisation, we help improve the operational efficiency, safety and reliability, and extend the lifespan of the public infrastructures, which will affect in varying degrees the daily lives of the general public.

## Innovation

Innovation is a cornerstone of our corporate strategy and central to how we build. As a forerunner, we have adopted advanced construction technologies, smart building designs and digital solutions which increase productivity, improve site safety, and reduce carbon footprint. We also capitalise on the innovative capabilities of our employees and business partners, as well as the wider industry to deliver construction projects that are efficient, resilient, and aligned with the HKSAR Government’s carbon-neutrality goal.

### Innovation in Action : 2025 initiatives



#### Low Carbon Construction – Modular Integrated Construction (MiC)

The Group is among the early movers in low-carbon construction initiatives by adopting MiC, an approach that applies the concept of “factory assembly followed by on-site installation”. The prefabrication of building modules is carried out in a controlled factory environment, and the modules are then transported to construction sites for assembly in a way like piling up building blocks. This effectively improves productivity, site safety and quality control, shorten construction time and reduce waste.

To support this transformation, back in 2023, we formed partnership with a well-established manufacturer in the Chinese Mainland for the supply of MiC modules to our construction projects in Hong Kong. This strategic collaboration helps ensure the product quality and reliability of supply chain, and increase our capacity and speed to meet the increasing demand for subsidised housing. In 2025, we completed three public housing construction contracts at Anderson Road which,

altogether, provide about 3,316 public housing units. Notably, On Wah Court, completed and handed over during the year, is the first public housing estate in Hong Kong to have fully adopted MiC, marking a milestone in public housing sustainable construction.



#### Building Information Modelling (BIM) projects

BIM technology is the driving force behind the digital transformation of the construction industry. We continued to expand the application of process innovation in our current projects through our growing team, comprising 28 construction and maintenance projects. We have elevated our project management processes by integrating BIM with real-time data, delivering higher-quality, cost-effective construction services to move closer to the vision of creating intelligent construction sites.



#### Use of Robotics in Automation Process

SOCAM continued to employ intelligent robotics systems for tasks including skim coating, painting, and surface grinding. With the robots performing higher risk tasks, we were able to minimise possible injuries to the workers caused by manual handling, muscle strains, and dusty environments, thereby enhancing workplace safety and health.



#### Digitalisation

Despite construction being one of the most traditional industries, we never stop refining our innovation strategies, adapting to digital transformation and applying technologies in our workplace. Aligning with the Company’s digitalisation roadmap, we widely adopt AI in our systems and procedures, and keep improving them in the light of changing circumstances so that our employees will benefit the most.



SOCAM has been awarded the ISO/IEC 42001:2023 certification by SGS, marking a significant milestone in its commitment to the responsible development and use of AI systems. This certification confirms SOCAM’s compliance with international standards for AI management, covering the development, implementation, maintenance, and support of AI-assisted applications and object detection tailored to the construction industry and aligned with ESG criteria. Building on its achievements in 2024, when it secured ISO/IEC 27001:2022 for information security and ISO 19650 certifications for building information modelling, SOCAM has strengthened operational resilience and advanced digital transformation while safeguarding sensitive data. By integrating AI-powered monitoring and alert systems, SOCAM has enhanced workplace safety, improved risk management, and fostered a healthier environment for employees. As the world’s first AI management system standard, ISO/IEC 42001 provides structured guidance to address ethical considerations, transparency, and continuous learning, enabling SOCAM to balance innovation with governance.

## RESPONSIBLE OPERATION

### Integrity and Ethics

Effective governance stands as the cornerstone for improving performance, promoting accountability, mitigating risks and enhancing value for stakeholders. For many years, SOCAM has embraced a corporate culture where integrity is the foundation of everything

we do, and this has enabled us to gain the trust of the stakeholders across our value chain. We uphold the highest ethical standards, maintain strict regulatory compliance, and operate in the spirit of fair play, acting as a socially responsible company and a good corporate citizen.

Our “Code of Business Ethics” guides the ethical and legal operations of both the Group and employees, and rigorous adherence is enforced. We also require all business partners to share the same values and commitments, while promoting a fair and equitable business environment.

### Anti-Corruption Training

Public safety is among the top priorities in the construction industry, which demands integrity of all parties involved. The Board maintains zero-tolerance towards fraud and corruption, requiring every decision and action to align with integrity and business ethics, regularly reinforces its commitment to business code of conduct, and raises awareness of anti-corruption and insider trading through various policies and integrity training sessions across all levels.

In 2025, the Group conducted a total of four training sessions in collaboration with Independent Commission Against Corruption, engaging approximately 1,800 employees, including new staff. These sessions were designed to embed the ethical values across all levels of the organisation. The training programme covered the identification and prevention of corruption risks,

practical anti-corruption practices, and real-life case studies, ensuring employees understand the importance of ethical decision-making in daily operations, while promoting transparency and accountability across all business units.

## Supply Chain Management

In 2025, SOCAM published a “Sustainability Guide for Suppliers”. We aim to engage our suppliers to clearly communicate our environmental and social requirements to them, and align with them our commitments on business ethics, anti-corruption, health and safety, green sourcing, and environmental protection.

The Group’s procurement department has standardised procedures to select, evaluate, supervise and review the performance of suppliers and sub-contractors. Assessments are conducted quarterly to review the quality of materials, progress of work, site safety, environmental protection performances, and wage payments. Suppliers with unsatisfactory performance, including repeated non-compliances on safety or environmental requirements, are subject to corrective action plans and, where necessary, suspension or termination from our approved vendor list.

### Number of Subcontractors and Suppliers



**165** Property in the Chinese Mainland (2024 : 155)



**1,012** Construction in Hong Kong (2024 : 707)



**406** Interior Fit-out in Hong Kong and Macau (2024 : 482)

## Crisis Management and Business continuity

To ensure business continuity and effect appropriate response to emergency situations, we have a Crisis Management Plan (CMP) in place supplemented by contingency plans for individual business units. A Crisis Management Team will be operationalised to execute the CMP under specified scenarios. In 2025,



we effectively responded to complaint cases at a new public housing estate regarding workmanship defects that became evident during heavy rainstorms, and our construction division took swift actions to look into the situation and address residents’ concerns. A dedicated task force was established and a hotline set up to ensure faster communication and resolution. Additional manpower was also deployed to accelerate rectification works progress. We followed up with residents engagement with a view to continuously enhancing construction quality and standards to meet the rising expectations of homeowners and the wider community.

## Cyber Security

SOCAM has prioritised information security to safeguard corporate and personal data. Cybersecurity risks form part of our enterprise risk management framework and are overseen by the Board through the Audit Committee. In 2025, we did not experience any material data breaches or cybersecurity incidents resulting in regulatory fines or significant business disruption. During the year, we successfully rolled out Multi-factor Authentication and is now enabled for all internal users, which helps defense against unauthorised access to internal systems and is a critical step in our ongoing commitment to protecting our digital assets. Through rigorous assurance activities, trainings and culture awareness programmes to engage more than 90% of staff members, we achieved the Platinum tier of the Cyber Security Award by fulfilling all six assessment criteria over the past 12 months. We also conducted an annual risk assessment, and a cybersecurity incident response exercise simulating phishing email attack to evaluate the awareness and effectiveness of communication protocols. With a comprehensive policy framework aligned with ISO/IEC 27001 standards, we covered remote work and incident response to establish clear reporting pathways for suspicious emails.

# PILLAR TWO : BETTER COMMUNITY

Our Caring for Community encompasses both our employees and the wider public. We adopt a holistic approach built on three pillars:



## EMPLOYEE SAFETY:

We prioritise workplace safety through cultivating a culture and provision of training to strengthen awareness, and continuous improvement of health and safety measures and practices.



## COMMUNITY INVESTMENT AND IMPACT:

We encourage and support employees to participate in volunteering activities to serve the broader community, and strengthen social bonds and shared responsibility.



## EMPLOYEE ENGAGEMENT AND DEVELOPMENT:

We foster a culture of learning and growth, encouraging employees to pursue professional and lifelong development and caring for their wellbeing.

## WE PUT SAFETY FIRST

Site safety is a long-established imperative for SOCAM. As a major player in the construction industry, our construction division lays particular emphasis on safety, and continues to allocate adequate resources to prevent accidents at our sites and other workplaces. From an already industry-low accident rate of 5.3 cases per thousand workers in 2019, the Group achieved further improvement to 3 cases per thousand workers in 2025, with the lowest rate logged in recent years. The Group also makes use of AI-powered tools to monitor site operations to help identify safety hazards.

### Nurturing a Safety Culture

In 2025, we made significant strides to enhance safety awareness throughout our workforce, ensuring that safety remains a top priority in everything we do.

We continued to launch the “Supervisory Safety Behaviour” award programmes to recognise exceptional supervisory performance in promoting safety. These awards encourage our employees to think critically about safety in the workplace and require our supervisors to prioritise safety in their daily roles.

By fostering a culture where safety is a shared value, we are nurturing a community that cares for one another, and instilling a safety-first mindset into the very DNA of our workforce.

### Partnership with the Construction Sector

SOCAM participated in knowledge and experience sharing activities with the industry organisations and professional bodies, which provide an avenue to nurture talents and discuss safety issues and benchmark safety practices. In addition to the Construction Industry

Council (CIC) CEO Safety Tour Visits and safety forum where we exchange views and learn best practices from other industry players, we also participated in the CIC Master Class in Safety Leadership Culture to share our reflections on nurturing a strong safety culture – through continuous learning, mutual care and staying united in our commitment to a safe workplace.

### Smart Technology to Drive Safety

To further enhance safety, we launched the self-developed Smart Site Safety System (4S). Harnessing the power of 5G and advanced technologies, we monitor our construction sites in real time to oversee high-risk activities and daily operations, ensuring quick responses to potential hazards. Smart watches provided are integrated with the 4S system, particularly useful for working in confined spaces and mobile operations, ensuring workers remain within safe zones while monitoring their health and locations.

Up to 2025, 15 of our construction sites and projects cumulatively received the “4S Smart Site Safety System” label from the Development Bureau of the HKSAR and the Construction Industry Council. Building on this achievement, we are expanding the use of smart sensors, AI-driven monitoring, and digital dashboards across all sites to strengthen hazard detection and response. We also conduct regular safety drills, enhance worker training programmes, and collaborate with industry partners to share best practices. These actions ensure that safety innovation is not only recognised but embedded in daily operations, driving continuous improvement and safeguarding both employees and the public.

We install AI-powered cameras and sensors monitoring job sites in real-time, alerting workers to potential hazards and providing added safety protection. In our public housing construction projects, we utilise robotics for tasks like plastering and painting, allowing operators to control these machines from the ground, thereby avoiding the risk of falls for workers.

## Continuous Improvement on Safety

We continuously conducted a series of safety training programmes across different levels of the organisation. Site-level HSE training, supervisory safety training, safety training for imported labour, and sharing sessions together reached a total of 137,059 participations, reflecting our commitment to building awareness and capability throughout the workforce.

In parallel with these training efforts, each business unit (BU) organised tailored safety promotion activities to reinforce positive behaviours and encourage active participation. Initiatives such as the promotion of the Supervisory Behaviour Concept "T.O.P. 2.0," BU-wise "Outstanding Supervisory Safety Awards", the Safety Model Worker Award, and a cross-BU Safety Alignment Day further strengthened engagement, embedding safety culture into daily operations.

### Safety Performance in 2025

	2025	2024	2023
Work-related Injury Rate (cases per 1,000 workers)	<b>3</b>	3.3	3.3
Work-related Injuries	<b>14</b>	21	17
Loss Days due to Work-related Injuries	<b>3,308</b>	2,073	2,084
Work-related Fatality	<b>0</b>	0	1
Participants in Safety Training (Persons)	<b>137,059</b>	189,857	187,522

## EMPLOYEE ENGAGEMENT AND DEVELOPMENT

SOCAM's success starts with having the best talents. The Group focuses on attracting, developing and retaining a highly skilled workforce, and providing an environment where our employees can grow and excel. We invest in continuous learning and development opportunities to strengthen skills, foster innovation, and support career progression. At the same time, we place strong emphasis on employee wellness, ensuring a supportive and collaborative workplace that promotes both physical and mental wellbeing.

At 31 December 2025, we employed 1,410 people in Hong Kong and Macau, and 210 people based in Mainland cities. The male to female ratio is approximately 72% : 28%.

The Group remains dedicated to being recognised as an employer of choice, attracting, developing, and retaining high calibre and capable professionals. We are committed to talent retention and development, and continue to strengthen programmes including Trainee and Apprentice Development Programmes for recent graduates, Managerial Development Programme for middle management, Leadership Development Programme for project managers, and Talent Development Programme for high-potential management staff. The Group also partners with local universities to offer internships, enhancing practical experience and industry engagement for students. In the Chinese Mainland, staff benefits align with prevailing market standards, with a strong focus on cultivating corporate culture and providing professional training and development opportunities for local employees.



## Continuous Learning

SOCAM continued to identify learning and development needs in all business areas to reinforce a strong development focus and culture. Through strengthening e-learning capabilities, in 2025 our training hours reached 23,740 hours, and the number of training hours per staff was 14.65.

Embracing technology and innovation, we provide opportunities for our employees to work with state-of-the-art tools and the latest construction technologies. Through site visits, expert dialogues, sharing sessions, and hands-on workshops, employees can expand their technical knowledge and inspire creativity, enabling them to stay ahead of industry trends, contribute effectively to projects and drive innovation in the organisation.

## Employee Wellbeing

In 2025, we organised more than 20 activities to foster employee wellbeing, strengthen community ties, and promote a culture of care. These initiatives included health talks to raise awareness on wellness, volunteering programmes that encouraged employees to give back to society, and family fun days that built stronger connections among employees and their families. Festival events, regular sports activities and health-related seminars were also organised to increase employee satisfaction and promote mental health.

## COMMUNITY INVESTMENT AND SOCIAL IMPACT

Caring for our community is central to our corporate ethos. We make use of our technical expertise and dedicate time and resources through our employee-run Shui On Seagull Club to support those in need. For decades, our community investment strategy has created lasting social impact by partnering with leading NGOs committed to youth development, elderly care, and broader community support.

Our community investment activities are guided by our Sustainability Policy, ensuring that contributions are impactful, and aligned with our values and sustainability goals. In 2025, this long-standing commitment to social responsibility earned SOCAM and its five major subsidiaries the “15 Years+ Caring Company Logo” from the Hong Kong Council of Social Service, along with the “Leading Performance” logos — a testament to how meaningful impact grows through persistence.

## Support to Wang Fuk Court Residents

In Hong Kong, a devastating fire at Wang Fuk Court in Tai Po left residents homeless and in urgent need of support of all kinds. Shui On Group, Shui On Land and SOCAM responded swiftly, pledging a donation and mobilising 100 construction volunteers from across industry partners to provide free resettling services through social welfare organisations. These included painting, plastering, furniture installation, and essential electrical and plumbing repairs, ensuring affected families move into safe temporary accommodation with comfort and dignity.

These efforts form part of our broader commitment to improving livable environment and supporting vulnerable communities. Together with construction volunteers, we carried out flooring works for residential units in Po Tin Estate in collaboration with the Housing Authority, and installed exhaust fans to enhance ventilation for households in Tai Po Transitional Housing in partnership with the Society for Community Organisation.

Community care is not a one-off response but an ongoing responsibility. We aim to combine resources, expertise and volunteer spirit that strengthen resilience, improve living conditions, and help families rebuild their lives with hope.



## Diversity

Diversity has become an essential priority in today's workplace. It not only drives innovation and resilience, but also reflects the growing expectations of society for fairness, inclusion, and equal opportunity. During the year, we advanced our commitment to work diversity by formulating a comprehensive policy that embeds inclusivity into our organisational practices.

As a cornerstone partner of the EmpowHer Programme in Hong Kong, steered by Standard Chartered Bank (Hong Kong) Limited, we worked with partners to actively

support women in realising their potential and extend opportunities for women to re-enter the workforce while continuing to care for their families. During the year, we provided three work shadowing opportunities to help participants explore potential paths and broaden their professional network. Through active advocacy, the programme connects like-minded partners while simultaneously engaging participants in confidence-building. The positive ripple effect of empowering careers extends beyond the workplace, strengthening family bonds and inspiring the next generations, thereby creating long-term social value.



## Youth and Industry Development

We continued to participate in corporate project collaboration with university students. This year we partnered with the Hong Kong University of Science and Technology to explore the topic of MiC solutions and encourage students to showcase thoughtful insights and data-driven recommendations, providing experiential learning opportunities.

## Volunteering and Corporate Community Services

During the year, the Shui On Seagull Club deepened its collaboration with NGOs and successfully organised 18 community events. These initiatives focused on supporting elders, encouraging volunteer sharing, and driving fundraising efforts. A highlight was the Group's annual charity programme since 1980s, which aims to invite all employees to participate and contribute to meaningful causes. With the support of our suppliers, in 2025 we designated the donations from this programme to support the residents of Wang Fuk Court.

Building on more than a decade of support for the YWCA, we also reinforced our engagement with new partners, and extended our contributions to supporting volunteering services at the 15th National Games.

Beyond staff volunteering, the Group actively increases its social impact through strategic corporate donations and sustained support for charitable initiatives that contribute to pressing community needs to create lasting benefits for society. Throughout the year, we promoted community engagement by working closely with our business partners to sponsor and encourage participation in large-scale sports events such as the Standard Chartered Hong Kong Marathon, Shanghai Commercial Bank × Pok Oi Cycle for Millions, and The Community Chest Sports for Millions - combining financial sponsorships with meaningful opportunities for employees to engage with the community and promote social development.

# PILLAR THREE : BETTER ENVIRONMENT

To further address the climate change issue and align with the HKSAR government's carbon neutrality vision, SOCAM has made decarbonisation one of its main goals as part of our commitment to sustainable development and a greener future. SOCAM completed the first short-term phase of its decarbonisation journey in 2024, and is now entering the second phase, pledging a 20% reduction in carbon emissions, waste, energy and water intensity by 2030 compared to 2024. The Group is ramping up efforts to explore environmental sustainability solutions to reduce its carbon footprint through energy conservation, waste reduction and recycling. Additionally, we are making every effort to minimise the impact of its construction activities on neighbouring communities.

## CLIMATE RESILIENCE

### Our Approach to Climate Disclosure

SOCAM is committed to fulfilling its responsibility for disclosing its initiatives and performance pertinent to climate-related matters. With this objective in mind, we have aligned the recommendations from IFRS S2 framework since 2024. This climate disclosure requires the processes we use to systemically identify and assess the impacts of climate change on our operations and supply chain, and under our enterprise risk management framework, evaluate risks such as extreme weather events, regulatory changes, and shifts in market demand for sustainable practices.

### Climate Governance

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

### Strategy

Climate-related risks and opportunities pose significant impacts, both current and future, on the Group's business model and value chain, with concentration on its construction activities in Hong Kong and Macau, and the shopping mall investments and operations in the Chinese Mainland.

According to the various aspects of climate change, the Group establishes different strategies based on distinct time horizons. These strategies are integrated into the Group's business strategies and market positioning to ensure that we manage climate challenges proactively, while exploiting related opportunities when they emerge.

The Group conducted climate scenario analysis aligned with IFRS S2 principles to assess the resilience of its business under different climate pathways. The assessment considered both a 1.5°C transition scenario and a higher warming scenario above 2°C, across short term (up to 3 years), medium term (up to 2030) and long term (up to 2050) horizons.

Both physical and transition risks were evaluated, including extreme weather exposure, regulatory changes, carbon pricing and market shifts toward low carbon construction. The analysis was primarily qualitative, supported by available data where appropriate.

Based on the assessment, the Group considers its business model to be reasonably resilient, with mitigation measures integrated into strategic planning and risk management processes.

### Risk Management

ESG and climate-related issues are taken into consideration within our risk management and internal control systems, enabling us to effectively identify, assess, prioritise and monitor the associated risks and opportunities for sustainable development.

We systematically identified, evaluated and monitored the climate-related risks and opportunities through scenario analyses, and quantified their potential financial impacts on the Group's assets and operations. Building on this process, we continuously strengthen our long-term adaptation and resilience measures.

### Metrics and Targets

We have been measuring and disclosing our energy consumption and Scope 1, 2, and 3\* GHG emissions. Below is the progress of our climate change mitigation efforts in 2025, compared to 2024:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>■ <b>Carbon intensity</b><br/>8.94 Vs 14.06<br/>tCO<sub>2</sub>e/million turnover</li> <li>■ <b>Energy intensity</b><br/>7,297 Vs 6,370<br/>kWh/million turnover</li> </ul> | <ul style="list-style-type: none"> <li>■ <b>Waste intensity</b><br/>26.74 Vs 13.12<br/>tonne/million turnover</li> <li>■ <b>Water intensity</b><br/>42.48 Vs 46.33<br/>m<sup>3</sup>/million turnover</li> </ul> |
|--|--|



As part of our commitment to fighting climate change, we targeted a 20% reduction in carbon, energy, water and waste intensity by 2030, compared to 2024 base year.

\* Scope 3 emissions are calculated in accordance with the GHG Protocol. The Group includes categories assessed as material to its operations based on data availability and relevance to its construction and property businesses. The scope of categories included is reviewed periodically as data quality improves.

## Climate Risk Management and Opportunities

We have identified climate risks and opportunities that are relevant to our business operations and value chain, assessed their potential impacts over the short term (a period of up to three years), medium term (up to 2030) and long term (up to 2050), which timelines, respectively, align with the Group’s financial planning cycle and the global emissions reduction targets, driven by the Paris Agreement, aiming to reach net zero by 2050, and formulated risk mitigation strategies and measures to enhance our overall climate resilience. A summary of our mitigation measures addressing the climate-related risks and opportunities is set out below:

### Physical Risks and Opportunities

Acute:

#### Increased frequency and severity of extreme weather events

#### Potential Impacts:

- Operational sites and Infrastructure damages and supply chain disruptions
- Increased costs because of project delays
- Loss of revenue due to business interruptions
- Increased capital expenditures spent on mitigation measures
- Increased operational costs due to health and safety incidents
- Reduced asset value due to exposure to continuous climate risks

#### Mitigation Measures:

- Conduct precautionary safety training and emergency drills for employees
- Implement flexible work arrangements when necessary
- Improve crisis management and transition plans
- Develop a strong supply chain to ensure continuity of operations
- Carry out climate risk assessment and research on climate-resilient designs
- Enhance effectiveness of mall facilities and emergency response system

Chronic:

**Prolonged period of extreme hot weather**

**Potential Impacts:**

- Higher manpower costs because of increased health issues
- Higher failure rate of electrical and mechanical equipment under extreme heat
- Reduced customer traffic to shopping malls

**Mitigation Measures:**

- Launch health and safety campaigns to promote the prevention of heat strokes
- Provide adequate rest time with reference to the new three-tier heat warning system of the HKSAR Government
- Install cooling facilities at operational sites

**Transitional Risks and Opportunities**

Legal	<b>Tightened regulations and policies on decarbonisation</b>	<p><b>Potential Impacts:</b></p> <ul style="list-style-type: none"><li>• Increased costs of compliance and operation</li><li>• Increased capital expenditures for procurement of energy-efficient equipment</li><li>• Impose Carbon Tax</li></ul> <p><b>Mitigation Measures:</b></p> <ul style="list-style-type: none"><li>• Commit to sustainability initiatives and comply with all applicable laws and regulations</li><li>• Set targets in response to Hong Kong's Climate Action Plan 2050</li></ul>
Industry	<b>Increased competitive pressure on green construction and green building materials</b>	<p><b>Potential Impacts:</b></p> <ul style="list-style-type: none"><li>• Reduced contracts secured due to competition</li><li>• Increased expenditures for procurement and adoption of new technologies and green building materials</li></ul> <p><b>Mitigation Measures:</b></p> <ul style="list-style-type: none"><li>• Source and introduce new technological applications and green building materials</li></ul>
Market	<b>Increased expectations from stakeholders</b>	<p><b>Potential Impacts:</b></p> <ul style="list-style-type: none"><li>• Increased operating costs in response to stakeholder demands for application of green practices</li></ul> <p><b>Mitigation Measures:</b></p> <ul style="list-style-type: none"><li>• Communicate timely with stakeholders on sustainability measures</li><li>• Digitalise operations and implement energy saving initiatives</li></ul>
Technology	<b>Advancement in green building technology</b>	<p><b>Potential Impacts:</b></p> <ul style="list-style-type: none"><li>• Increased revenue through the use of low carbon infrastructure</li><li>• Long-term opportunities to embrace technology to improve efficiency and enhance branding and company reputation</li></ul> <p><b>Mitigation Measures:</b></p> <ul style="list-style-type: none"><li>• Replace materials with green and reuseable alternatives to lower costs</li><li>• Apply climate-resilient designs in new projects</li><li>• Keep abreast and make use of the latest smart building technology available in the market</li></ul>

- Denote impacts over the short/medium-term
- Denote impacts over the medium/long-term

- Denote impacts over the short/medium/long-term



The climate-related risks and opportunities did not have a material impact on the Group’s business model, value chain, financial position, financial performance, access to finance, cost of capital and cash flows for the current financial year. Taking into account the mitigation measures mentioned above, we assess that the residual physical and transition risks are limited and well controlled and managed. In addition, the climate-related risks and opportunities will not cause any material change to the Group’s financial position, financial performance and cash flows over the short, medium and long term.

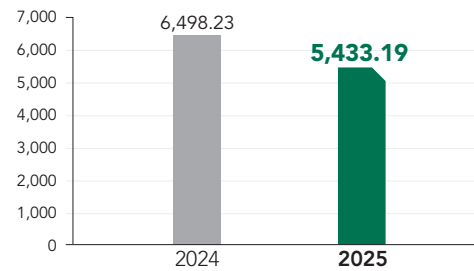
We have integrated climate-related risk management into every layer of our operations and infrastructure, and possess the capacity to anticipate, prepare for, and respond to the impacts of climate-related events, and adapt the Group’s strategy and business model to climate change over the short, medium and long term. SOCAM was in a reasonably good state of climate resilience at 31 December 2025.

## ENVIRONMENTAL TARGETS

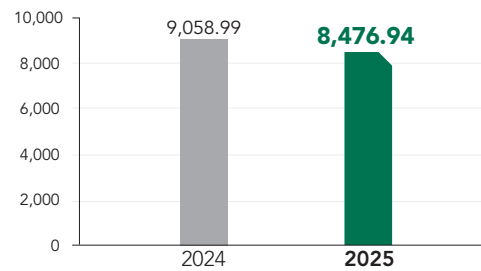
Acknowledging the significance of environmental sustainability, our dedicated carbon reduction target group, established since 2024, has stepped up efforts to develop practical strategies for carbon reduction and explore new technologies and practices that align with our sustainability objectives, aiming to find innovative solutions to minimise our carbon footprint. We were also accredited ISO14001, an environmental management standard, to ensure effective environmental management practices.

Our annual carbon emissions are much influenced by the project development cycles, as we are involved in a range of projects that vary in scale and stages of work progress every year. In 2025, the Group recorded GHG intensity of 8.94 tCO<sub>2</sub>e per million revenue, compared to 14.06 tCO<sub>2</sub>e per million revenue in 2024. This represents a 36.4% year-on-year improvement in our GHG intensity. The absolute total greenhouse gas emissions also saw a sharp decline of 51.6% from 2024, driven largely by a substantial reduction in Scope 3 emissions across our value chain and the adoption of low-carbon construction methods.

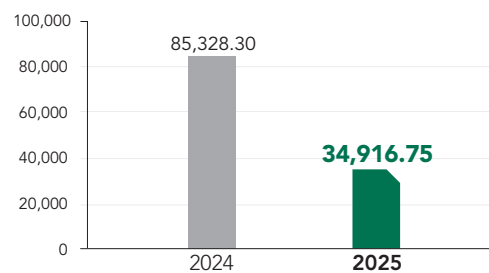
Scope I (tCO<sub>2</sub>e)



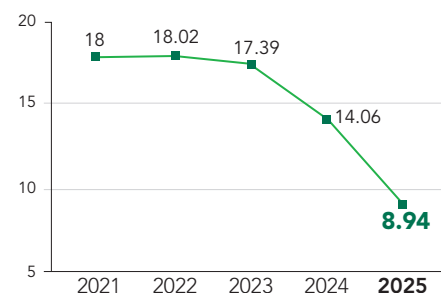
Scope II (tCO<sub>2</sub>e)



Scope III\* (tCO<sub>2</sub>e)



GHG Intensity (tCO<sub>2</sub>e/million turnover)



\* Scope III currently included purchased goods and services, tenant consumption on electricity and natural gas, upstream transportation and distribution, waste generated in operations and business travel.

## OUR CLIMATE TRANSITION PLAN

### Use of Advanced Technologies

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

### Reduce Fossil Energy – Use of Enertainer

Conventional diesel generators, which rely on fossil fuels, emit significant air pollutants during combustion. We have replaced them with Enertainer, the first purpose-built energy storage system for the construction industry. The Enertainer offers numerous advantages over diesel generators, including smaller carbon footprint, near-silent operation, and zero smoke emissions. This innovative system has significantly lowered the environmental impact of our operations. The Group has already deployed Enertainer systems across its major construction sites.

### Green Procurement & Local Suppliers Preference

We have implemented best practices guidelines for carbon-smart construction sites, and worked with business partners to advocate local procurement to reduce our carbon footprint and support local economies. Our “Subcontractor and Supplier Sustainability Guide” sets out green procurement guidelines to promote purchase of low-carbon building materials. We also revised the subcontractor pre-qualification questionnaire to encourage using environmental, energy-efficient or carbon reduction management system to minimise impacts on the environment.

### Responding to Climate Scenarios

When developing an ESG strategy, it is crucial to assess how various climate scenarios impact operations, stakeholders, and communities. Limiting global warming to 1.5°C is imperative for mitigating severe climate-

related risks. Staying within this limit can reduce the frequency and intensity of extreme weather events, which threaten not only the natural environment, but lives, buildings and infrastructure, supply chains, and communities around the globe.

In the construction industry, even with a stabilised 1.5°C scenario, considerable challenges persist, necessitating long-term planning and ongoing adaptation measures to cope with a new climate reality. Should global temperatures surpass this threshold, the risks would escalate significantly. More frequent and severe climate disasters could disrupt construction operations and supply chains, harm worker health and safety, push up costs on resources scarcity, and exacerbate social inequalities, particularly for vulnerable groups facing livelihood risk, displacement and economic instability.

Recognising these risks, we actively monitor global climate trends and conduct scenario analyses to assess their potential impact on our people, projects, supply chains, building designs and practices, and operational continuity. We conduct desktop researches, enhance data-driven assessments and, where appropriate, update and revise our risk mitigation strategies.

### Resources Management

The Group has implemented policies and measures to manage resources efficiently, with a focus on enhancing energy performance, optimising materials use and reducing construction waste. Electricity and diesel fuel are the primary sources of energy consumption, mainly from construction sites and property management operations. To address this, we have integrated energy conservation and emission reduction into our business goals, guided by the Shui On Energy Policy Statement and ISO 50001 certification. In 2025, our total energy consumption decreased by 12.8% to 39.8 million kWh compared to 2024, reflecting the successful deployment of energy-efficient container systems like the Enertainer, across our major sites, and advanced chiller plant optimisation in the Chinese Mainland. These practices have contributed to a gradual and orderly decrease in GHG emission intensity, reflecting the effectiveness of our energy management approach.

Recognising the global challenge of water scarcity, the Group actively promotes water conservation among



employees and applies practical measures to reduce consumption. These include installing sensors on water taps and adopting water circulation systems to recycle wastewater for cleaning purposes at construction sites. Through these initiatives, we continue to strengthen our commitment to sustainable resource management, ensuring that energy and water are consumed responsibly while supporting long-term environmental goals. Driven by the successful implementation of on-site wastewater recycling and conservation measures, our total water consumption dropped significantly by over 30% year-on-year. This translates to an 8.3% improvement in water intensity, down to 42.48 m<sup>3</sup> per million turnover in 2025, keeping us well on track toward our 2030 reduction goals.

## Waste Management

The Group recognises that the construction industry is a major contributor to waste generation, and has adopted the 'Reduce, Reuse and Recycle' approach, coupled with responsible practices, to minimise its impact. In office operations, live waste is managed through recycling, while on construction sites, advanced technologies such as BIM and MiC are applied to optimise resource use and reduce waste. Formal policies and procedures have been formulated to guide these efforts, ensuring strict compliance with globally-recognised environmental standards and reinforcing our commitment to sustainability.

Although hazardous waste is not significant in daily operations, clear guidelines are in place to ensure proper disposal through qualified collectors when required. For non-hazardous and inert construction waste such as concrete, bricks, soil, and asphalt, designated storage areas and licensed contractors are used to

facilitate recycling and repurposing. In 2025, our total construction waste generated increased to 146,028 tonnes. This was an anticipated short-term fluctuation driven by several major construction projects entering highly waste-intensive phases, such as foundation works and demolition. To mitigate this and reverse the intensity trend, we are aggressively expanding our MiC and BIM applications and capabilities to enhance materials precision and significantly reduce on-site waste generation in the coming years.

## Green Building Practices

By optimising land use and incorporating innovative design principles, we aim to create eco-friendly and sustainable buildings. Our focus on green construction practices includes the use of energy-efficient materials, renewable energy sources, and smart technologies to minimise environmental impact that contribute to a healthier and more resilient urban environment.

From building design and construction to mall management, green practices and resources management have been incorporated into our operations. Our construction processes and buildings and premises are optimised for energy efficiency and water resource conservation. We prioritise the use of green building materials and leverage MiC and BIM technologies to minimise overall building materials usage and reduce construction waste.

The ultimate goal of our green building practices is to preserve natural resources and reduce our carbon footprint. As a pioneer in the construction industry, we are pushing the boundaries of eco-friendly construction, and striving to create a more sustainable, resilient, and energy-efficient built environment for future generations.

# REPORTING SCOPE AND METHODOLOGY

## Reporting Period and Standards

This section details the sustainability performance and initiatives of SOCAM for the period from 1 January 2025 to 31 December 2025. The data and disclosures have been prepared in compliance with the HKEX ESG reporting requirements taking effect from 1 January 2025, and are aligned with the recommendations of the TCFD and the IFRS S2 framework.

## Reporting Boundary and Consolidation Approach

The reporting scope covers the Group's core operations under its operational control, comprising the construction business in Hong Kong and Macau, and the property business in the Chinese Mainland. Environmental and social Key Performance Indicators (KPIs) are consolidated based on this operational control approach.

## Changes in Scope and Restatements

Following the disposal of the Hong Kong property management business in December 2025, the 2025 social performance data (including workforce demographics and turnover) exclude this divested entity to accurately reflect our current operational footprint. Consequently, certain 2025 data points present significant year-on-year variances when compared to the 2024 figures.

## Methodology and Estimation

Figures in the "Performance Data Summary" are provided and verified by internal departments, primarily the Human Resources and Health, Safety and Environment Departments. Greenhouse gas (GHG) emissions data is presented in terms of carbon dioxide equivalent and is calculated based on "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the WRI and WBCSD, as well as the HKEX "Reporting Guidance on Environmental KPIs". Environmental intensity metrics are calculated using the turnover of significant projects, measured in millions of Hong Kong dollar, as the denominator.

## I. PERFORMANCE DATA SUMMARY

Area	Unit	2025	2024
<b>Employee Profile &amp; Turnover</b>			
<b>Head count at Year End</b>			
Group-wide	Person	1,620	3,618
<b>By Gender</b>			
Male	Person	1,160	2,032
Female	Person	460	1,586
<b>By Business Lines</b>			
Construction Division	Person	1,375	1,539
Property Division	Person	141	1,792
Others	Person	104	287
<b>By Employee Category</b>			
Senior Management	Person	94	117
Middle Management	Person	282	318
General Staff	Person	905	2,573
Workers	Person	339	610
<b>By Age Group</b>			
Under 30	Person	291	497
30 – 50	Person	946	1,325
51 or above	Person	383	1,796
<b>By Geographical Region</b>			
Hong Kong and Macau	Person	1,410	3,362
Chinese Mainland	Person	210	256
<b>Turnover Rate (%)</b>			
Group-wide	%	12.5	15.5
<b>By Gender</b>			
Male	%	12.6	15.6
Female	%	12.2	15.3
<b>By Age Group</b>			
Under 30	%	18.6	34.8
30 – 50	%	11.6	24.7
51 or above	%	9.9	3.4
<b>By Geographical Region</b>			
Hong Kong	%	14	16.3
Macau	%	6.6	18.8
Chinese Mainland	%	4.3	4.7
<b>Training &amp; Development</b>			
<b>Training Hours</b>			
Group-wide (excluding HSE training)	Hour	23,740	43,418
<b>By Gender</b>			
Male	Hour	18,148	25,125
Female	Hour	5,592	18,293
<b>By Employee Category</b>			
Senior Management	Hour	2,428	2,513
Middle Management	Hour	4,113	4,059
General Staff	Hour	13,817	33,038
Workers	Hour	3,382	3,808
<b>Average Training Hour</b>			
Group-wide	Hour	14.65	15.13
<b>By Gender</b>			
Male	Hour	15.64	15.50
Female	Hour	12.16	14.70
<b>By Employee Category</b>			
Senior Management	Hour	25.83	23.30
Middle Management	Hour	14.58	14.20
General Staff	Hour	15.27	16.00
Workers	Hour	9.98	9.40

Area	Unit	2025	2024
<b>Percentage of Employees Trained</b>			
Group-wide	%	110.00	76.70
<b>By Gender</b>			
Male	%	110.00	80.10
Female	%	109.00	72.30
<b>By Employee Category</b>			
Senior Management	%	115.00	105.10
Middle Management	%	115.00	110.10
General Staff	%	115.00	81.70
Workers	%	88.00	32.60
<b>Health &amp; Safety</b>			
Lost days due to work injury	Day	3,308	2,073
Work-related injury rate per 1,000 workers	Case	3.0	3.3
Work-related injury	Number	14	21
Work-related fatalities	Number	0	0
Participants in safety training	Person	137,059	189,857
<b>Environment</b>			
<b>Resources Consumption</b>			
– Petrol	kWh	797,828	901,481
– Diesel	kWh	20,424,347	24,957,760
– Natural gas	kWh	5,875,928	5,463,919
– Acetylene	kWh	6,556	212,499
<b>Total Direct Energy Consumption</b>			
– Heat	kWh	1,906,242	1,906,242
– Electricity	kWh	10,829,693	12,275,926
Total Indirect Energy Consumption	kWh	12,735,935	14,182,168
Total Energy consumption	kWh	39,840,594	45,717,827
Energy Intensity	kWh/million turnover	7,297	6,370
Water	m <sup>3</sup>	231,950	332,508
Water intensity	m <sup>3</sup> /million turnover	42.48	46.33
<b>Type of Air Pollution</b>			
Nitrogen Oxides (NOx)	Tonne	0.06	0.07
Sulphur Oxides (SOx)	Tonne	0.03	0.04
Particulate Matter ("PM")	Tonne	0	0
<b>Greenhouse Gas Emissions</b>			
Scope I	tCO <sub>2</sub> e	5,433.19	6,498.23
Scope II	tCO <sub>2</sub> e	8,476.94	9,058.99
Scope III	tCO <sub>2</sub> e	34,916.75	85,328.30
Total	tCO <sub>2</sub> e	48,826.88	100,885.52
GHG intensity	tCO <sub>2</sub> e/million turnover	8.94	14.06
<b>Non-hazardous waste</b>			
Inert construction waste	Tonne	136,141.54	67,189.69
Non-inert construction waste	Tonne	9,858.66	26,955.41
Paper waste	Tonne	28.29	34.33
Total	Tonne	146,028.49	94,179.43
Waste intensity	Tonne/million turnover	26.74	13.12
<b>Suppliers</b>			
Property in the Chinese Mainland	Number	165	155
Construction in Hong Kong	Number	1,012	707
Interior Fit-out in Hong Kong and Macau	Number	406	482
<b>Community</b>			
Volunteer hours (including non-staff)	Hour	2,435	2,029
Donations	HK\$	0.72 million	1 million

# DIRECTORS AND SENIOR MANAGEMENT



Mr. Lo Hong Sui,  
Vincent  
*GBM, GBS, JP*



Mr. Lee Chun Kong,  
Freddy



Mr. Lo Adrian Jonathan  
Chun Sing



Ms. Lo Bo Yue,  
Stephanie

## EXECUTIVE DIRECTORS

## NON-EXECUTIVE DIRECTORS

## INDEPENDENT NON-EXECUTIVE DIRECTORS



Mr. Chan Wai Kan,  
George



Mr. Chan Kay Cheung



Mr. Lau Ping Cheung,  
Kaizer



Mr. Wong Hak Wood,  
Louis

## **Mr. Lo Hong Sui, Vincent**

*GBM, GBS, JP*

Chairman and Executive Director

aged 77, has been the Chairman of the Company since 1997. He is the Chairman of the Shui On Group, which he founded 55 years ago, and the Chairman of Shui On Land Limited ("SOL"), which he established in 2004 and became listed in Hong Kong in 2006. He is also a director of Shui On Company Limited ("SOCL"), the controlling shareholder of the Company, and certain subsidiaries of the Company. Mr. Lo is the Honorary President of the Council for the Promotion & Development of Yangtze and an Honorary Court Chairman of The Hong Kong University of Science and Technology. He is currently a Non-executive Director of Great Eagle Holdings Limited, a company listed in Hong Kong.

Mr. Lo was awarded the Grand Bauhinia Medal in 2017, the Gold Bauhinia Star in 1998 and appointed a Justice

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

## **Mr. Lee Chun Kong, Freddy**

Executive Director and Chief Executive Officer

aged 64, re-joined the Shui On Group in May 2019 as the Deputy Chief Executive Officer of the Company and has been an Executive Director and the Chief Executive Officer of the Company since October 2019. Mr. Lee is also a director of certain subsidiaries of the Company. He joined the Shui On Group in 1986 and has nearly 21 years of experience in construction management in Hong Kong and 24 years of experience in property development in the Chinese Mainland. Mr. Lee was appointed as an Executive Director and a Managing Director of SOL, a company listed in Hong Kong, in June 2010 and was the Chief Executive Officer of SOL from

March 2011 to January 2014. He left the Shui On Group in July 2014. Prior to joining the Company, he was the Senior Managing Director – Projects of the Chongbang Group, a real estate investment and development group in Shanghai. Mr. Lee holds a Master's degree in Construction Management from the City University of Hong Kong and a Bachelor's degree in Quantity Surveying from Reading University, England. He is a Member of the Royal Institution of Chartered Surveyors in the United Kingdom and a Member of The Hong Kong Institute of Surveyors. He currently serves as a Director of Project Mingde Foundation.

### **Mr. Lo Adrian Jonathan Chun Sing**

Executive Director and Deputy Chief Executive Officer

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aged 37, was appointed as Executive Director and Deputy Chief Executive Officer of the Company with effect from 1 January 2025. He is also a director of certain subsidiaries of the Company. Mr. Lo joined the Company in October 2018 as Executive Assistant to the Chief Executive Officer and was the Director – Corporate Development before he took up the current position. Prior to joining the Company, Mr. Lo founded and operated his own restaurant and catering business

for five years. Before running his own business, he was a management trainee at Maxims Restaurant Group for two years. He holds a Bachelor of Arts degree in East Asian Studies with a focus in political science from Trinity College, Hartford, CT. Mr. Lo is the son of Mr. Lo Hong Sui, Vincent, being the Chairman of the Company, the younger brother of Ms. Lo Bo Yue, Stephanie, being a Non-executive Director of the Company, and a director of SOCL, the controlling shareholder of the Company.

### **Ms. Lo Bo Yue, Stephanie**

Non-executive Director

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aged 43, has been a Non-executive Director of the Company since January 2019. Ms. Lo is currently the Vice Chairman and Executive Director of SOL, a company listed in Hong Kong. She is also the Vice Chairman and Executive Director of Shui On Xintiandi Limited, a subsidiary of SOL. She joined the Shui On Group in August 2012 and has over 22 years of working experience in property development industry in the Chinese Mainland, architecture and interior design as well as other art enterprises. Prior to joining the Shui On Group, Ms. Lo worked for various architecture and design firms in New York City, amongst which was Studio Sofield, a firm well-known for its capabilities in

retail design. She holds a Bachelor of Arts degree in Architecture from Wellesley College in Massachusetts. She currently serves as a Member of the Fourteenth Shanghai Committee of the Chinese People's Political Consultative Conference. She has been selected as a Young Global Leader of the World Economic Forum in 2020. Ms. Lo is the daughter of Mr. Lo Hong Sui, Vincent, being the Chairman of the Company, the elder sister of Mr. Lo Adrian Jonathan Chun Sing, being the Executive Director and Deputy Chief Executive Officer of the Company, and a director of SOCL, the controlling shareholder of the Company.

### **Mr. Chan Wai Kan, George**

Non-executive Director

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aged 68, has been a Non-executive Director of the Company since September 2023. Mr. Chan rejoined the Shui On Group in July 2017 as the Executive Director of Shui On Investment Company Limited, which is a subsidiary of SOCL, the controlling shareholder of the Company. As from July 2023, Mr. Chan's engagement has shifted to a part-time arrangement. He first joined the Shui On Group in January 2007 as the Director of Finance at SOL, a company listed in Hong Kong, and subsequently served as the Executive Director of Finance at China Xintiandi Limited, a subsidiary of SOL. Besides his tenure with the Shui On Group, Mr. Chan

had held various senior management positions across a range of enterprises in the real estate, toy, and magazine publishing industries. He currently serves as an Independent Non-executive Director of Town Health International Medical Group Limited, a company listed in Hong Kong. Mr. Chan holds a Bachelor of Science degree in Economics and Accountancy from City, University of London in the United Kingdom and a Master of Business Administration degree from The Chinese University of Hong Kong. He is a Member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

## Mr. Chan Kay Cheung

Independent Non-executive Director

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aged 79, has been an Independent Non-executive Director of the Company since January 2010. Joining The Bank of East Asia, Limited (“BEA”) in 1965, Mr. Chan possesses extensive knowledge and experience in the banking industry. He was an Executive Director and the Deputy Chief Executive of BEA and the Vice Chairman of The Bank of East Asia (China) Limited. Mr. Chan is

a Fellow of The Hong Kong Institute of Bankers. He currently serves as an Independent Non-executive Director of China Electronics Huada Technology Company Limited and Chu Kong Shipping Enterprises (Group) Company Limited, both of which are listed in Hong Kong.

## Mr. Lau Ping Cheung, Kaizer

Independent Non-executive Director

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aged 74, has been an Independent Non-executive Director of the Company since June 2023. Mr. Lau is a chartered surveyor and has substantial experience and involvements in construction, real estate and infrastructure projects both in Hong Kong and the Chinese Mainland. He is currently the Managing Director of Biel Asset Management Company Limited. He worked previously in the Shui On Group for over 17 years until he left in 2017, at which time he held the position of Director – Project Development at SOCAM Asset Management (HK) Limited, a subsidiary of the Company. Mr. Lau is a former Independent Non-executive Director of SEM Holdings Limited, a company listed in Hong Kong. He is the former President of The Hong Kong Institute of Surveyors and a former Chairman of the Royal Institution of Chartered Surveyors (Hong Kong Branch). He is a former Non-executive Director of the Urban Renewal Authority and

a former Member of the HKSAR Legislative Council, the Lantau Development Advisory Committee and the Long Term Housing Strategy Steering Committee. He is also a former Council Member of the City University of Hong Kong and The Hong Kong Polytechnic University as well as a former Member of the National Committee of the Chinese People’s Political Consultative Conference. Mr. Lau currently serves as an Independent Non-executive Director of China Resources Mixc Lifestyle Services Limited, a company listed in Hong Kong. He is one of the founders and the Chairman of Hong Kong Coalition of Professional Services. Mr. Lau holds a Higher Diploma in Quantity Surveying from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and a Master’s degree in Construction Project Management from The University of Hong Kong. He is a Fellow of The Hong Kong Institute of Surveyors.

## Mr. Wong Hak Wood, Louis

Independent Non-executive Director

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aged 75, has been an Independent Non-executive Director of the Company since September 2023. Mr. Wong has over 40 years of experience in the construction and property sectors. He joined the Shui On Group in 1981 and had been director of various major operations in its construction and construction materials divisions since 1993. He was an Executive Director of the Company between January 1997 and September 2004 and a Non-executive Director of the Company between September 2004 and June 2006. From October 2008 until his retirement in March 2011, Mr. Wong was an Executive Director of SOL, a company listed in Hong Kong. During his tenure with the Shui On Group, he had also served as the Managing Director of Shui On Properties Limited and a director of SOCL, the controlling shareholder of the Company. Mr. Wong was a Member of the Chinese People’s Political Consultative

Conference Committee of Luwan District of Shanghai and the Vice President of the Shanghai Real Estate Trade Association. He previously served as a Member of the Construction Industry Training Authority, the First Vice President of the Hong Kong Construction Association, a Director of the Real Estate Developers Association of Hong Kong, a Member of the Construction Advisory Board in Hong Kong, a Member of the Occupational Safety and Health Council in Hong Kong and a Member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption. He holds a Bachelor of Science degree in Civil Engineering from the University of Manchester. He is a Fellow of the Institution of Civil Engineers and a Member of the Hong Kong Institution of Engineers and was a Fellow of the Chartered Institute of Building.

## SENIOR MANAGEMENT

### Mr. Wong Chiu Mo

aged 60, is the Director of Shui On Building Contractors Limited, responsible for the overall management and operation of the Building Division of SOCAM, which operates under the names of Shui On Construction Company Limited and Shui On Building Contractors Limited. He joined the Shui On Group in August 1989 and has accumulated over 35 years of experience in construction project management within the Group. Prior to his promotion to Director in April 2025, he served as General Manager – Projects from January 2023, overseeing the management and operations of public housing and non-public housing projects for various government clients, and previously held progressively senior positions within the Group, including Deputy General Manager. Mr. Wong holds an Associateship in Building Technology and Management from The Hong Kong Polytechnic (now The Hong Kong Polytechnic University, renamed in 1994) (1989) and has been a Member of the Hong Kong Institute of Construction Managers (MHKICM) since 2005.

### Mr. Fong Sze Hoi, Kevin

aged 49, is the Director and General Manager of Pacific Extend Limited and also a director of certain other subsidiaries of the Company. Mr. Fong worked in the Shui On Group between 2003 and 2008 and re-joined the Group in 2009. He has over 20 years of experience in building maintenance, construction, and management. Mr. Fong obtained two Bachelor's degrees in Architecture and Design Studies from the University of Adelaide, South Australia, an Executive Diploma in Advanced Business Management from the Chinese University of Hong Kong and a Global Business Leader Programme from the University of Hong Kong. He is a Member of the Royal Institution of Chartered Surveyors in the United Kingdom and a Member of the Hong Kong Institute of Facility Management.

### Mr. Ng Yat Hon, Gilbert

aged 65, is an Executive Director of Pat Davie Limited, specialising in interior fitting out and renovation in Hong Kong and Macau. He also holds directorships in certain other subsidiaries of the Company. Mr. Ng joined the Shui On Group in 1996 and has over 40 years of experience in construction. He holds a Bachelor's degree in Civil Engineering from The University of Manchester and a Master's degree in Project Management from The University of New South Wales. He is a chartered civil engineer.

### Mr. Lee Kevin

aged 41, is the Head of Corporate Development. He is also a director of certain subsidiaries of the Company. Mr. Lee joined the Company in November 2021, serving in various senior management capacities within the Group, before assuming his current role in January 2025. Before joining the Company, Mr. Lee pursued a career in investing at Morgan Stanley for over 13 years. Prior to Morgan Stanley, Mr. Lee was a business analyst at McKinsey & Company. He holds Bachelor of Arts degrees in Economics and Statistics from the University of Chicago.

### Mr. Wong Ben

aged 44, is the Director – Corporate Finance and also a director of certain subsidiaries of the Company. Mr. Wong joined the Company in June 2025 and has over 20 years of experience in corporate finance, banking, accounting and investment across different industries. Prior to joining the Company, Mr. Wong held various management positions in a conglomerate, a family office, a private equity fund, an international bank, and an accounting firm, including The Hongkong and Shanghai Banking Corporation Limited and PricewaterhouseCoopers. He holds a Bachelor of Science degree in Accounting and Finance from Lehigh University.

# CORPORATE GOVERNANCE REPORT

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

Throughout the year ended 31 December 2025, the Company complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of

Hong Kong Limited (the "Stock Exchange"), except for certain deviations as specified with considered reasons in the sections headed "Board Committees" below.

## CORPORATE CULTURE AND STRATEGY

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

The Group's Purpose	Vision	Values
To achieve sustained profitability to provide an attractive return to shareholders and to finance growth of the Group.	<p>To build a better tomorrow for stakeholders:</p> <ul style="list-style-type: none"> <li>Customers To be the top choice contractor/ service provider</li> <li>Shareholders To create value and return</li> <li>Employees To be the top choice employer</li> <li>Society To contribute to economy, environment and community</li> </ul>	<p>"Shui On Spirit" to quest for perfection, characterised by:</p> <ul style="list-style-type: none"> <li>Integrity</li> <li>Ownership</li> <li>Community</li> <li>Learning</li> <li>Enjoyment of work</li> </ul>

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

In 2020, the Company embarked on its sustainable development strategy "Better Tomorrow 2030", with a mission to become a sustainable and resilient business through continuous innovation, talent development and adoption of sustainable practices in business

operations. Further details about the strategy are set out in the Environmental, Social and Governance Report contained in this Annual Report. In addition, in 2022, a 10-year vision plan was formulated and adopted by the Board, setting the blueprint of the Group's future development and initiatives for fulfilling its vision over the next ten years. To tie in with the vision plan, each business division has set its 3-year business plan for 2026-2028, which was considered and approved by the Board in principle. The divisions continuously review their business strategies in light of the prevailing market conditions and provide regular reports to the Board on the implementation progress of their respective business plans.

## THE BOARD

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

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

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

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

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

### Composition

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

#### Executive Directors:

Mr. Lo Hong Sui, Vincent (*Chairman*)  
 Mr. Lee Chun Kong, Freddy (*Chief Executive Officer*)  
 Mr. Lo Adrian Jonathan Chun Sing  
 (*Deputy Chief Executive Officer*)

#### Non-executive Directors:

Ms. Lo Bo Yue, Stephanie  
 Mr. Chan Wai Kan, George

#### Independent Non-executive Directors:

Mr. Chan Kay Cheung  
 Mr. Lau Ping Cheung, Kaizer  
 Mr. Wong Hak Wood, Louis

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

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



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

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

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

## Board independence

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

- Composition

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

- Independence assessment

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

- Compensation

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

- Board decision-making

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

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

Throughout 2025 and up to the date of this report, the Board has three Independent Non-executive Directors who comprise more than one-third of the Board, with at least one of them possessing the related financial management expertise. The Audit Committee is comprised solely of Independent Non-executive Directors, all of whom have also been appointed to the Remuneration Committee, the Nomination Committee, the Finance Committee and the Investment Committee of the Board.

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

### **Chairman and Chief Executive Officer**

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

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

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

### **Appointment, re-election and removal of Directors**

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

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

recommend candidates for directorship. A summary of the Nomination Policy is provided in the Nomination Committee Report contained in this Annual Report.

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

Pursuant to the Bye-laws of the Company, Ms. Lo Bo Yue, Stephanie, Mr. Lau Ping Cheung, Kaizer and Mr. Wong Hak Wood, Louis shall retire at the forthcoming annual general meeting of the Company to be held on 28 May 2026. All the said Directors, being eligible, will offer themselves for re-election at the annual general meeting.

## Board Committees

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

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

Code provision E.1.2 of the CG Code provides that the terms of reference of the Remuneration Committee should include, amongst others, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of individual Executive Director and senior management; (ii) review and

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

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

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

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

	Major roles and functions	Composition at the date of this report	Frequency of meetings
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>To review the consolidated financial statements of the Group</li> <li>To review the accounting policies adopted by the Group and their implementation</li> <li>To review the effectiveness of the risk management and internal control systems</li> <li>To review management's assessment of the risks facing the Group, including, amongst others, the environmental, social and governance and corruption risks</li> <li>To monitor and oversee compliance with the Group's anti-corruption policy</li> <li>To oversee the engagement of, services provided by and remuneration of the external auditor and its independence</li> <li>To review and monitor the effectiveness of the internal audit function</li> </ul>	<p><b>Independent Non-executive Directors</b>                      Mr. Chan Kay Cheung  <i>(Chairman)</i>                      Mr. Lau Ping Cheung, Kaizer                      Mr. Wong Hak Wood, Louis</p>	At least four times a year
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>To make recommendations to the Board on the policy and structure for remuneration of Directors and senior management</li> <li>To determine the remuneration package of individual Executive Director</li> <li>To review and approve performance-based remuneration of Executive Directors with reference to the corporate goals and objectives</li> <li>To review and approve matters relating to share schemes under Chapter 17 of the Listing Rules</li> </ul>	<p><b>Independent Non-executive Directors</b>                      Mr. Lau Ping Cheung, Kaizer  <i>(Chairman)</i>                      Mr. Chan Kay Cheung                      Mr. Wong Hak Wood, Louis</p> <p><b>Executive Director</b>                      Mr. Lo Hong Sui, Vincent</p> <p><b>Non-executive Director</b>                      Ms. Lo Bo Yue, Stephanie</p>	At least twice a year

	Major roles and functions	Composition at the date of this report	Frequency of meetings
<b>Nomination Committee</b>	<ul style="list-style-type: none"> <li>To review the structure, size and composition of the Board at least annually</li> <li>To make recommendations to the Board on candidates nominated for appointment or re-appointment as Directors in accordance with the Nomination Policy and on succession planning for Directors</li> <li>To make recommendations to the Board on membership of the Board Committees</li> <li>To assess the independence of Independent Non-executive Directors</li> <li>To review annually the time commitment required of Directors</li> <li>To review the Board Diversity Policy and monitor its implementation</li> <li>To implement and oversee regular evaluation of the Board's performance</li> <li>To assist the Board in maintaining a board skills matrix</li> </ul>	<p><b>Executive Director</b> Mr. Lo Hong Sui, Vincent <i>(Chairman)</i></p> <p><b>Non-executive Director</b> Ms. Lo Bo Yue, Stephanie</p> <p><b>Independent Non-executive Directors</b> Mr. Chan Kay Cheung Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis</p>	At least once a year
<b>Finance Committee</b>	<ul style="list-style-type: none"> <li>To set overall financial objectives and strategies for the Group</li> <li>To adopt a set of financial policies for the Group and oversee its consistent application throughout the Group</li> <li>To review funding for investment projects/major capital expenditure to be undertaken and advise on the financing viability of the investment projects/major capital expenditure</li> <li>To monitor cash flow and review financing requirements of the Group and compliance of bank loan covenants</li> </ul>	<p><b>Non-executive Director</b> Mr. Chan Wai Kan, George <i>(Chairman)</i></p> <p><b>Executive Directors</b> Mr. Lee Chun Kong, Freddy Mr. Lo Adrian Jonathan Chun Sing</p> <p><b>Independent Non-executive Directors</b> Mr. Chan Kay Cheung Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis</p> <p>(Note 1)</p>	At least four times a year

	Major roles and functions	Composition at the date of this report	Frequency of meetings
<b>Investment Committee</b>	<ul style="list-style-type: none"> <li>To review investment and disposal recommendations on target property projects and projects currently owned by the Group respectively</li> <li>To make recommendation to the Board as to whether the Group should acquire a property project or, as the case may be, dispose of a property project and if so, the terms, timing and strategy</li> <li>To review the overall investment/divestment strategy of the Group, make recommendation to the Board on any proposed change to the strategy, and monitor its implementation</li> </ul>	<p><b>Executive Directors</b> Mr. Lee Chun Kong, Freddy (Chairman) Mr. Lo Adrian Jonathan Chun Sing</p> <p><b>Independent Non-executive Directors</b> Mr. Chan Kay Cheung Mr. Lau Ping Cheung, Kaizer Mr. Wong Hak Wood, Louis</p> <p>(Note 1)</p>	On an as needed basis
<b>Executive Committee</b>	<ul style="list-style-type: none"> <li>To monitor the macro business environment and market trends with respect to the current and potential business areas of the Group</li> <li>To evaluate and set business strategies for ensuring the long-term growth and competitiveness of the core businesses of the Group</li> <li>To formulate corporate goals and plans and allocate human and financial resources for their execution</li> <li>To monitor the execution of approved strategies and business plans</li> <li>To review and approve acquisitions and disposals of assets in the ordinary course of business with investment costs/net book values not exceeding certain thresholds</li> <li>To review the operating performance and financial position of the Company and its strategic business units on a monthly basis</li> </ul>	<p><b>Executive Directors</b> Mr. Lee Chun Kong, Freddy (Chairman) Mr. Lo Hong Sui, Vincent Mr. Lo Adrian Jonathan Chun Sing</p> <p><b>Other key executives</b> including heads of various business units and the corporate finance function</p> <p>(Note 1)</p>	Monthly

Note:

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

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

## Board and Board Committee meetings

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

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

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

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

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

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

## Access to information

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

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

## Directors' commitment

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

The individual attendance records of each Director at the Board and Committee meetings as well as the annual general meeting of the Company held in 2025 are set out below:

Name of Director	Number of meetings attended/entitled to attend						
	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meeting	Finance Committee meetings	Executive Committee meetings	Annual general meeting
Mr. Lo Hong Sui, Vincent	4/4	N/A	2/2	1/1	N/A	4/12	1/1
Mr. Lee Chun Kong, Freddy	4/4	N/A (Note 1)	N/A	N/A	4/4	12/12	1/1
Mr. Lo Adrian Jonathan Chun Sing	4/4	N/A (Note 1)	N/A	N/A	4/4	11/12	1/1
Ms. Lo Bo Yue, Stephanie	4/4	N/A	2/2	1/1	N/A	N/A	1/1
Mr. Chan Wai Kan, George	4/4	N/A	N/A	N/A	4/4	N/A	1/1
Mr. Chan Kay Cheung	4/4	4/4	2/2	1/1	4/4	N/A	1/1
Mr. Lau Ping Cheung, Kaizer	4/4	4/4	2/2	1/1	4/4	N/A	1/1
Mr. Wong Hak Wood, Louis	4/4	4/4	2/2	1/1	4/4	N/A	1/1

Note:

1. By invitation, Mr. Lee Chun Kong, Freddy and Mr. Lo Adrian Jonathan Chun Sing, being the Chief Executive Officer and Deputy Chief Executive Officer of the Company respectively, attended all meetings of the Audit Committee held in 2025.

## Induction, training and continuous professional development

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

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

During 2025, all Directors participated in continuous professional development through attending management briefings, reviewing papers on the Group's businesses and strategies, and reading materials on regulatory updates.

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

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

## Directors' insurance

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

## THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standards set out in the Model Code throughout 2025.

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

## RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

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

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

## Annual report and financial statements

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

## Accounting policies

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

## Accounting records

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

## Safeguarding assets

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

## Going concern

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

## INDEPENDENCE AND REMUNERATION OF EXTERNAL AUDITOR

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

The remuneration paid/payable to the external auditor of the Company, Deloitte Touche Tohmatsu, in respect of the audit services and non-audit services provided during 2025 and up to the date of this report is set out as follows:

	Fees (HK\$'000)
<b>Audit services</b>	
Audit of the financial statements of the Company and its subsidiaries for the year ended 31 December 2025	4,165
<b>Non-audit services</b>	
Review of the interim report of the Company for the six months ended 30 June 2025	1,300
Report on the continuing connected transactions of the Company for the year ended 31 December 2025	60
Agreed-upon procedures in relation to the preliminary results announcement of the Company for the year ended 31 December 2025	55
Letter on statement of sufficiency of working capital on major disposal of shares of Shui On Properties Management Limited, a subsidiary of the Company	268
Agreed-upon procedures in relation to the Shui On Provident and Retirement Scheme for the year ended 31 August 2025	47
Tax filing for certain subsidiaries of the Company incorporated in Macau	84
<b>Total</b>	<b>5,979</b>

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

The Board has entrusted the Audit Committee with the responsibility to review the risk management and internal control systems of the Group, which include financial, operational and compliance controls. A risk management system is in place to ensure the regular identification, assessment and management of the risks faced by the Group. Procedures have been set up for, inter

alia, safeguarding assets against unauthorised use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications. Management throughout the Group maintains and monitors the risk management and internal control systems on an ongoing basis.

The Board has conducted a review of the Group's risk management and internal control systems for the year ended 31 December 2025, including financial, operational and compliance controls, and assessed the effectiveness of such systems by considering the work performed by the Audit Committee, executive management, external and internal auditors. The Board was satisfied that the systems are effective and adequate for their purposes.

## Internal audit

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

The senior executive in charge of CE attends all Audit Committee meetings to explain the internal audit findings and respond to queries from members. Four meetings were held by the Audit Committee in 2025 and details of the major areas reviewed are set out in the Audit Committee Report contained in this Annual Report. The Audit Committee regularly reviews the risk-based audit plan and progress as well as key performance indicators relating to the work of CE and considers its view on the latest specific risk assessments of the Group.

## Risk management and internal control

The Group has diverse business activities for which a high level of autonomy in operational matters has been vested in divisional managers who are also responsible for the development of their divisions. In the circumstance, well-designed systems of risk management and internal controls are necessary to help the Group achieve its long-term objectives. The systems and policies of the Group are designed to minimise internal control risks and manage business risks, protect the assets of the Group from loss or impairment, accurately report the performance of the Group and its financial position, and ensure compliance with relevant legislation, rules and regulations. This includes taking into consideration social, environmental and ethical matters. The systems, which are annually reviewed by the Board to ensure their effectiveness, are designed to manage rather

than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

A Risk Management Policy has been put in place to ensure the regular identification, assessment and management of the risks faced by the Group. The Chief Executive Officer, as Chief Risk Officer, takes the lead in the effective implementation of the Risk Management Policy by all business and functional units. Risk assessment and prioritisation are an integral part of the annual planning process. Each business/functional unit is to set its strategic objectives, identify specific risks and assess the effectiveness of its risk management actions and internal control measures to help ensure that the risks it faces are addressed by the controls that have been or will be implemented. Adequacy and effectiveness of the risk management and internal control systems of the Group shall be confirmed by management in written form and independently appraised by CE with the result submitted to the Audit Committee and the Board. Adequate in-house and external training sessions are arranged for management staff to ensure proper appreciation and implementation of the risk management system. During the year ended 31 December 2025, CE carried out an analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group through, among others, observation in a discussion session of the Management Committee and examination of risk-related documentation as well as internal control self-assessment questionnaires developed with reference to the latest framework of The Committee of Sponsoring Organisations of the Treadway Commission. Further details about the Group's risk management framework and process are set out in the Risk Management Report contained in this Annual Report.

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

## **Business ethics and whistle-blowing policies**

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

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

## **SHAREHOLDER AND INVESTOR RELATIONS**

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

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

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

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

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

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

## SHAREHOLDERS' RIGHTS

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

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

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

## WORKFORCE DIVERSITY

The Company recognizes that diversity and inclusion are fundamental to the sustainable development and innovation of the Group, the Board adopted a workforce diversity policy (“Workforce Diversity Policy”) in December 2025, which applies to all employees (including senior management) with an aim to fostering a diverse, inclusive and equitable workplace.

The gender ratio of the senior management of the Group (refers to the senior management as provided in the Directors and Senior Management section of this Annual Report) was 100% male while that of the Group’s workforce (excluding senior management) was 72% male/28% female as of 31 December 2025. The predominant image of construction, being the core business of the Group, is that of a male-dominated industry requiring brute strength and good tolerance for outdoor conditions. Furthermore, the construction industry is suffering from labour shortage and there is more work for the industry to do to promote its image in order to attract new entrants, whether male or female. Given the circumstances, it would not be appropriate for the Group to set any specific target of gender diversity for its workforce. Nevertheless, the Group is committed to providing equal opportunities to suitable candidates and staff for employment, learning and development, and job advancement regardless of gender.

## CONSTITUTIONAL DOCUMENTS

No changes have been made to the Memorandum of Association and Bye-laws of the Company in 2025. The latest version of the Company’s Memorandum of Association and Bye-laws is available on the websites of the Company and the Stock Exchange.

## CORPORATE GOVERNANCE ENHANCEMENT

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

On behalf of the Board  
**Lo Hong Sui, Vincent**  
*Chairman*

Hong Kong, 27 March 2026

# AUDIT COMMITTEE REPORT

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

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

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

## ROLE AND DUTIES

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

## SUMMARY OF WORK DONE

The Audit Committee held four meetings in 2025. Members' attendance records at the Committee meetings are set out in the Corporate Governance Report contained in this Annual Report.

During 2025, the Audit Committee:

- reviewed and discussed with management and external auditor the audited consolidated financial statements of the Group for the year ended 31 December 2024 (including estimates and judgments of a material nature made by management in accordance with the accounting policies of the Group) and the related final results announcement, with a recommendation to the

Board for approval after due consideration given to the matters raised by staff responsible for the accounting and financial reporting, compliance and internal audit functions;

- reviewed the disclosures in the Corporate Governance Report, the Audit Committee Report, the Risk Management Report and the Environmental, Social and Governance ("ESG") Report included in the 2024 Annual Report of the Company, with a recommendation to the Board for approval;
- reviewed and discussed with management and external auditor the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 (including estimates and judgments of a material nature made by management in accordance with the accounting policies of the Group) and the related interim results announcement, with a recommendation to the Board for approval;
- reviewed and considered the reports and management letters submitted by the external auditor, which summarised matters arising from its audit of the Group's consolidated financial statements for the year ended 31 December 2024, and its review of the Group's condensed consolidated financial statements for the six months ended 30 June 2025;
- reviewed and considered the reports of the Company's Corporate Evaluation Department ("CE", which undertakes the internal audit function) on the business risks and the operational and/or financial controls of some of the Group's construction projects in Hong Kong and property projects in the Chinese Mainland;
- reviewed and considered the reports of CE on the review of the safety management system of the Group's construction business;
- reviewed and considered the report of CE on the review of the key performance indicators reported by the Group's selected projects in Hong Kong;
- reviewed and considered the report of CE on the test check of special control points responded by management in the self-assessment questionnaire for the review of the Group's internal control system;

- reviewed the report of the Company's Sustainability Steering Committee on the implementation of the sustainability strategic plan of the Group;
- conducted an annual review of the Company's Risk Management Policy, Whistle-blowing Policy and Policy on Engaging Non-audit Services from External Auditor;
- reviewed the quarterly updates of CE on the risk situation of the Group;
- reviewed the quarterly reports of CE on connected transactions, including the compliance of the Company Policy on Connected Transactions;
- reviewed and considered the adequacy of the Group's provisions for doubtful debts on a quarterly basis;
- reviewed and considered the scope of work and fee proposals of the external auditor for the review of the Group's condensed consolidated financial statements for the six months ended 30 June 2025 and for the audit of the Group's consolidated financial statements for the year ended 31 December 2025, as well as engagement of the external auditor for other non-audit services;
- reviewed the CE's key performance indicators, work progress and resources planning on a quarterly basis as well as its annual and 3-year work programmes; and
- conducted a review of the effectiveness of the risk management and internal control systems of the Group at the year end, which covered material risks relating to, amongst others, ESG and corruption, and all material controls in financial, operational and compliance areas and included a review of the adequacy of resources, staff qualifications and experience, and training programmes and budgets of the Group's accounting, financial reporting, internal audit functions, as well as those relating to the Group's ESG performance and reporting.

The Committee members also serve as the contact persons under the Whistle-blowing Policy of the Company. In 2025, two complaints were received regarding alleged misconduct of a headquarter management staff and a project management staff. The complaints were investigated by CE and followed with appropriate actions taken by management pursuant to the investigation results.

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

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

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

Subsequent to the financial year end, the Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group, in conjunction with the external auditor, with a recommendation to the Board for approval.

The Committee was satisfied with the external auditor's work, its independence and objectivity, and therefore recommended the re-appointment of Deloitte Touche Tohmatsu as the Company's external auditor for 2026 for shareholders' approval at the forthcoming annual general meeting of the Company.

**Chan Kay Cheung**  
*Chairman, Audit Committee*

Hong Kong, 27 March 2026

# REMUNERATION COMMITTEE REPORT

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

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

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

## ROLE AND DUTIES

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

The Remuneration Committee is given the tasks to:

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

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

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice has been formally adopted, and the Board

approved the amendment to the terms of reference of the Remuneration Committee in this respect, which also deviates from the stipulation in code provision E.1.2 that the Remuneration Committee should make recommendations to the Board on the remuneration of Non-executive Directors. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

## REMUNERATION POLICY

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

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

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

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

## REMUNERATION STRUCTURE

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

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

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

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

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

## REMUNERATION OF DIRECTORS

The remuneration paid to those Directors of the Company who held the office during the year ended 31 December 2025 was as follows:

	Director's fees (Note 1) HK\$'000	Salary and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	For the year ended 31 December 2025 Total HK\$'000
<b>Executive Directors</b>				
Mr. Lo Hong Sui, Vincent	10	–	–	10
Mr. Lee	10	5,852 (Note 2)	266	6,128
Mr. Adrian Lo	10	2,696 (Note 3)	18	2,724
<b>Non-executive Directors</b>				
Ms. Lo Bo Yue, Stephanie	315	–	–	315
Mr. Chan Wai Kan, George	345	–	–	345
<b>Independent Non-executive Directors</b>				
Mr. Chan Kay Cheung	595	–	–	595
Mr. Lau Ping Cheung, Kaizer	550	–	–	550
Mr. Wong Hak Wood, Louis	520	–	–	520
<b>TOTAL</b>	<b>2,355</b>	<b>8,548</b>	<b>284</b>	<b>11,187</b>

Notes:

- According to the fee schedule as approved by the Board for the year ended 31 December 2025, each Executive Director was entitled to an annual fee of HK\$10,000 while a Non-executive Director or an Independent Non-executive Director was entitled to an annual fee of HK\$250,000. In addition, a Non-executive Director or an Independent Non-executive Director also received an annual fee for his chairmanship or membership in the following Board Committees:

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

- The amount represents the salary and other benefits of Mr. Lee for his employment as Executive Director and CEO for the year ended 31 December 2025.
- The amount represents the salary and bonus of Mr. Adrian Lo for his employment as Executive Director and Deputy CEO for the year ended 31 December 2025.

## REMUNERATION OF SENIOR MANAGEMENT

The remuneration paid to the members of senior management for the year ended 31 December 2025 was within the following bands

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

## SERVICE CONTRACTS

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

## SUMMARY OF WORK DONE

The Remuneration Committee held two meetings in 2025. Members' attendance records at the Committee meetings are set out in the Corporate Governance Report contained in this Annual Report.

During 2025, the Remuneration Committee:

- considered and determined that no bonus be awarded to the Executive Director and CEO, Mr. Lee, in view of the financial loss of the Group for the year ended 31 December 2024, in accordance with the Company's executive target bonus scheme;

- reviewed and endorsed the Remuneration Committee Report included in the 2024 Annual Report of the Company, with a recommendation to the Board for approval;
- considered and approved the 2025 key performance indicators set for (i) the Executive Director and CEO and (ii) the Executive Director and Deputy CEO based on the Balanced Scorecard framework;
- considered and approved the recommendation a 2% base salary increment effective January 2026 for (i) the Executive Director and CEO and (ii) the Executive Director and Deputy CEO; and
- reviewed the 2026 salary review guidelines for the Group as a whole.

**Lau Ping Cheung, Kaizer**

*Chairman, Remuneration Committee*

Hong Kong, 27 March 2026

# NOMINATION COMMITTEE REPORT

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

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

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

## ROLE AND DUTIES

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

- to review the structure, size and composition (including the skills, knowledge and experience of the members) of the board at least annually, assist the board in maintaining a board skills matrix, and make recommendations on any proposed changes to the board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to be appointed as board members and select or make recommendations to the board on the selection of individuals nominated for directorships;
- to assess the independence of the Independent Non-executive Directors;
- to make recommendations to the Board on candidates nominated for appointment or re-appointment as Directors in accordance with the Nomination Policy and on succession planning for Directors;
- to make recommendations to the Board on membership of the Board Committees;
- make recommendations to the board on any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the law and his/her service contract;
- to review annually the time commitment required of Directors;
- to review the Board Diversity Policy and monitor its implementation;

- review and implement, as appropriate, the nomination policy setting out the criteria and procedures for the selection and nomination of candidates for appointment or re-appointment as Directors;
- to implement and oversee regular evaluation of the Board's performance; and
- to consider and approve or make recommendations to the Board for any other matters as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and to carry out any other duties as delegated by the Board.

The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

## BOARD DIVERSITY POLICY

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

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

At its meeting in March 2026, the Nomination Committee performed an annual review of the implementation of the Board Diversity Policy. The Board composition was assessed against the objective criteria for diversity according to the policy. An analysis of the existing Board composition is set out in the Corporate Governance Report contained in this Annual Report. The Committee believes that the Board now has an appropriate mix of skills, experience and diversity among its members in light of the business needs of the Group, contributing to the effectiveness and efficiency of the Board. The current composition of Executive and Non-Executive Directors (including Independent Non-executive Directors) is also considered balanced in ensuring independent judgment is exercised effectively. With the appointment of Mr. Lo Adrian Jonathan Chun Sing as Executive Director and Deputy Chief Executive Officer, effective 1 January 2025, the age diversity of the Board has been enhanced,

infusing youthful energy and fresh perspectives. The Company currently has a female Director out of eight Board members. While the Committee considers that the gender diversity of the Board remains satisfactory, to further promote gender diversity, the Board will take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

### NOMINATION POLICY

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

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

1. The Nomination Committee shall invite nomination of candidates from Board members, if any, for its consideration. The Committee may also put forward candidates who are not proposed by Board members. External recruitment agencies may be engaged to assist in identifying and selecting suitable candidates, if considered necessary.
2. For appointments to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election at a general meeting, the Committee shall make nominations to the Board for its consideration and recommendation to shareholders of the Company.
3. A shareholder of the Company may also propose candidate for election as a Director at a general meeting in accordance with the procedures posted on the Company's website.

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

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

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

### SUMMARY OF WORK DONE

The Nomination Committee held one meeting and passed one written resolution in 2025. Members' attendance records at the Committee meeting are set out in the Corporate Governance Report contained in this Annual Report.

During 2025, the Nomination Committee:

- reviewed the structure, size and composition of the Board and the implementation of the Board Diversity Policy;
- reviewed the independence of the Independent Non-executive Directors;
- reviewed the time commitment required of Directors to perform their responsibilities;
- reviewed and endorsed the Nomination Committee Report included in the 2024 Annual Report, with a recommendation to the Board for approval;
- considered the nomination of four retiring Directors for the Board's recommendation to stand for re-election by shareholders at the 2025 annual general meeting of the Company;
- reviewed and endorsed the proposed amendments to the terms of reference of the Nomination Committee, with a recommendation to the Board for approval; and
- considered the proposed change of composition of the Executive Committee, with a recommendation to the Board for approval.

**Lo Hong Sui, Vincent**  
*Chairman, Nomination Committee*

Hong Kong, 27 March 2026

# RISK MANAGEMENT REPORT

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

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

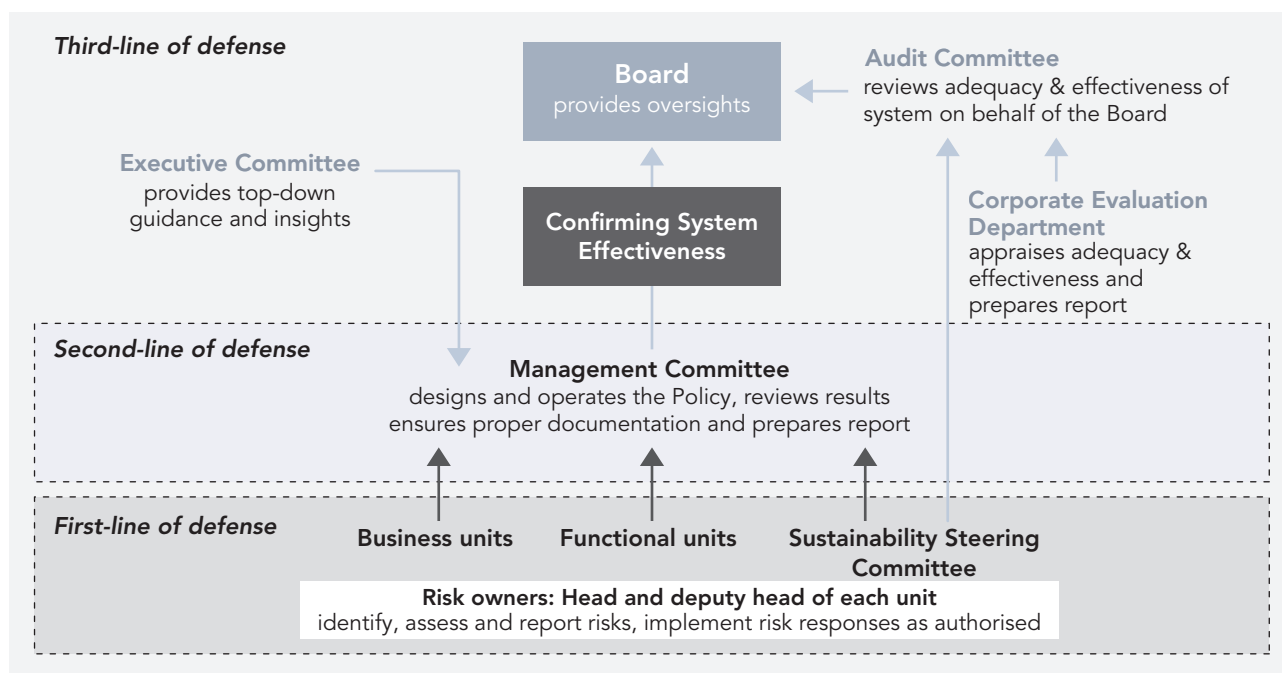
Effective 1 January 2016, amendments to the CG Code set out in the Listing Rules relating to risk management and internal control systems brought further improvements of the Group's practices. As stipulated

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

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

## RISK GOVERNANCE STRUCTURE

The risk governance structure of the Company is depicted below:



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

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

### FEATURES OF RISK MANAGEMENT POLICY

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

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

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

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

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

### RISK MANAGEMENT PROCESS

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

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

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

## APPROACHES OF RISK IDENTIFICATION AND MONITORING

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

### Bottom-up approach:

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

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

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

### Top-down approach:

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










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











## RISK MANAGEMENT IN STRATEGY AND BUSINESS OBJECTIVES SETTING PROCESS

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

The principal risks currently being managed by the Group include:

Risks and change of levels from last year	Risk responses
<b>Construction segment</b>	
Concentration on key customers offering uneven workload due to changes of the HKSAR Government’s housing policies, policy on expenditure on public new works	Accept and monitor

Risks and change of levels from last year	Risk responses
Concentration on key customers offering uneven workload due to changes of the HKSAR Government's expenditure on maintenance works	 Accept and monitor
Keen competition in the fit-out market with reduced workload in Hong Kong	 Focus on the high-end market; sharpen management skills to earn reputation of project performance with good business relationship; strive for customer satisfaction and quality excellence
Tightening of regulatory actions, especially in regard to site safety	 Provision of sufficient training programs/courses to mitigate risk intensively, along with the adoption of new technology and AI applications
Abrupt changes in material prices	 Give careful considerations during tendering stage; make provisions for the forecast changes in material prices, and pre-bid with competent suppliers and subcontractors for certain trades
Abrupt changes in labour wages	 Give careful considerations during tendering stage
Workmanship and material usage non-compliance	 Strictly implement the enhanced quality assurance system on site
Ineffective procurement and subcontracting systems	 Strictly enforce the tender process and controls
Adequacy of competent and loyal staff, who may not be retained without abrupt changes in pay levels	 Keep up the training effort; actively expand recruitment channels; improve development measures and initiatives to enhance staff commitment and engagement, as well as to reinforce staff loyalty and sense of belonging; regularly monitor pay level movements and take proactive measures in reviewing pay levels
Availability of competent nominated and domestic subcontractors, which are suffering from shortage of skilled labour, while shortage of reliable suppliers may arise	 Continue to identify good performance subcontractors and suppliers and maintain good relationship with them; carefully consider the forecast change in labour wages; make effective use of credit terms
Complexity of contract clauses and potential contractual claims	 Carefully review and provide allowance for the risks of complex clauses and potential contractual claims in tenders

Risks and change of levels from last year		Risk responses
<b>Property segment</b>		
Weakening of major tenants		Look for suitable new tenants as replacements
Certain property inventories in Tianjin have quality concerns	<b>New</b>	Rectify the defects as soon as possible
<b>Others</b>		
Unexpected fluctuation of exchange rates, in particular Renminbi against Hong Kong Dollars		Take out currency hedging contracts as appropriate; continue to monitor closely the movements of Renminbi
Rise in market interest rate and interest rates margin on the Group's bank borrowings		Closely monitor the market trends of global and local lending markets and enter swap or hedging arrangement or issue fixed coupon medium-term bonds when appropriate
Liquidity risks of the Group		Extend the maturity portfolio of bank borrowings; prepare the cashflow forecast on a monthly basis
Manpower effectiveness in meeting change of business strategy		Carry out special review of manpower of relevant business operations at time of change in business strategy
Loss of experienced and competent staff		Monthly monitor staff turnover rate, and understand reasons for leaving with follow-up actions
Pre-employment medical check-up subject to challenges or complaints		Accept and Monitor
Reform of MPF (no offset severance and long service payment)		The MPF Task Force reviews and implements the new changes in the human resources system; briefs changes to the staff
Succession planning for key positions in the Group		Plan and execute management development for the Company and its subsidiaries
Reputation risk arising from business operation crisis		Conduct workshops for both management and operational staff

## PROCESS FOR REVIEW OF RISK MANAGEMENT SYSTEM

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

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

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

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

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

During 2025, the Audit Committee quarterly queried the Chief Executive Officer and finance executives about identified risks and management's responses, and conducted a review of the effectiveness of the risk management system, with reference to the approaches suggested by the Institute of Internal Auditors. The affirmative result was reported to the Board.

# DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries and joint ventures are set out in notes 39 and 40 to the consolidated financial statements respectively.

## BUSINESS REVIEW

A fair review of the businesses of the Group during 2025 and a discussion on the Group's business outlook are provided in the Chairman's Statement and the Management Discussion and Analysis sections of this Annual Report. A description of the principal risks and uncertainties facing the Group can be found in the abovementioned sections and the Environmental, Social and Governance Report as well as the Risk Management Report contained in this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in note 36 to the consolidated financial statements. The Directors are not aware of any important events affecting the Group that have occurred since the end of the financial year on 31 December 2025.

An analysis of the Group's performance during 2025 using financial key performance indicators is provided in the Financial and Operational Highlights and Financial Review sections of this Annual Report. In addition, discussions on the Group's environmental policies, including compliance with the relevant laws and regulations that have a significant impact on the Group, and relationships with its key stakeholders are included in the Environmental, Social and Governance Report contained in this Annual Report.

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

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss.

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

## DIVIDEND POLICY

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

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

## SHARE CAPITAL

Details of the movements in the share capital of the Company during 2025 are set out in note 28 to the consolidated financial statements.

## RESERVES

Details of the movements in the reserves of the Group during 2025 are set out in the Consolidated Statement of Changes in Equity.

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

At 31 December 2025, the Company's contributed surplus available for distribution to shareholders amounted to approximately HK\$1,929 million.

## INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during 2025 are set out in note 14 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during 2025 are set out in note 15 to the consolidated financial statements.

## DIRECTORS

The Directors of the Company during 2025 and up to the date of this report are as follows:

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

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In accordance with Bye-law 87(1) of the Bye-laws, Ms. Lo Bo Yue, Stephanie, Mr. Lau Ping Cheung, Kaizer and Mr. Wong Hak Wood, Louis shall retire by rotation at the forthcoming annual general meeting (the "2026 AGM") of the Company to be held on 28 May 2026. All the said Directors, being eligible, offer themselves for re-election. In accordance with Bye-law 86(2), Mr. Lo Adrian Jonathan Chun Sing has retired and being re-elected as a Director at the annual general meeting of the Company held on 29 May 2025.

No Director proposed for re-election at the 2026 AGM has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## DIRECTORS' INDEMNITIES

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

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

At 31 December 2025, the interests of the Directors and chief executive of the Company in the shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (a) Long positions in the shares of the Company

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

Notes:

1. Based on 373,346,164 shares of the Company in issue at 31 December 2025.
2. These shares were beneficially owned by Ms. Loletta Chu ("Mrs. Lo"), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such shares under the SFO.
3. These shares were beneficially owned by Shui On Company Limited ("SOCL"), which was held under the Bosrich Unit Trust. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and Mr. Lo, Ms. Lo and Mr. Adrian Lo were discretionary beneficiaries. Accordingly, Mr. Lo, Ms. Lo and Mr. Adrian Lo were deemed to be interested in such shares under the SFO.

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

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

## Notes:

1. Based on 8,027,265,324 shares of SOL in issue at 31 December 2025.
2. These shares were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such shares under the SFO.
3. These shares were held by SOCL through its controlled corporations, comprising 2,756,414,318 shares, 1,725,493,996 shares and 29,847,937 shares held by Shui On Investment Company Limited ("SOI"), Shui On Properties Limited ("SOP") and New Rainbow Investments Limited ("NRI") respectively, whereas SOP was a wholly-owned subsidiary of SOI which in turn was an indirect wholly-owned subsidiary of SOCL. NRI was a wholly-owned subsidiary of the Company which in turn was a 63.29%-owned subsidiary of SOCL. SOCL was held under the Bosrich Unit Trust. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and Mr. Lo, Ms. Lo and Mr. Adrian Lo were discretionary beneficiaries. Accordingly, Mr. Lo, Ms. Lo and Mr. Adrian Lo were deemed to be interested in such shares under the SFO.

Save as disclosed above, at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 31 December 2025, the interests of substantial shareholders (not being a Director of the Company) and other persons in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

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

Notes:

- Based on 373,346,164 shares of the Company in issue at 31 December 2025.
- The number of shares disclosed above was based on the notice filed by Mrs. Lo on 2 July 2021 under Part XV of the SFO. It comprised 312,000 shares beneficially owned by Mrs. Lo and 235,853,000 shares in which she had a deemed interest under the SFO as mentioned in Note 3 below.
- The number of shares disclosed above was based on the notices filed by SOCL and Bosrich both on 7 July 2021 and the notice filed by HSBC Trustee on 8 July 2021 under Part XV of the SFO. Such shares were beneficially owned by SOCL, which was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo, the spouse of Mrs. Lo, was the founder and one of the discretionary beneficiaries and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under the SFO.
- According to the disclosure made by Mr. Lo, at 31 December 2025, SOCL beneficially owned 236,309,000 shares representing approximately 63.29% of the issued shares of the Company, while Mrs. Lo (the spouse of Mr. Lo), Bosrich and HSBC Trustee (being trustees of the trusts as mentioned in Note 3 above) were deemed to be interested in such shares under the SFO.
- These shares were held by Everhigh Investments Limited, an indirect wholly-owned subsidiary of Right Ying. Right Ying was held under a discretionary trust, of which Mr. Sun was the founder and TMF was the trustee.
- All the interests stated above represent long positions.

Save as disclosed above, at 31 December 2025, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register which is required to be kept under section 336 of the SFO.

## SHARE SCHEME

During 2025, neither the Company nor any of its subsidiaries had any share scheme under Chapter 17 of the Listing Rules.

## ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

At no time during 2025 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## CORPORATE GOVERNANCE

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

## CONNECTED TRANSACTION

During 2025, a subsidiary of the Company entered into the following transactions which constituted non-exempt connected transactions of the Company and are required to be disclosed herein under Chapter 14A of the Listing Rules.

### 1. Acquisition of share in Shui On Contractors Limited ("SOCON")

Reference is made to (i) the call option granted by Mr. Chan Hing Chuen, Harry ("Mr. Harry Chan") in respect of 0.5 share of SOCON sold to him by the Company under the sale and purchase agreement dated 30 June 2020 in relation of the Company's disposed of 0.5 SOCON Share to Mr. Harry Chan; and (ii) his designation as a purchaser to acquire another 0.5 SOCON Share in 2021 from a former director of certain subsidiaries of SOCON. SOCON (together with its subsidiary, the "SOCON Group") is a non-wholly owned subsidiary of the Company, which via its subsidiaries principally engages in construction, fitting-out and maintenance in Hong Kong and Macau.

On 30 April 2025, the Company served a call option notice and a transfer notice on Mr. Harry Chan requesting him to sell and transfer the entire one SOCON Share to the Company, representing 0.5% of the issued share capital of SOCON, free from all encumbrances (the "HC Acquisition") for a consideration of approximately HK\$8.74 million, which is determined based on the adjusted pro-forma consolidated net asset value of the SOCON Group as at 31 March 2025. The HC Acquisition was completed on 29 May 2025.

Since Mr. Harry Chan was a director of certain subsidiaries of SOCON before his retirement on 1 April 2025, he is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the HC Acquisition constituted a connected transaction in addition to a discloseable transaction of the Company, details of which were set out in the announcement dated 30 April 2025 issued by the Company.

Reference is further made to the call option (the "Call Option") granted by Mr. Au Choi Wa ("Mr. C.W. Au") in respect of one share of SOCON sold to him by the Company under the sale and purchase agreement dated 4 August 2017 (as amended by the supplemental agreement dated 26 May 2020) (as disclosed in the announcement of the Company dated 4 August 2017).

On 28 November 2025, the Company served a Call Option notice on Mr. C.W. Au to exercise the Call Option to acquire from Mr. C.W. Au one SOCON Share, representing 0.5% of the issued share capital of SOCON, free from all encumbrances (the "ACW Acquisition") for a consideration of approximately HK\$9.03 million, which was determined based on the adjusted pro-forma consolidated net asset value of the SOCON Group as at 31 October 2025. The ACW Acquisition was completed on 22 December 2025.

Since Mr. C.W. Au was a director of certain subsidiaries of SOCON before his retirement on 31 August 2025, he is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the ACW Acquisition constituted a connected transaction in addition to a discloseable transaction of the Company, details of which were set out in the announcement dated 28 November 2025 issued by the Company.

Please refer to note 35 to the consolidated financial statements for details of the material related party transactions contemplated by the Company for the year ended 31 December 2025.

## CONTINUING CONNECTED TRANSACTIONS

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

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

Pursuant to the property management services agreement dated 13 December 2024 (the "New Property Management Agreement") entered into between Pacific Extend Properties Management Limited ("PEPM", the then indirect wholly-owned subsidiary of the Company) and SOCPM, an indirect wholly-owned subsidiary of SOCL and the management company of Shui On Centre under the deed of mutual covenant and management agreement in respect of Shui On Centre dated 17 February 1994 (the "DMC"), PEPM continued to provide services in relation to the management and maintenance of Shui On Centre (the "SOC Property Management Services") to SOCPM for a term of three years from 1 January 2025 to 31 December 2027, following expiration of the previous property management services agreement dated 16 December 2021. The annual service fee of PEPM is equivalent to the aggregate sum of (i) 9% of the budgeted expenses for the management of Shui On Centre calculated in accordance with the DMC provisions for the relevant financial year (excluding (a) the budgeted expenses on the remuneration

to be received by SOCPM in its capacity as the management company appointed under the DMC; and (b) the sinking fund maintained under the DMC to meet all expenditure of a heavy and/or non-recurrent nature for the common areas of Shui On Centre (collectively the "Excluded Management Expenses") plus any additional sums demanded by SOCPM in accordance with the DMC provisions to cover any insufficiency in the Excluded Management Expenses; and (ii) 5% of the actual capital expenditure incurred (if any) from 1 January 2025 to 31 December 2027. The service fee shall be subject to a possible downward adjustment of not exceeding 10%, based on the key performance indicators to be mutually agreed upon between PEPM and SOCPM. SOCPM shall also reimburse PEPM for the Disbursements on a cost basis, up to HK\$3.42 million per calendar year. It is expected that the total payments, comprising the service fee and the Disbursements, to be received by PEPM from SOCPM under the New Property Management Agreement will not exceed HK\$8.7 million for the year ended 31 December 2025 and the years ending 31 December 2026 and 2027.

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

On 8 September 2025, Grateful Tide Limited (the "Vendor"), a direct wholly-owned subsidiary of the Company, and the Company entered into the Sale and Purchase Agreement with Wuhan Yujing Investment Management Co., Ltd.\* (武漢玉景投資管理有限公司) (the "Purchaser"), a company established in the PRC with limited liability and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules and the Purchaser's guarantors, pursuant to which, the Vendor had conditionally

agreed to sell and the Purchaser had conditionally agreed to acquire the entire issued share capital of Shui On Properties Management Services Limited (瑞安物業管理服務有限公司), a company incorporated in Hong Kong with limited liability and the then indirect wholly-owned subsidiary of the Company (the "Disposal"). The Disposal was completed on 19 December 2025. Details of the Disposal were set out in the announcements dated 8 September 2025, 29 September 2025, 3 October 2025, 19 December 2025 and circular dated 30 October 2025 issued by the Company respectively.

The total payments, comprising the service fee and the Disbursements, received or receivable by PEPM under the New Property Management Agreement was approximately HK\$4.6 million and HK\$2.1 million, respectively, for the period from 1 January 2025 to 19 December 2025, which, with a total sum of approximately HK\$6.7 million, was below the annual cap of HK\$8.7 million set for the year ended 31 December 2025.

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

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

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

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

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

The total contract sum of certain Works awarded to members of the Group, being variation orders for the addition and alteration works previously contracted to Pat Davie Limited and two other members of the Group, PEL (E&M) Limited and Welpro Technology Limited, between 1 June 2022 and 31 December 2024, was HK\$266.63 million, which was below the Project Caps of HK\$372 million, and also below each of the Annual Caps of the same amount set for the respective year. No contract was awarded to any member of the Group during 2022, 2023 and 2024 pursuant to any tender submitted for the Services under the Asset Enhancement Framework Agreement.

As the Asset Enhancement Framework Agreement has expired on 31 December 2024, no new contract was awarded for the year ended 31 December 2025. Revenue recognised for the contracts awarded during the years 2022 to 2024 under the Asset Enhancement Framework Agreement was approximately HK\$10.5 million for the year ended 31 December 2025.

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

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

- (a) construction works involving installation of smart facilities and equipment, implementation of building management, and installation, update and repair of related hardware and software systems to improve the efficiency of energy consumption and facility management;
- (b) energy saving services to ensure the outcome of the works mentioned in item (a) above aligns with the designated milestone target; and
- (c) after sales services/maintenance services for such smart facilities and equipment installed for no more than five years.

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

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

- (ii) For the construction works with energy saving services, the relevant member(s) of the Group shall share the actual annual energy saving amount according to the energy saving sharing ratio, which shall vary in different years and range from 30% to 80% per annum during the energy saving sharing period, as stipulated in the relevant Specific Contract.
- (iii) For the after sales services/maintenance services, the fees shall be determined on a cost-plus basis with a margin of 4% to 6% with reference to the prevailing market prices for comparable services provided by the relevant member(s) of the Group to independent third parties and projected inflation rate.

The annual caps of the total fees for provision of the Smart Facility Enhancement Works under the Specific Contracts and certain contracts entered into between the relevant members of the Group and the SOL Group in 2022 (the "2022 Contracts") as set for the years ended 31 December 2023, 2024 and 2025 and for the years ending 31 December 2026 to 2028 are RMB15 million, RMB15 million, RMB16 million, RMB12 million, RMB10 million and RMB4 million respectively.

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

The total amount of the fees paid or payable to 瓊喆智能科技(上海)有限公司(Ling Zhe Smart Technology (Shanghai) Co., Ltd.) (a member of the Group) under the Specific Contracts and the 2022 Contracts in relation to the provision of the Smart Facility Enhancement Works was approximately RMB1.3 million, against the annual cap of RMB16 million, for the year ended 31 December 2025. Revenue recognised in relation to the provision of the Smart Facility Enhancement Works was HK\$0.3 million for the year ended 31 December 2025.

In accordance with Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the Continuing Connected Transactions for the year ended 31 December 2025 and confirmed that the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

Please refer to note 35 to the consolidated financial statements for details of the material related party transactions contemplated by the Company for the year ended 31 December 2025.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

During 2025 and up to the date of this report, the following Directors are considered to have interests in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

- (1) Mr. Lo is a director and the controlling shareholder of SOL which, through its subsidiaries, principally engages in property development and investment projects in the Chinese Mainland.
- (2) Mr. Lo is a director of Great Eagle Holdings Limited which, through its subsidiaries, engages in (among others) property development and investment, provision of property management and maintenance services, and trading of building materials in Hong Kong, Macau and the Chinese Mainland.

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

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

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save as disclosed under the section headed "Continuing Connected Transactions" above, no transactions, arrangements or contracts of significance in relation to the Group's businesses, to which the Company or any of its subsidiaries was a party, and in which a Director of the Company (or an entity connected with him/her) had a material interest, whether directly or indirectly, were entered into in 2025 or subsisted at any time during the year.

## **MANAGEMENT CONTRACTS**

Save for service contracts, no contract by which a person undertakes the management and administration of the whole or any substantial part of the Company's business was entered into or subsisted during 2025.

## **EQUITY-LINKED AGREEMENTS**

No equity-linked agreements were entered into by the Company during 2025 or subsisted at the year end.

## DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

Financial assistance and guarantees provided by the Group in favour of New Pi (Hong Kong) Investment Co., Ltd. ("New Pi") and certain of its subsidiaries were HK\$2,169 million at 31 December 2025, which comprised:

	HK\$ million
Receivables	520
Guarantees	1,649
	2,169

The receivables are unsecured, repayable on demand and out of the total outstanding balance, an amount of HK\$133 million carries interest at prevailing market rates. The above balances are in relation to the disposal of a former subsidiary group in prior years to New Pi. Further details of the receivables and guarantees are set out in notes 22(c) and 34(a) to the consolidated financial statements.

## RETIREMENT BENEFIT PLANS

Details of the Group's retirement benefit plans are shown in note 29 to the consolidated financial statements.

## MAJOR SUPPLIERS AND MAJOR CUSTOMERS

The five largest suppliers of the Group accounted for less than 20% of the total purchases of the Group for the year ended 31 December 2025.

The five largest customers of the Group accounted for approximately 67% of the total turnover of the Group for the year ended 31 December 2025 with the largest customer, the Architectural Services Department of the Government of the Hong Kong Special Administrative Region, accounting for approximately 36% of the turnover of the Group.

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

## DONATIONS

During 2025, the Group made donations of approximately HK\$1 million to business associations and institutions as well as charity communities.

## PRE-EMPTIVE RIGHTS

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

## PUBLIC FLOAT

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

## AUDITOR

Deloitte Touche Tohmatsu will retire and, being eligible, offer itself for re-appointment at the 2026 AGM. A resolution will be proposed at the 2026 AGM to re-appoint Deloitte Touche Tohmatsu as the external auditor of the Company.

On behalf of the Board

**Lo Hong Sui, Vincent**  
*Chairman*

Hong Kong, 27 March 2026



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

## Opinion

We have audited the consolidated financial statements of SOCAM Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 114 to 202, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for Opinion

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

## Key Audit Matters

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

### Key audit matter

### How our audit addressed the key audit matter

#### Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgements associated with determining their fair value.

Our procedures in relation to the valuation of investment properties included:

- Obtaining an understanding of the management's process for reviewing and evaluating the work of the Valuer;

### Key audit matter

### How our audit addressed the key audit matter

#### Valuation of investment properties (Continued)

As disclosed in note 14 to the consolidated financial statements, the investment properties are situated in the Chinese Mainland and carried at a total value of HK\$3,854 million as at 31 December 2025, which represented 44% of the Group's total assets. The amount of fair value losses of HK\$66 million relating to these investment properties was recognised in the consolidated statement of profit or loss for the year then ended.

All of the Group's investment properties are stated at fair value based on the valuations carried out by independent qualified professional valuer (the "Valuer"). Details of the valuation technique and key inputs used in the valuations are disclosed in note 14 to the consolidated financial statements. The valuations of investment properties are dependent on certain key inputs, including capitalisation rate, market rent and market price.

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

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

We identified the estimation of ECL in respect of receivables of HK\$520 million due from China Central Properties Limited's former subsidiary group (the "Debtor") and the accounting impact of the related financial guarantee in respect of a loan granted to the Debtor as a key audit matter due to the significant judgements involved in estimating the timing and future cash flows expected to be derived from the receivables and the likelihood of the outflow of resources resulting from the financial guarantee.

As disclosed in notes 22(c) and 34(a) to the consolidated financial statements, the Group has outstanding receivables of HK\$520 million due from the Debtor and remains as a guarantor for a loan granted to the Debtor of HK\$600 million plus related interest amounting to HK\$1,049 million at 31 December 2025. Courts in the People's Republic of China have issued notices to attach the property interests held by the Debtor to cause the Debtor to settle part of the onshore outstanding receivables and related interest.

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

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

## Key audit matter

## How our audit addressed the key audit matter

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

The management expects that the receivables of HK\$520 million will be fully settled and the financial guarantee of HK\$600 million plus related interest amounting to HK\$1,049 million will be fully released either through public auction of the property interest (the "Auction") or the sale of the equity interest of the entity holding the property interest (the "Sale of Equity Interest"), and therefore no loss allowance for ECL is recognised.

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

### Recognition of contract revenue and contract assets for construction contracts

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

As disclosed in notes 5 and 24 to the consolidated financial statements, the construction contracts revenue and contract assets amounted to HK\$6,882 million and HK\$1,169 million respectively for the year ended 31 December 2025. As set out in note 5 to the consolidated financial statements, the Group recognised contract revenue by reference to the progress of satisfying the performance obligation at the reporting date.

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

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

### Other Information

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lee, Wing Cheong, Wilfred (practising certificate number: P06770).

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
 Hong Kong

27 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 HK\$ million	2024 HK\$ million (Re-presented)
<b>Continuing operations</b>			
Turnover	5	7,010	9,048
Other income, other gains and losses	6	79	(16)
Cost of properties sold		(109)	(83)
Raw materials and consumables used		(432)	(946)
Staff costs		(854)	(854)
Depreciation and amortisation		(44)	(56)
Subcontracting, external labour costs and other expenses		(5,498)	(7,044)
Fair value changes on investment properties	14	(66)	(87)
Finance costs	7	(182)	(262)
Share of profit of joint ventures and an associate	5	1	1
Loss before taxation from continuing operations		(95)	(299)
Taxation	8	(2)	(24)
<b>Loss for the year from continuing operations</b>	10	<b>(97)</b>	<b>(323)</b>
<b>Discontinued operation</b>			
Profit for the year from discontinued operation	11	55	10
<b>Loss for the year</b>		<b>(42)</b>	<b>(313)</b>
Attributable to:			
Owners of the Company			
Loss for the year from continuing operations	10	(147)	(374)
Profit for the year from discontinued operation	11	55	10
Loss for the year attributable to owners of the Company		(92)	(364)
Non-controlling interests			
Profit for the year from continuing operations		50	51
		(42)	(313)
Basic (loss) earnings per share			
From continuing operations	12	HK\$(0.39)	HK\$(1.01)
From discontinued operation		HK\$0.15	HK\$0.03
From continuing and discontinued operations		HK\$(0.24)	HK\$(0.98)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$ million	2024 HK\$ million
<b>Loss for the year</b>	<b>(42)</b>	<b>(313)</b>
<b>Other comprehensive income (expense)</b>		
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Exchange differences arising on translation of financial statements of foreign operations	72	(64)
Reclassification adjustments for exchange differences transferred to profit and loss upon deregistration of a joint venture	–	(3)
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value changes of an equity investment at fair value through other comprehensive income	1	(2)
Remeasurement of defined benefit scheme	18	48
Other comprehensive income (expense) for the year	91	(21)
<b>Total comprehensive income (expense) for the year</b>	<b>49</b>	<b>(334)</b>
Total comprehensive income (expense) attributable to:		
Owners of the Company		
– from continuing operations	(56)	(395)
– from discontinued operation	55	10
Non-controlling interests	50	51
	<b>49</b>	<b>(334)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK\$ million	2024 HK\$ million
<b>Non-current Assets</b>			
Investment properties	14	3,854	3,818
Goodwill		9	18
Other intangible assets		4	9
Right-of-use assets	31	34	41
Property, plant and equipment	15	15	23
Interests in joint ventures	16	88	87
Interest in an associate	17	22	22
Financial asset at fair value through other comprehensive income	18	21	20
Financial assets at fair value through profit or loss	19	56	49
Deferred tax assets	30	54	18
Defined benefit assets	29	–	1
Club memberships		1	1
Other debtor	22	5	–
Restricted bank deposits	23	–	8
		<b>4,163</b>	<b>4,115</b>
<b>Current Assets</b>			
Properties held for sale	21	473	570
Properties under development for sale	21	164	160
Debtors, deposits and prepayments	22	1,641	1,863
Contract assets	24	1,169	1,292
Amounts due from joint ventures	20	76	78
Amounts due from related companies	25	2	10
Tax recoverable		3	8
Restricted bank deposits	23	282	338
Bank balances, deposits and cash	22	849	1,026
		<b>4,659</b>	<b>5,345</b>
<b>Current Liabilities</b>			
Creditors and accrued charges	26	2,777	3,062
Contract liabilities	24	60	54
Lease liabilities		21	31
Amounts due to joint ventures	20	126	116
Amounts due to related companies	25	36	47
Amount due to non-controlling shareholder of a subsidiary	25	9	–
Taxation payable		141	147
Bank borrowings due within one year	27	1,544	2,636
		<b>4,714</b>	<b>6,093</b>
<b>Net Current Liabilities</b>		<b>(55)</b>	<b>(748)</b>
<b>Total Assets Less Current Liabilities</b>		<b>4,108</b>	<b>3,367</b>

	Notes	2025 HK\$ million	2024 HK\$ million
<b>Capital and Reserves</b>			
Share capital	28	373	373
Reserves		1,612	1,613
Equity attributable to owners of the Company		1,985	1,986
Non-controlling interests		266	268
		2,251	2,254
<b>Non-current Liabilities</b>			
Bank borrowings	27	1,591	863
Amount due to non-controlling shareholder of a subsidiary	25	9	–
Lease liabilities		15	13
Deferred tax liabilities	30	242	237
		1,857	1,113
		4,108	3,367

The consolidated financial statements on pages 114 to 202 were approved and authorised for issue by the Board of Directors on 27 March 2026 and are signed on its behalf by:

**Lo Hong Sui, Vincent**  
Chairman

**Lee Chun Kong, Freddy**  
Executive Director and Chief Executive Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Attributable to owners of the Company

	Share capital HK\$ million	Translation reserve HK\$ million	Contributed surplus (Note a) HK\$ million	Goodwill HK\$ million	Accumulated losses HK\$ million	Actuarial gain and loss HK\$ million	Investment revaluation reserve HK\$ million	Other reserve (Note b) HK\$ million	Total HK\$ million	Non-controlling interests HK\$ million	Total Equity HK\$ million
At 1 January 2024	373	56	2,037	(3)	(260)	(87)	(28)	283	2,371	268	2,639
Fair value changes of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Exchange differences arising on translation of financial statements of foreign operations	-	(64)	-	-	-	-	-	-	(64)	-	(64)
Cumulative exchange differences reclassified to profit or loss upon deregistration of a joint venture	-	(3)	-	-	-	-	-	-	(3)	-	(3)
Remeasurement of defined benefit scheme	-	-	-	-	-	48	-	-	48	-	48
(Loss) profit for the year	-	-	-	-	(364)	-	-	-	(364)	51	(313)
Total comprehensive (expense) income for the year	-	(67)	-	-	(364)	48	(2)	-	(385)	51	(334)
Partial acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	-	(16)	(16)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(35)	(35)
At 31 December 2024	373	(11)	2,037	(3)	(624)	(39)	(30)	283	1,986	268	2,254
Fair value changes of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	1	-	1	-	1
Exchange differences arising on translation of financial statements of foreign operations	-	72	-	-	-	-	-	-	72	-	72
Remeasurement of defined benefit scheme	-	-	-	-	-	18	-	-	18	-	18
(Loss) profit for the year	-	-	-	-	(92)	-	-	-	(92)	50	(42)
Total comprehensive income (expense) for the year	-	72	-	-	(92)	18	1	-	(1)	50	49
Partial acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	-	(18)	(18)
Transfer of actuarial loss to accumulated losses upon winding up of defined benefit scheme	-	-	-	-	(21)	21	-	-	-	-	-
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(34)	(34)
At 31 December 2025	373	61	2,037	(3)	(737)	-	(29)	283	1,985	266	2,251

Notes:

- (a) The contributed surplus of the Group represents (i) the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1997; (ii) share premium reduction in June 2022; and net of (iii) offset against the accumulated losses of the Company at 1 January 2022 and (iv) distribution to shareholders. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus under certain circumstances.
- (b) Other reserve of the Group mainly include (i) an amount of HK\$231 million (2024: HK\$231 million) recognised in prior years, which arose when the Group entered into agreements with Shui On Company Limited ("SOCL"), the Company's ultimate holding company, to co-invest in Shui On Land Limited during the year ended 31 March 2005; (ii) an amount of HK\$16 million (2024: HK\$16 million), which represents the Group's share of revaluation reserve of a then associate, China Central Properties Limited ("CCP"), arising from an acquisition achieved in stages by CCP during the year ended 31 December 2009, net of the amount released as a result of subsequent disposal of property inventories; and (iii) an amount of HK\$22 million (2024: HK\$22 million), which represents the revaluation surplus of the Group's 42.88% previously held interest in CCP, recognised upon the acquisition of the remaining 57.12% interest in CCP during the year ended 31 December 2009, net of the amount released as a result of subsequent disposal of property inventories.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$ million	2024 HK\$ million
<b>Operating Activities</b>		
(Loss) profit before taxation		
From continuing operations	(95)	(299)
From discontinued operation	55	10
Adjustments for:		
Impairment loss recognised on property held for sale	46	15
Gain on disposal of a subsidiary (note 32)	(49)	–
Expected credit losses reversed on trade debtors, contract assets and other receivables	–	(2)
Share of profit of joint ventures and an associate	(1)	(1)
Cumulative exchange differences reclassified to profit or loss upon deregistration of a joint venture	–	(3)
Interest income	(13)	(25)
Finance costs	183	262
Dividend income from an equity investment	(1)	(2)
Fair value changes on investment properties	66	87
Fair value gain on financial assets at fair value through profit or loss	(3)	(1)
Gain on disposal of property, plant and equipment	–	(1)
Depreciation of property, plant and equipment	8	13
Depreciation of right-of-use assets	32	38
Amortisation of other intangible assets	5	7
Expense recognised in respect to defined benefit scheme	16	9
Operating cash flows before movements in working capital	249	107
Decrease in properties held for sale	65	67
Decrease (increase) in debtors, deposits and prepayments	162	(256)
Decrease in contract assets	123	43
Decrease in amounts due from related companies	17	25
Decrease (increase) in amounts due from joint ventures	2	(2)
(Decrease) increase in creditors and accrued charges	(299)	451
Increase in contract liabilities	5	12
(Decrease) increase in amounts due to related companies	(11)	2
(Decrease) increase in amounts due to joint ventures	(6)	3
Surplus refunded from defined benefit scheme	30	–
Contribution to defined benefit scheme	(27)	(49)
Cash from operations	310	403
Hong Kong Profits Tax paid	(46)	(74)
Hong Kong Profits Tax refunded	3	12
Income taxes of other regions in the People's Republic of China ("PRC") paid	(1)	(1)
<b>Net cash from operating activities</b>	<b>266</b>	<b>340</b>

	2025 HK\$ million	2024 HK\$ million
<b>Investing Activities</b>		
Additions in property, plant and equipment	(3)	(7)
Payment for additions of investment properties	(6)	(12)
Purchases of financial assets at fair value through profit or loss	(4)	(36)
Redemption of financial asset at amortised cost	–	8
Interest received	13	24
Proceeds from disposal of property, plant and equipment	2	1
Proceeds from disposal of investment properties	–	18
Dividends received from equity investments	1	2
Restricted bank deposits placed	(7)	(26)
Restricted bank deposits refunded	80	20
Net proceeds from disposal of a subsidiary (note 32)	80	–
<b>Net cash from (used in) investing activities</b>	<b>156</b>	<b>(8)</b>
<b>Financing Activities</b>		
Drawdown of bank borrowings	1,718	971
Repayment of bank borrowings	(2,087)	(576)
Loan from a related company	100	20
Repayment of loan to a related company	(100)	(20)
Payment of lease liabilities	(33)	(37)
Payment for partial acquisition of interest in a subsidiary	(4)	(16)
Interest paid	(166)	(252)
Other borrowing costs paid	(14)	(12)
Dividends paid to non-controlling shareholders of subsidiaries	(16)	(35)
<b>Net cash (used in) from financing activities</b>	<b>(602)</b>	<b>43</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(180)</b>	<b>375</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,026</b>	<b>653</b>
<b>Effect of foreign exchange rate changes</b>	<b>3</b>	<b>(2)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>849</b>	<b>1,026</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances, deposits and cash	849	1,026

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

The principal activity of the Company is investment holding. Its subsidiaries and joint ventures are principally engaged in construction, maintenance and minor works, interior fit-out, property development and investment and investment holding.

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

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

At 31 December 2025, the Group reported net current liabilities of HK\$55 million, which included a term loan of HK\$250 million repaid in January 2026 upon maturity and revolving loans of HK\$909 million. With respect to the revolving loans, the Directors of the Company, at the time of approving these consolidated financial statements, believe that they will continue be made available to the Group and will not be withdrawn unexpectedly within the next twelve months from the end of the reporting period. Taking into account the internal financial resources of the Group, coupled with the Group's operating cash flows as well as the currently available banking facilities and the expectation of securing new or refinancing facilities based on the Group's existing relationships with banks and its Hong Kong construction businesses, the Group will have the ability to meet its financial obligations as they become due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

## 2. Application of New and Amendments to HKFRS Accounting Standards

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

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements.

HKAS 21 (Amendments)	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

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

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

HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
HKAS 21 (Amendments)	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
HKFRS Accounting Standards (Amendments)	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>1</sup>

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

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

3 Effective for annual periods beginning on or after a date to be determined

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

### 2. Application of New and Amendments to HKFRS Accounting Standards (Continued)

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

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

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

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

### 3. Material Accounting Policy Information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

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

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

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

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

Changes in the Group's interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity (including reserves and the non-controlling interests' proportionate share of recognised amount of the subsidiary's identifiable net assets) are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity impairment, and the fair value of the consideration paid or received is recognised directly in other reserve and attributed to owners of the Company.

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

### 3. Material Accounting Policy Information (Continued)

#### Basis of consolidation (Continued)

##### *Allocation of total comprehensive income to non-controlling interests*

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

#### Business combinations

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

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

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Cash and cash equivalents

Bank balances, deposits and cash presented on the consolidated statement of financial position include:

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

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances, deposits and cash.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 23.

#### Investment properties

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

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

#### Properties held for sale

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

### 3. Material Accounting Policy Information (Continued)

#### Properties under development for sale

Properties under development for sale which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development for sale are carried at the lower of cost and net realisable value. Cost includes costs of land, development expenditure incurred, borrowing costs and other direct costs capitalised in accordance with the Group's accounting policy and other direct costs attributable to such properties. These assets are recorded as current assets as they are expected to be realised in, or are intended for sale within the Group's normal operating cycle. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale. Upon completion, the assets are recorded as properties held for sale.

#### Borrowing costs

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

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amounts of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount (i.e. the higher of fair value less costs of disposal and value in use) of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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.

### 3. Material Accounting Policy Information (Continued)

#### Impairment of tangible and intangible assets (other than club memberships with indefinite useful life and 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 a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amount of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. An impairment loss is recognised as an expense immediately.

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

#### Contingent liabilities

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

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

#### Taxation

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

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Taxation (Continued)

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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

#### Leases

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

#### The Group as lessor

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised as profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included as profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Retirement benefits costs

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

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

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Retirement benefits costs (Continued)

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

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

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

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

#### Short-term and other long-term employee benefits

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Financial instruments

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

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

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

#### Financial assets

##### Classification and subsequent measurement of financial assets

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

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9 *Financial Instruments* ("HKFRS 9")/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

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

### 3. Material Accounting Policy Information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### Classification and subsequent measurement of financial assets (Continued)

(i) **Amortised cost and interest income**

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

(ii) **Financial assets designated at FVTOCI**

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

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

(iii) **Financial assets at FVTPL**

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

#### Impairment of financial assets and contract assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade debtors, other receivables, amounts due from joint ventures and related companies, restricted bank deposits, bank balances and deposits) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

### 3. Material Accounting Policy Information (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

##### Impairment of financial assets and contract assets (Continued)

The Group always recognised lifetime ECL for trade debtors and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognised lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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

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

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

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

##### Impairment of financial assets and contract assets (Continued)

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider the instrument to be in default when internal and external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

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

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

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

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

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

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

### 3. Material Accounting Policy Information (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

##### Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

##### Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

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

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

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

##### Borrowings

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

##### Other financial liabilities at amortised cost

Other financial liabilities (including creditors, other payables, lease liabilities and amounts due to joint ventures, non-controlling shareholder of a subsidiary and related companies) are subsequently measured at amortised cost, using the effective interest method.

##### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are initially at their fair values. Subsequent to initial recognition, the Group measures the financial guarantee contract liabilities at the higher of: (i) the amount of loss allowance determined in accordance with HKFRS 9; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

### 3. Material Accounting Policy Information (Continued)

#### Financial instruments (Continued)

##### Financial liabilities and equity (Continued)

##### Derecognition of financial liabilities

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

### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

#### Valuation and relevant tax impact on investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuer have used a method of valuation, which involves certain estimates of market conditions. As disclosed in note 14, the investment properties carried at a total value of HK\$3,854 million as at 31 December 2025 (2024: HK\$3,818 million). In relying on the valuation report, the Directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties in the Chinese Mainland are held to earn rental income and they are considered to be held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, deferred tax on these investment properties at fair value is measured based on the tax consequences of recovering the carrying amounts of the investment properties through use. Details of deferred tax are set out in note 30.

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

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

As disclosed in notes 22(c) and 34(a), CCP disposed of the Debtor in prior years. With respect to the disposal, the Group had outstanding receivables of HK\$520 million at 31 December 2025 and remained as a guarantor for a loan granted to the Debtor at a principal amount of RMB542 million (HK\$600 million) plus related interest. The receivables of HK\$520 million (2024: HK\$514 million) are expected to be settled either through public auction of the property interest (the "Auction") or the sale of the equity interest of the entity holding the property interest (the "Sale of Equity Interest"). In addition, the financial guarantee in respect of the outstanding principal amount of the loan amounting to RMB542 million (HK\$600 million) (2024: RMB542 million (HK\$585 million)) and the related interest amounting to RMB948 million (HK\$1,049 million) (2024: RMB881 million (HK\$951 million)) are expected to be fully released upon completion of the Auction or the Sale of Equity Interest. With certain positive events as mentioned in note 22(c) and the fact that the Company has put in place a dedicated team, with focused efforts and through various commercial and judicial channels, management expects that the issues will be resolved. With the devoted effort of the dedicated team and advices from lawyers, management expects that the Auction will be materialised, and that the receivables will be recovered and the guarantee will be released after the Auction. Therefore, no loss allowance for ECL has been recognised.

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

## 5. Turnover and Segment Information

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

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

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

1. Construction, maintenance and minor works, fit-out – construction, maintenance works and minor works and provision of building information modelling services mainly in Hong Kong; and interior fit-out in Hong Kong and Macau
2. Property – property development for sale and property investment in the Chinese Mainland and provision of property management services in Hong Kong and the Chinese Mainland

The property management business in Hong Kong was discontinued in the current year. The segment information reported below excluded the results of the discontinued operation, which is described in details in note 11.

3. Other businesses – venture capital investment and others

## 5. Turnover and Segment Information (Continued)

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

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

For the year ended 31 December 2025

	Construction, maintenance and minor works, fit-out HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
<b>Revenue</b>				
Revenue from construction contracts	6,882	–	–	6,882
Revenue from property sales	–	28	–	28
Revenue from rendering of services in the Chinese Mainland	–	25	–	25
Revenue from contracts with customers	6,882	53	–	6,935
Revenue from property leasing	–	75	–	75
Total segment revenue from external customers	6,882	128	–	7,010
<b>Timing of revenue recognition</b>				
– At a point of time	–	28	–	28
– Over time	6,882	25	–	6,907
Revenue from contracts with customers	6,882	53	–	6,935
<b>Reportable segment results</b>	242	(120)	6	128
<b>Segment results have been arrived at after (charging) crediting:</b>				
Depreciation and amortisation	(31)	(2)	–	(33)
Interest income	8	5	–	13
Fair value changes on investment properties	–	(66)	–	(66)
Impairment loss recognised on property inventories (note)	–	(46)	–	(46)
Dividend income from an equity investment	–	–	1	1
Finance costs	–	(7)	–	(7)
Share of (loss) profit of joint ventures and an associate	(1)	2	–	1

## 5. Turnover and Segment Information (Continued)

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

For the year ended 31 December 2024 (Re-presented)

	Construction, maintenance and minor works, fit-out HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
<b>Revenue</b>				
Revenue from construction contracts	8,889	–	–	8,889
Revenue from property sales	–	51	–	51
Revenue from rendering of services in Hong Kong	3	–	–	3
Revenue from rendering of services in the Chinese Mainland	–	26	–	26
Revenue from contracts with customers	8,892	77	–	8,969
Revenue from property leasing	–	79	–	79
Total segment revenue from external customers	8,892	156	–	9,048
<b>Timing of revenue recognition</b>				
– At a point of time	–	51	–	51
– Over time	8,892	26	–	8,918
Revenue from contracts with customers	8,892	77	–	8,969
<b>Reportable segment results</b>	217	(224)	(4)	(11)
<b>Segment results have been arrived at after (charging) crediting:</b>				
Depreciation and amortisation	(39)	(3)	–	(42)
Interest income	16	8	–	24
Fair value changes on investment properties	–	(87)	–	(87)
Impairment loss recognised on property inventories (note)	–	(15)	–	(15)
Dividend income from an equity investment	–	–	2	2
Finance costs	–	(11)	–	(11)
Share of (loss) profit of joint ventures and an associate	(2)	(1)	4	1

Note:

Impairment loss recognised on properties inventories represented a decrease in net realisable value of certain properties held for sale and properties under development for sale as a result of a decrease in estimated market prices of these properties. The management engaged an external professional valuer to perform independent valuations for these properties.

## 5. Turnover and Segment Information (Continued)

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

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

#### At 31 December 2025

	Construction contracts HK\$ million	Properties sales HK\$ million
Within one year	9,629	15
More than one year but less than two years	6,061	–
More than two years	3,957	–
	<b>19,647</b>	<b>15</b>

#### At 31 December 2024

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

### Performance obligation in contracts with customers from continuing operations and revenue recognition policies

#### Construction contracts

Revenue from construction contracts is recognised over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised by reference to the progress of satisfying the performance obligation at the reporting date using output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

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

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

## 5. Turnover and Segment Information (Continued)

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

Performance obligation in contracts with customers from continuing operations and revenue recognition policies (Continued)

#### Sales of properties

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

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

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

#### Rendering of services

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

### (b) Reportable segment assets and liabilities

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

#### At 31 December 2025

	Construction, maintenance and minor works, fit-out HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Reportable segment assets	3,281	5,212	876	9,369
Reportable segment liabilities	2,753	623	407	3,783

#### At 31 December 2024

	Construction, maintenance and minor works, fit-out HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Reportable segment assets	3,658	5,453	759	9,870
Reportable segment liabilities	2,975	566	394	3,935

5. Turnover and Segment Information (Continued)

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

	Year ended 31 December	
	2025 HK\$ million	2024 HK\$ million
<b>Loss before taxation from continuing operations</b>		
Reportable segment results	128	(11)
Unallocated other income	–	2
Unallocated finance costs	(175)	(251)
Other unallocated corporate expenses	(48)	(39)
Consolidated loss before taxation from continuing operations	(95)	(299)

	At 31 December	
	2025 HK\$ million	2024 HK\$ million
<b>Assets</b>		
Reportable segment assets	9,369	9,870
Elimination of inter-segment receivables	(580)	(436)
Other unallocated assets	33	26
Consolidated total assets	8,822	9,460

	At 31 December	
	2025 HK\$ million	2024 HK\$ million
<b>Liabilities</b>		
Reportable segment liabilities	3,783	3,935
Elimination of inter-segment payables	(580)	(436)
Unallocated liabilities		
– Bank borrowings	2,985	3,323
– Taxation and others	383	384
Consolidated total liabilities	6,571	7,206

## 5. Turnover and Segment Information (Continued)

### (d) Other segment information

At 31 December 2025

	Construction, maintenance and minor works, fit-out HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Interests in joint ventures and an associate	28	–	82	110
Capital expenditure	23	3	6	32
Tax charges (credit)	37	(35)	–	2

At 31 December 2024

	Construction, maintenance and minor works, fit-out HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Interests in joint ventures and an associate	28	–	81	109
Capital expenditure	21	11	18	50
Tax charges (credit)	35	(11)	–	24

## 5. Turnover and Segment Information (Continued)

### (e) Geographical information

The Group's continuing operations are mainly located in Hong Kong, Macau and the Chinese Mainland.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers*		Non-current assets**	
	2025 HK\$ million	2024 HK\$ million (Re-presented)	2025 HK\$ million	2024 HK\$ million
Hong Kong	6,271	8,326	43	73
Macau	611	566	2	1
Chinese Mainland	128	156	3,872	3,837
	<b>7,010</b>	<b>9,048</b>	<b>3,917</b>	<b>3,911</b>

\* Revenue from external customers is attributed to countries/cities on the basis of geographical locations of the properties or operations.

\*\* Non-current assets exclude financial asset at FVTOCI, financial assets at fair value through profit or loss, deferred tax assets, interests in joint ventures and an associate and restricted bank deposits.

### (f) Information about major customers

Included in external revenue of HK\$6,882 million (2024: HK\$8,892 million) generated from continuing operations in construction, maintenance, minor works and fit-out business, HK\$2,531 million and HK\$1,218 million, were derived from services provided to the Group's largest and second largest customers respectively (2024: HK\$3,984 million and HK\$2,416million from the Group's largest and second largest customers respectively); each contributing over 10% of the total turnover of the Group.

## 6. Other Income, Other Gains and Losses

	2025 HK\$ million	2024 HK\$ million
<b>Continuing operations</b>		
Included in other income, other gains and losses are:		
Other income		
Interest income on financial asset at amortised cost	–	1
Other interest income	13	24
Dividend income from an equity investment	1	2
Other gains and losses		
Exchange gain (loss)	52	(48)
Fair value gain on financial assets at FVTPL	3	1
Gain on disposal of property, plant and equipment	–	1
Expected credit losses reversed on trade debtors, contract assets and other receivables	–	2

## 7. Finance Costs

	2025 HK\$ million	2024 HK\$ million
<b>Continuing operations</b>		
Interest on bank and other loans	171	248
Interest on lease liabilities	1	2
Other borrowing costs	10	12
	<b>182</b>	<b>262</b>

8. Taxation

	2025 HK\$ million	2024 HK\$ million
<b>Continuing operations</b>		
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	40	55
Macau Complementary Tax	5	3
PRC Land Appreciation Tax	–	1
Under(over)provision in prior years		
Hong Kong Profits Tax	3	(5)
PRC Land Appreciation Tax	(8)	–
	<b>40</b>	54
Deferred taxation (note 30)	<b>(38)</b>	(30)
	<b>2</b>	24

Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) on the estimated assessable profits for the year.

Macau Complementary Tax is calculated at 12.0% (2024: 12.0%) on the estimated assessable profits for the year.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including land costs, borrowing costs and all property development expenditure.

Details of the deferred taxation are set out in note 30.

## 8. Taxation (Continued)

The tax charge for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of profit or loss as follows:

	2025 HK\$ million	2024 HK\$ million
<b>Loss before taxation from continuing operations</b>	<b>(95)</b>	<b>(299)</b>
Tax at Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	<b>(16)</b>	(50)
Effect of different tax rates on operations in other jurisdictions	<b>(11)</b>	(5)
PRC Land Appreciation Tax	–	1
Tax effect of PRC Land Appreciation Tax	<b>1</b>	–
Tax effect of expenses not deductible for tax purposes	<b>47</b>	68
Tax effect of income not taxable for tax purposes	<b>(43)</b>	(22)
Tax effect of tax losses not recognised	<b>26</b>	39
Tax effect of utilisation of tax losses previously not recognised	–	(1)
Reversal of deferred tax assets for unused tax losses	<b>4</b>	–
Under(over)provision of current taxation in prior years	<b>3</b>	(5)
Overprovision of PRC Land Appreciation Tax	<b>(8)</b>	–
Others	<b>(1)</b>	(1)
<b>Tax charge for the year</b>	<b>2</b>	<b>24</b>

## 9. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees

### Directors and Chief Executives

The emoluments paid or payable to each of the eight (2024: seven) Directors were as follows:

#### For the year ended 31 December 2025

Name of Director	Notes	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme		2025 Total HK\$'000
				Bonus* HK\$'000	contributions HK\$'000	
Mr. Lo Hong Sui, Vincent		10	–	–	–	10
Mr. Lee Chun Kong, Freddy		10	5,852	–	266	6,128
Mr. Lo Adrian Jonathan Chun Sing	(a)	10	2,340	356	18	2,724
Ms. Lo Bo Yue, Stephanie	(b)	315	–	–	–	315
Mr. Chan Wai Kan, George	(b)	345	–	–	–	345
Mr. Chan Kay Cheung	(c)	595	–	–	–	595
Mr. Lau Ping Cheung, Kaizer	(c)	550	–	–	–	550
Mr. Wong Hak Wood, Louis	(c)	520	–	–	–	520
Total		2,355	8,192	356	284	11,187

## 9. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

### Directors and Chief Executives (Continued)

For the year ended 31 December 2024

Name of Director	Notes	Fees HK\$'000	Salaries and other benefits HK\$'000	Bonus* HK\$'000	Retirement benefit scheme contributions HK\$'000	2024 Total HK\$'000
Mr. Lo Hong Sui, Vincent		10	–	–	–	10
Mr. Lee Chun Kong, Freddy		10	5,849	–	266	6,125
Ms. Lo Bo Yue, Stephanie	(b)	315	–	–	–	315
Mr. Chan Wai Kan, George	(b)	325	–	–	–	325
Mr. Chan Kay Cheung	(c)	595	–	–	–	595
Mr. Lau Ping Cheung, Kaizer	(c)	550	–	–	–	550
Mr. Wong Hak Wood, Louis	(c)	520	–	–	–	520
<b>Total</b>		<b>2,325</b>	<b>5,849</b>	<b>–</b>	<b>266</b>	<b>8,440</b>

\* The bonus is discretionary and is determined by reference to the Group's and the Director's personal performances.

Notes:

- (a) Mr. Lo Adrian Jonathan Chun Sing was appointed as an Executive Director with effect from 1 January 2025.
- (b) Non-executive Directors.
- (c) Independent Non-executive Directors.
- (d) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group, and the non-executive director's and independent non-executive directors' emoluments were for their services as directors of the Company.
- (e) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

Five Highest Paid Employees

Of the five highest paid individuals in the Group, two (2024: one) are Directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2024: four) highest paid employees were as follows:

	2025 HK\$ million	2024 HK\$ million
Salaries, bonuses and allowances	10	13
Retirement benefits scheme contributions	–	1
	<b>10</b>	<b>14</b>

The emoluments were within the following bands:

	2025 No. of employees	2024 No. of employees
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	2	1
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$4,500,001 to HK\$5,000,000	1	–
HK\$5,000,001 to HK\$5,500,000	–	1

## 10. Loss for the Year from Continuing Operations

	2025 HK\$ million	2024 HK\$ million
<b>Continuing operations</b>		
Loss for the year has been arrived at after charging:		
Cost of sales (note):		
Cost of construction	6,438	8,064
Cost of properties sold	63	68
Impairment loss recognised on properties inventories	46	15
Cost of rendering services	38	41
Direct rental outgoings arising from investment properties	19	23
	<b>6,604</b>	<b>8,211</b>
Staff costs (including directors' emoluments) (note):		
Salaries, bonuses and allowances	808	816
Retirement benefits cost	46	38
	<b>854</b>	<b>854</b>
Depreciation and amortisation		
Depreciation of property, plant and equipment	7	12
Depreciation of right-of-use assets	32	37
Amortisation of other intangible assets	5	7
	<b>44</b>	<b>56</b>
Auditors' remuneration	4	5
Operating lease payments in respect of rented premises	2	3

Note:

Cost of sales includes HK\$661 million (2024: HK\$697 million, re-presented) relating to staff costs, which is also included in the staff costs separately disclosed above.

## 11. Discontinued Operation

On 8 September 2025, the Group entered into a sale and purchase agreement with an independent third party to dispose of a subsidiary (the “Disposal”), which is primarily engaged in providing property management business in Hong Kong. The Disposal was completed on 19 December 2025 (the “Completion Date”), on which date control of the subsidiary was passed to an independent third party.

The profit for the period/year from the discontinued property management business in Hong Kong is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented to reflect the property management business in Hong Kong as a discontinued operation.

	<b>1 January 2025 to 19 December 2025</b>	2024
	HK\$ million	HK\$ million
Profit for the period/year from the property management business in Hong Kong	<b>6</b>	10
Gain on disposal of a subsidiary (note 32)	<b>49</b>	–
	<b>55</b>	10

## 11. Discontinued Operation (Continued)

The results of the Hong Kong property management business for the period from 1 January 2025 to 19 December 2025, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2025 to 19 December 2025 HK\$ million	2024 HK\$ million
Turnover	334	232
Other income, other gains and losses	1	–
Staff costs	(304)	(195)
Depreciation and amortisation	(1)	(2)
Subcontracting, external labour costs and other expenses	(23)	(25)
Finance costs	(1)	–
Profit before taxation	6	10
Taxation	–	–
Profit for the period/year from the discontinued operation	6	10
Inter-group transactions	(7)	(9)
Transaction costs incurred at discontinued operation in connection to the Disposal	(2)	–
(Loss) profit for the period/year after accounting for inter-group transactions and transaction costs in connection to the Disposal	(3)	1
Profit for the period/year from the discontinued operation has been arrived at after charging:		
Cost of rendering services	303	193
Staff costs (including directors' emoluments):		
Salaries, bonuses and allowances	289	183
Retirement benefits cost	15	12
	304	195
Depreciation		
Depreciation of property, plant and equipment	1	1
Depreciation of right-of-use assets	–	1
	1	2

## 11. Discontinued Operation (Continued)

The net cash flows attributable to the operating, investing and financing activities of the Hong Kong property management business are shown as follows:

	<b>1 January 2025 to 19 December 2025</b>	2024
	HK\$ million	HK\$ million
Net cash (used in) from operating activities	(9)	13
Net cash used in investing activities	–	(1)
Net cash used in financing activities	(2)	(1)

The carrying amounts of the assets and liabilities of the subsidiary at the Completion Date are disclosed in note 32.

## 12. Basic (Loss) Earnings Per Share

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	<b>2025</b>	2024
	HK\$ million	HK\$ million (Re-presented)
(Loss) profit for the year attributable to owners of the Company arises from:		
– Continuing operations	(147)	(374)
– Discontinued operation	55	10
Loss for the purpose of basic loss per share from continuing and discontinued operations	(92)	(364)
Number of shares:	<b>Million</b>	Million
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>373</b>	373

No diluted loss per share for both years were presented as the Company has no dilutive potential ordinary shares outstanding during both years.

## 13. Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: nil).

## 14. Investment Properties

	2025 HK\$ million	2024 HK\$ million
<b>Fair value</b>		
At the beginning of the year	3,818	3,996
Exchange adjustments	96	(84)
Additions	6	11
Disposals	–	(18)
Decrease in fair value recognised	(66)	(87)
At the end of the year	3,854	3,818

The investment properties are completed and situated in the Chinese Mainland.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

In determining the fair value of the relevant properties, the Group engages the qualified external valuer to perform the valuation. The management of the Group works closely with the external valuer to establish the appropriate valuation techniques and inputs to the model. The management of the Company reports the findings of the valuation to the Directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The fair values of the Group's investment properties at 31 December 2025 and 31 December 2024 have been arrived at on the basis of valuations carried out on that date by Savills Valuation and Professional Services Limited, independent qualified professional valuer not connected to the Group, which have appropriate qualifications and recent experience in the valuation of similar properties in relevant locations.

The valuations have been arrived by using direct comparison method as available in the market and where appropriate, on the basis of capitalisation of net income. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties.

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

## 14. Investment Properties (Continued)

The major inputs used in the fair value measurement of investment properties and information about the fair value hierarchy at 31 December 2025 and 31 December 2024 are as follows:

Investment properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 1 – Shenyang Project Phase I retail portion and car parking spaces	Level 3	Income Capitalisation Approach	Capitalisation rate of retail portion, taking into account the capitalisation of rental income potential of retail portion and prevailing market condition, of 6.25% (2024: 6.25%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 1, and vice versa
		The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Monthly market rent of retail portion, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB76-168 (2024: RMB77-170) per sqm per month on gross floor area basis	The higher the monthly market rent, the higher the fair value	A significant increase in the monthly market rent used would result in a significant increase in fair value of property 1, and vice versa
		Direct Comparison Approach	Market price of car parking spaces, taking into account the time and location between the comparables and the property, of RMB200,000 (2024: RMB200,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 1 and vice versa
		The key input is market price			

## 14. Investment Properties (Continued)

Investment properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 2 – Chongqing Creative Concepts Center retail portion and car parking spaces	Level 3	Income Capitalisation Approach	Capitalisation rate of retail portion, taking into account the capitalisation of rental income potential of retail portion and prevailing market condition, of 5.0% (2024: 5.0%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 2, and vice versa
		The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Monthly market rent of retail portion, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB90-224 (2024: RMB90-225) per sqm per month on gross floor area basis	The higher the monthly market rent, the higher the fair value	A significant increase in the monthly market rent used would result in a significant increase in fair value of property 2, and vice versa
		Direct Comparison Approach	Market price of car parking spaces, taking into account the time and location between the comparables and the property, of RMB170,000 (2024: RMB170,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 2 and vice versa
Property 3 – Guangzhou Parc Oasis car parking spaces	Level 3	Direct Comparison Approach	Market price, taking into account the time and location between the comparables and the property, of RMB320,000 (2024: RMB328,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 3 and vice versa
		The key input is market price			

14. Investment Properties (Continued)

Investment properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 4 – Chengdu Centropolitan retail portion, office and car parking spaces	Level 3	Income Capitalisation Approach	Capitalisation rate of properties other than car parking spaces, taking into account the capitalisation of rental income potential of properties other than car parking spaces and prevailing market condition, of 4.25%-5.00% (2024: 4.25%-5.00%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 4, and vice versa
		The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Monthly market rent of properties other than car parking spaces, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB94-188 (2024: RMB94-189) per sqm per month on gross floor area basis	The higher the monthly market rent, the higher the fair value	A significant increase in the monthly market rent used would result in a significant increase in fair value of property 4, and vice versa
		Direct Comparison Approach	Market price of car parking spaces, taking into account the time and location between the comparables and the property, of RMB130,000 (2024: RMB130,000) per space	The higher the market price, the higher the fair value	A significant increase in the market price used would result in a significant increase in fair value of property 4 and vice versa
Property 5 – Tianjin Veneto Phase 1	Level 3	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.5% (2024: 6.5%)	The higher the capitalisation rate, the lower the fair value	A slight increase in the capitalisation rate used would result in a significant decrease in fair value of property 5, and vice versa
		The key inputs are: (1) Capitalisation rate; and (2) Monthly market rent	Monthly market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB23-92 (2024: RMB23-92) per sqm per month on gross floor area basis	The higher the market unit rent, the higher the fair value	A significant increase in the market unit rent used would result in a significant increase in fair value of property 5, and vice versa

## 15. Property, Plant and Equipment

	Properties in other regions of the PRC HK\$ million	Motor vehicles HK\$ million	Equipment, furniture and other assets HK\$ million	Total HK\$ million
<b>At cost</b>				
At 1 January 2024	1	24	142	167
Additions	–	4	3	7
Disposals	–	(4)	(10)	(14)
Exchange adjustments	–	–	(1)	(1)
At 31 December 2024	1	24	134	159
Additions	–	2	1	3
Disposals	–	(2)	(11)	(13)
Disposal of a subsidiary (note 32)	–	–	(6)	(6)
Exchange adjustments	–	–	1	1
<b>At 31 December 2025</b>	<b>1</b>	<b>24</b>	<b>119</b>	<b>144</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2024	–	17	121	138
Charge for the year	–	4	9	13
Eliminated on disposals	–	(4)	(10)	(14)
Exchange adjustments	–	–	(1)	(1)
At 31 December 2024	–	17	119	136
Charge for the year	–	3	5	8
Eliminated on disposals	–	(2)	(9)	(11)
Eliminated on disposal of a subsidiary (note 32)	–	–	(5)	(5)
Exchange adjustments	–	–	1	1
<b>At 31 December 2025</b>	<b>–</b>	<b>18</b>	<b>111</b>	<b>129</b>
<b>Carrying values</b>				
<b>At 31 December 2025</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>15</b>
At 31 December 2024	1	7	15	23

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Properties in other regions of the PRC (all of which are buildings located on land held under medium-term leases)	2.5% or remaining lease term, if shorter
Motor vehicles, equipment, furniture and other assets	20 – 50%

## 16. Interests in Joint Ventures

### (i) Joint ventures

	2025 HK\$ million	2024 HK\$ million
Cost of unlisted investments in joint ventures, net of impairment	236	236
Share of post-acquisition losses and other comprehensive income	(148)	(149)
	88	87

Particulars of the principal joint ventures are set out in note 40.

The summarised financial information in respect of the joint ventures that are not individually material to the Group at and for each of the years ended 31 December 2025 and 31 December 2024 attributable to the Group's interest is as follows:

	2025 HK\$ million	2024 HK\$ million
Profit after tax	1	2
Total comprehensive income	1	2

The Group has discontinued recognition of its share of loss of a joint venture in Nanjing because the Group's share of losses of this joint venture in previous years has exceeded its investment cost. The amounts of the unrecognised share of losses of the joint venture, both for the year and cumulatively, are as follows:

	2025 HK\$ million	2024 HK\$ million
Unrecognised share of loss of the joint venture for the year	(1)	(2)
Accumulated unrecognised share of losses of the joint venture	(70)	(69)

### (ii) Joint operations

During the year ended 31 December 2025, the Group's joint operation, Shui On – Cycle Links (SSP504) Joint Venture is formed for the design and construction of fire station-cum ambulance depot with departmental quarters and facilities in Hong Kong. The Group has a 90% interest in this joint operation, which was set up and operating in Hong Kong.

In addition, the Group's another joint operation, China State – Shui On Joint Venture, was formed for the design and construction of the Centre of Excellence in Paediatrics in Hong Kong. The Group has a 40% interest in this joint operation, which was set up and operating in Hong Kong.

## 17. Interest in an Associate

	2025 HK\$ million	2024 HK\$ million
Cost of unlisted investment in an associate	24	24
Share of post-acquisition losses and other comprehensive expense	(2)	(2)
	<b>22</b>	<b>22</b>

The Group has 40.23% interest in Carnot Innovations Holdings Pte. Ltd. ("Carnot"). Carnot is a private limited company incorporated in Singapore and the principal activity of its subsidiary is development and deployment of advanced analytics software platforms for optimisation of operational costs in commercial buildings.

The Group is able to exercise significant influence over Carnot because it has the power to appoint one out of the three directors of Carnot under the terms of the amended and restated shareholders agreement.

In the opinion of the Directors of the Company, this associate is not individually material to the Group and the following table illustrates its financial information:

	2025 HK\$ million	2024 HK\$ million
The Group's share of loss and total comprehensive expense for the year	–	(1)
Carrying amount of the Group's interest in the associate	22	22

## 18. Financial Asset at Fair Value Through Other Comprehensive Income

	2025 HK\$ million	2024 HK\$ million
<b>Financial asset at fair value through other comprehensive income</b>		
Listed equity securities in Hong Kong (note)	21	20

Note:

The above listed equity securities represent the Group's equity interest in Shui On Land Limited ("SOL") and they are classified as level 1 fair value measurement and is derived from quoted market price. At 31 December 2025, the Group held a 0.4% (2024: 0.4%) equity interest in SOL.

## 19. Financial Assets at Fair Value Through Profit or Loss

	2025 HK\$ million	2024 HK\$ million
<b>Financial assets at fair value through profit or loss</b>		
Unlisted equity investment (note a)	5	5
Venture capital fund (note b)	20	13
Life insurance policy (note c)	31	31
	<b>56</b>	<b>49</b>

Notes:

- (a) This represents the Group's investment in preferred shares of a private entity incorporated in the Cayman Islands.
- (b) This represents the Group's investment in a venture capital fund as a limited partner in 2022. The Group subscribed for certain interests as passive investor in the fund for a term of 10 years. During the year ended 31 December 2025, the Group paid approximately US\$0.6 million (approximately HK\$4 million) to the fund and it has uncalled capital commitments of approximately US\$0.3 million (approximately HK\$3 million) in accordance with the subscription agreement (note 33).
- (c) This represents the insurance premium paid for a life insurance policy. In December 2024, the Company entered into a life insurance policy with an insurance company to insure a key executive of the Company for an assured sum of US\$20 million (approximately HK\$156 million). Under the policy, the Company is the beneficiary and policy holder, and is required to pay a single premium of approximately US\$4 million (approximately HK\$31 million) at inception of the policy. The Company can terminate the policy at any time and receive cash back at the surrender date, which is based on the pre-determined guarantee cash value of the policy, plus the cash value of the terminal bonus (if any).
- (d) Details of the fair value hierarchy of these financial assets at FVTPL are set out in note 36(d).

## 20. Amounts due from/to Joint Ventures

	2025 HK\$ million	2024 HK\$ million
Amounts due from joint ventures (note a)	76	78
Amounts due to joint ventures (note b)	126	116

Notes:

- (a) The balances are unsecured, interest-free and repayable on demand. In the opinion of the Directors of the Company, the balances will be recoverable in the next twelve months from the end of the reporting period.
- (b) The balances are unsecured, interest-free and repayable on demand. As at 31 December 2024, out of the total balance, a total of RMB48 million (HK\$52 million) bear interest at 3.45% per annum and the rest is interest-free.

## 21. Properties held for Sale/Properties under Development for Sale

The properties held for sale and properties under development for sale are situated in the Chinese Mainland.

	2025 HK\$ million	2024 HK\$ million
Properties held for sale (note a)	473	570
Properties under development for sale (notes a and b)	164	160

Notes:

- (a) Impairment loss was recognised on certain properties held for sale and properties under development for sale as a result of a decrease in net realisable value of these properties as at 31 December 2025 and 2024. The management engaged an external professional valuer to perform independent valuations for these properties.
- (b) There were no properties expected to be completed and available for sale after one year from 31 December 2025 and 2024.
- (c) The leasehold land element cannot be allocated in proportion to the relative carrying amounts and the entire properties are classified as properties held for sale or properties under development for sale.

## 22. Other Current Assets

### Debtors, deposits and prepayments

	2025 HK\$ million	2024 HK\$ million
Trade debtors (note b)		
– Construction contracts	426	734
– Sales of goods	3	3
– Rendering of services	–	49
– Operating lease receivables	3	3
	432	789
Less: Allowance for credit losses	(7)	(7)
	425	782
Consideration receivable in respect of disposal of a subsidiary (note 32)	6	–
Prepayments and deposits	514	370
Other receivables (note c)	703	713
Less: Allowance for credit losses	(2)	(2)
	1,646	1,863
Less: amounts due for settlement after 12 months (note d)	(5)	–
	1,641	1,863

Notes:

- (a) The Group maintains a defined credit policy to assess the credit quality of each counterparty. Collections are closely monitored to minimise any credit risk associated with trade debtors. The general credit term ranges from 30 to 90 days.
- (b) At 1 January 2024, trade debtors from contracts with customers amounted to HK\$612 million.

## 22. Other Current Assets (Continued)

### Debtors, deposits and prepayments (Continued)

Notes: (Continued)

(c) Included in other receivables are receivables of HK\$520 million (2024: HK\$514 million) due from the Debtor, which hold a property interest in the PRC and were disposed of in 2008. The amounts are repayable on demand and out of the total outstanding balance, an amount of HK\$133 million (2024: HK\$130 million) carries interest at prevailing market rates. A court in the PRC issued notices to attach the aforesaid property interest to cause the Debtor to settle part of the onshore outstanding receivables in the amount of RMB338 million (approximately HK\$374 million) (2024: RMB338 million (approximately HK\$365 million)) and its related interest. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 34(a)). Given that there have been positive outcomes in the legal disputes in relation to the property interest and recovery of the outstanding receivables, including the successful registration of title deed of the property under the name of the Debtor in May 2015, the Directors of the Company reasonably believe that these receivables will be fully settled and the guarantee provided by the Company will be fully released either through the public auction of the aforesaid property interest or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

(d) Details of the amounts due for the settlement after 12 months are set out in note 32.

The following is an aged analysis of trade debtors (based on the repayment terms set out in sale and purchase agreements or invoice date, as appropriate) net of allowance for credit losses at the end of the reporting period:

	2025 HK\$ million	2024 HK\$ million
Trade debtors aged analysis:		
Not yet due or within 90 days	422	780
<i>Amounts past due but not impaired:</i>		
91 days to 180 days	–	1
181 days to 360 days	2	1
Over 360 days	1	–
	<b>3</b>	<b>2</b>
	<b>425</b>	<b>782</b>

Movement in the allowance for credit losses under lifetime ECL:

	2025 HK\$ million	2024 HK\$ million
Balance at the beginning of the year	7	7
Changes in provision recognised for the year	–	–
Balance at the end of the year	<b>7</b>	<b>7</b>

Included in the trade debtors are receivables of HK\$3 million (2024: HK\$1 million), which are aged over 180 days, based on the date on which revenue was recognised.

No loss allowance for ECL is considered necessary in respect of the amounts past due but not impaired as there has not been a significant change in credit quality and balances are still considered fully recoverable.

Details of impairment assessment of trade debtors and other receivables are set out in note 36.

## 22. Other Current Assets (Continued)

### Bank balances, deposits and cash

Bank balances, deposits and cash comprise cash held by the Group and deposits carry interest at market rates with original maturity of three months or less held with banks.

## 23. Restricted Bank Deposits

Balance at 31 December 2025 represents custody deposits amounting to HK\$282 million (2024: HK\$346 million) placed with banks mainly in relation to certain banking facilities of the Group.

The deposits carried interest at market rates, which ranged from approximately 0.00% to 0.95% (2024: 0.25% to 3.26%) per annum.

## 24. Contract Assets and Contract Liabilities

### (i) Contract assets

	2025 HK\$ million	2024 HK\$ million
Relating to construction contracts (note)	1,169	1,292

At 1 January 2024, contract assets amounted to HK\$1,334 million.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date on construction. The contract assets are transferred to trade debtors when the rights become unconditional.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group also typically agrees to one to two years retention period for 1% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment become unconditional upon expiration of the defects liability period.

The decrease in contract assets in 2025 was the result of the decrease in unbilled revenue from construction contracts at the end of the reporting period.

Note:

At 31 December 2025, the amount of contract assets that is expected to be recovered after more than one year is HK\$141 million (2024: HK\$126 million), all of which relates to retention receivable.

## 24. Contract Assets and Contract Liabilities (Continued)

### (ii) Contract liabilities

	2025 HK\$ million	2024 HK\$ million
Relating to property sales	3	9
Relating to construction contracts	57	45
	<b>60</b>	<b>54</b>

The Group receives a fixed sum as deposits from customers from property sales when they sign the sale and purchase agreement. These deposits are recognised as contract liabilities until the customers obtain control of the completed properties.

When the Group receives a deposit before construction services is rendered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Movements in contract liabilities:

	2025 HK\$ million	2024 HK\$ million
Balance at the beginning of the year	54	43
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(51)	(37)
Increase in contract liabilities as a result of receiving deposits in respect of:		
– property sales	–	3
– construction contracts	57	45
Balance at the end of the year	<b>60</b>	<b>54</b>

## 25. Amounts due from/to Related Companies, Non-Controlling Shareholder of a Subsidiary

	2025 HK\$ million	2024 HK\$ million
Amounts due from related companies (notes a and b)	2	10
Amounts due to non-controlling shareholder of a subsidiary (note c)	18	–
Amounts due to related companies (notes a and b)	36	47

Notes:

- (a) The related companies are subsidiaries of SOCL.
- (b) The balances are unsecured, interest-free and repayable on demand.
- (c) The balances are unsecured, interest bearing at 3.0% to 5.08% per annum, HK\$9 million is repayable within one year from the end of the reporting period and the remaining HK\$9 million is repayable after one year from the end of the reporting period.

## 26. Creditors and Accrued Charges

The aged analysis of creditors (based on invoice date) of HK\$694 million (2024: HK\$1,188 million), which are included in the Group's creditors and accrued charges, is as follows:

	2025 HK\$ million	2024 HK\$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	601	1,088
31 days to 90 days	38	70
91 days to 180 days	17	11
Over 180 days	38	19
	<b>694</b>	1,188
Retention payable (note b)	498	467
Provision for contract work/construction cost	1,337	1,154
Other accruals and payables	248	253
	<b>2,777</b>	3,062

Notes:

- (a) The average credit period on purchases of certain goods is 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.
- (b) The balances include retention payable of HK\$113 million (2024: HK\$209 million), which is due after one year from the end of the reporting period, within normal operating cycle.

## 27. Bank Borrowings

	2025 HK\$ million	2024 HK\$ million
Secured bank borrowings	693	760
Unsecured bank borrowings	2,442	2,739
	<b>3,135</b>	3,499
Less: Amounts due within 12 months	<b>(1,544)</b>	(2,636)
Amounts due for settlement after 12 months	<b>1,591</b>	863
Carrying amount repayable:		
Within one year	<b>1,544</b>	2,636
More than one year but not exceeding two years	<b>822</b>	310
More than two years but not exceeding five years	<b>769</b>	553
	<b>3,135</b>	3,499

The carrying amounts of the Group's bank borrowings are analysed as follows:

Denominated in	Interest rate at end of the year (per annum)	2025 HK\$ million	2024 HK\$ million
<b>At variable rates</b>			
Hong Kong dollars	3.50% to 6.33% (2024: 5.33% to 8.33%)	<b>2,930</b>	3,246
Renminbi	3.75% to 4.80% (2024: 3.85% to 4.90%)	<b>150</b>	175
United States dollars	3.83% (2024: 5.24%)	<b>55</b>	78
		<b>3,135</b>	3,499

The variable interest rates are linked to Hong Kong Interbank Offered Rate ("HIBOR"), Secured Overnight Financing Rate ("SOFR") and prevailing Loan Prime Rate ("LPR") published by the People's Bank of China.

Notes:

- The Group's investment properties amounting to HK\$3,366 million (2024: HK\$3,336 million) and properties held for sale amounting to HK\$77 million (2024: nil) were pledged as security for certain banking facilities granted to the Group at the end of the reporting period.
- Restricted bank deposits amounting to HK\$282 million at 31 December 2025 (2024: HK\$346 million) were placed with banks in relation to certain banking facility arrangements entered into with the Group.
- In addition, certain equity interests in some subsidiaries were also charged to banks as security for certain banking facilities granted to the Group at the end of the reporting period.
- In respect of certain bank borrowings with carrying amount of HK\$2,771 million at 31 December 2025 (2024: HK\$2,936 million), the Group is required to comply with certain covenants throughout the continuance of the relevant borrowings and/or as long as the borrowings are outstanding. The Group has complied with these covenants throughout the reporting period.

## 28. Share Capital

	2025 Number of shares	2024 Number of shares	2025 HK\$ million	2024 HK\$ million
Ordinary shares of HK\$1 each:				
<b>Authorised</b>				
At the beginning and the end of the year	1,000,000,000	1,000,000,000	1,000	1,000
<b>Issued and fully paid</b>				
At the beginning of the year	373,346,164	373,352,164	373	373
Shares cancelled	–	(6,000)	–	–
At the end of the year	373,346,164	373,346,164	373	373

During the year ended 31 December 2023, the Company had repurchased 106,000 of its own shares on the Stock Exchange, of which 100,000 shares were cancelled and the remaining 6,000 shares were subsequently cancelled in January 2024.

The repurchase was effected by the Directors with a view to benefiting the shareholders as a whole by accreting the Group's net asset value per share.

No new shares were issued during the year.

## 29. Retirement Benefit Plans

### Hong Kong

The Group participates in both a defined benefit scheme (the "Scheme"), which is registered under the Occupational Retirement Schemes Ordinance but was wound up by the Group during the year ended 31 December 2025 and a Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme and established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group and are invested in securities and funds under the control of trustees. Employees who were members of the Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the Scheme or switching to the MPF Scheme. All employees joining the Group on or after 1 December 2000 have been required to join the MPF Scheme.

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to LSP to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years employment period.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement"). The LSP obligation, if any, is presented on a net basis.

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP obligation with respect to employees that participate in MPF Scheme and the Group has accounted for the LSP obligation, taking into account the Abolition, in accordance with the accounting policies disclosed in note 3.

### Mandatory Provident Fund Scheme

For members of the MPF Scheme, contributions are made by the employee at 5% of relevant income and by the Group at rates ranging from 5% to 10% of the employee's salary, depending on the employee's length of service with the Group.

The Group's contributions to the MPF Scheme charged to the consolidated statement of profit or loss as staff costs during the year amounted to HK\$41 million (2024: HK\$37 million). The amount of employer's voluntary contributions to the MPF Scheme forfeited for the years ended 31 December 2025 and 31 December 2024 was immaterial and was used to reduce the existing level of contributions.

## 29. Retirement Benefit Plans (Continued)

### Hong Kong (Continued)

#### Defined Benefit Scheme

Contributions to the Scheme are made by the members at 5% of their salaries and by the Group at rates, which are based on recommendations made by the actuary to the Scheme. The employer contribution rate for the year ended 31 December 2025 was 74% (2024: 74%) of the members' salaries. Under the Scheme, a member is entitled to retirement benefits, which comprise the sum of any benefits transferred from another scheme and the greater of the sum of the employer's scheduled contribution plus the member's contribution (both contributions being calculated on the scheme salary of the member) accumulated with interest at a rate of no less than 6% per annum before 1 September 2003 and 1% per annum in respect of contributions made on or after 1 September 2003 or 1.8 times the final salary times the years of service in the Scheme on the attainment of the retirement age of 60. For members who joined the Scheme before 1997, the retirement age is 60 for male members and 55 for female members.

The Scheme typically exposes the Company to the following key risks:

- **Investment risk**

Strong investment returns tend to increase the fair value of Scheme assets and therefore improve the Scheme's financial position as measured by the net defined benefit liability/asset, whilst poor or negative investment returns tend to weaken the position.

The members' balances are credited with 6% per annum and 1% per annum interest to pre and post 1 September 2003 balances respectively. Therefore, investment returns are expected to cover the interest to be credited to members' balances over the long term.

The Scheme assets are invested in a diversified portfolio of equities, hedge funds, bonds and cash, covering major geographical locations around the world. The diversification of asset classes and geographical location helps to reduce the concentration of risk associated with the Scheme investments.

- **Interest rate risk**

The DBO is calculated using a discount rate based on market bond yields. A decrease in the bond yields will increase the DBO.

- **Salary risk**

The DBO is calculated with reference to the future salaries of members because the Scheme's benefits are salary-related. Salary increases that are higher than expected will increase the DBO.

## 29. Retirement Benefit Plans (Continued)

### Hong Kong (Continued)

#### Defined Benefit Scheme (Continued)

##### Transition from the Scheme to MPF Scheme

The Group wound up the Scheme on 31 August 2025 in order to simplify the Group's retirement benefit arrangements and align with market practices in Hong Kong.

Upon winding up of the Scheme on 31 August 2025:

- (i) Accrued benefits were calculated based on each member's entitlements as at 31 August 2025;
- (ii) Members were given the option either:
  - (a) Transfer their accrued benefits to MPF scheme; or
  - (b) Receive a cash payment of their accrued benefits; and
- (iii) Any remaining assets of the Scheme were refunded to the Company.

The Scheme was wound up at 31 August 2025, hence no actuarial method is required. The most recent valuations of the Scheme assets and the present value of the DBO were carried out at 31 December 2025 by Ms. Elaine Hwang of Willis Towers Watson, who is a Fellow of the Society of Actuaries. The present value of the DBO and the related current service cost were measured using the Projected Unit Credit Method.

The principal actuarial assumptions used at 31 December 2024 are as follows:

	2024
Discount rate	3.4%
Expected rate of salary increase	1.5% p.a.

The valuation shows that the fair value of the Scheme assets attributable to the 31 December 2024 was HK\$262 million, representing 100% of the benefits that has accrued to members.

## 29. Retirement Benefit Plans (Continued)

### Hong Kong (Continued)

#### Defined Benefit Scheme (Continued)

Amounts recognised in profit or loss and other comprehensive income for the year in respect of the Scheme are as follows:

	Year ended 31 December	
	2025 HK\$ million	2024 HK\$ million
Current service cost	3	6
Net interest on net defined benefit liabilities	(1)	2
Administrative expenses paid from scheme assets	2	1
Settlement loss upon winding up of the scheme	12	–
Defined benefit cost recognised in the consolidated statement of profit or loss	16	9
Actuarial loss due to experience adjustment	4	2
Actuarial gain due to financial assumption changes	–	(22)
Return on Scheme assets greater than discount rate	(22)	(28)
Remeasurement effects recognised in the consolidated statement of other comprehensive income	(18)	(48)
Total	(2)	(39)

The settlement loss of HK\$12 million upon winding up the Scheme was recognised in the consolidated statement of profit and loss arose primarily from higher-than-expected benefit take-up by certain eligible employees.

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of the Scheme is as follows:

	2025 HK\$ million	2024 HK\$ million
Present value of defined benefit obligation	–	(261)
Fair value of Scheme assets	–	262
Defined benefit assets included in the consolidated statement of financial position	–	1

The Scheme assets do not include any shares in the Company (2024: nil).

## 29. Retirement Benefit Plans (Continued)

### Hong Kong (Continued)

#### Defined Benefit Scheme (Continued)

Movements of the present value of DBO are as follows:

	2025 HK\$ million	2024 HK\$ million
At the beginning of the year	261	305
Current service cost	3	6
Interest cost	6	9
Employees' contributions	2	3
Actuarial loss – experience adjustment	4	2
Actuarial gain – financial assumptions	–	(22)
Benefits paid	(60)	(42)
Settlement loss upon winding up of the scheme	12	–
Benefits paid/transferred due to wind up	(228)	–
At the end of the year	–	261

Movements of the present value of Scheme assets are as follows:

	2025 HK\$ million	2024 HK\$ million
At the beginning of the year	262	218
Interest income on Scheme assets	7	7
Return on scheme assets greater than discount rate	22	28
Employers' contributions	27	49
Employees' contributions	2	3
Benefits paid	(60)	(42)
Administrative expenses paid from scheme assets	(2)	(1)
Benefits paid/transferred due to wind up	(228)	–
Surplus refunded to the Company	(30)	–
At the end of the year	–	262

## 29. Retirement Benefit Plans (Continued)

### Hong Kong (Continued)

#### Defined Benefit Scheme (Continued)

The major categories of Scheme assets of total Scheme assets are as follows:

	2025 HK\$ million	2024 HK\$ million
Equities	–	144
Bonds	–	68
Cash and others	–	50
	–	262

The fair value of the Scheme assets is determined based on quoted market price in active market.

The results of sensitivity analysis of DBO is not applicable as at 31 December 2025 as the Scheme was wound up on 31 August 2025 and no actuarial method is required.

The below tables summarise the results of sensitivity analysis on the DBO, based on reasonably possible changes in significant actuarial assumptions as at 31 December 2024.

	Adopted rate	Change to Adopted rate	Rate used in sensitivity analysis	Effect on DBO HK\$ million	Effect on DBO %
At 31 December 2024					
Discount rate	3.4%	+0.25%	3.65%	(2)	(0.9%)
		–0.25%	3.15%	2	0.9%
Expected rate of salary increase	1.5%	+0.25%	1.75%	3	1.1%
		–0.25%	1.25%	(3)	(1.1%)

The sensitivity analysis presented above may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 29. Retirement Benefit Plans (Continued)

### Hong Kong (Continued)

#### Defined Benefit Scheme (Continued)

The expected contributions to the Scheme during the next financial year are as follows:

	2025 HK\$ million	2024 HK\$ million
Expected employer contributions	–	44
Expected member contributions	–	3

There are no expected contributions to the Scheme during the next financial year as the Scheme was wound up during the year and a MPF scheme was established for all eligible employees.

The weighted average duration of the DBO at 31 December 2025 is nil (2024: 4.0 years).

### PRC

The employees of the Company's subsidiaries in the PRC are members of state-managed retirement plans operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement plans to fund the benefits. The only obligation of the Group with respect to the retirement plans is to make the specified contributions. The Group's contributions to state-managed retirement plans charged to the consolidated statement of profit or loss as staff cost during the year amounted to HK\$4 million (2024: HK\$4 million).

No other post-retirement benefits are provided to the employees of the Group.

### 30. Deferred Taxation

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

	Accelerated tax depreciation HK\$ million	Revaluation of properties HK\$ million	Tax losses HK\$ million	Total HK\$ million
At 1 January 2024	(1)	(296)	44	(253)
Exchange adjustments	–	6	(2)	4
Credit to consolidated statement of profit or loss	–	12	18	30
At 31 December 2024	(1)	(278)	60	(219)
Exchange adjustments	–	(6)	1	(5)
Disposal of a subsidiary (note 32)	–	–	(2)	(2)
Credit to consolidated statement of profit or loss	–	30	8	38
<b>At 31 December 2025</b>	<b>(1)</b>	<b>(254)</b>	<b>67</b>	<b>(188)</b>

For the purposes of the consolidated statement of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$ million	2024 HK\$ million
Deferred tax assets	54	18
Deferred tax liabilities	(242)	(237)
	<b>(188)</b>	<b>(219)</b>

Notes:

- For the purposes of the consolidated statement of financial position presentation, certain deferred tax assets and liabilities have been offset.
- At 31 December 2025, the Group had unused tax losses of HK\$2,201 million (2024: HK\$2,015 million) available to offset against future profits. A deferred tax asset has been recognised in respect of such tax losses amounting to HK\$363 million (2024: HK\$286 million). No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK\$1,838 million (2024: HK\$1,729 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2025 are tax losses of approximately HK\$362 million (2024: HK\$323 million) that will expire within 5 years from the year of originating. Other tax losses may be carried forward indefinitely.
- Under the tax regulations of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC investees from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to profits earned by the Company's PRC subsidiaries amounting to HK\$617 million at 31 December 2025 (2024: HK\$603 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

### 31. Lease Arrangements

#### As lessee

The Group leases certain office properties. Leases are negotiated for lease terms ranging from one to three years.

Information about leases for which the Group is a lessee is presented below.

#### (a) Right-of-use assets

	2025 HK\$ million	2024 HK\$ million
At the beginning of the year	41	48
Depreciation	(32)	(38)
Additions	29	32
Disposals	(2)	(1)
Disposal of a subsidiary (note 32)	(2)	–
At the end of the year	34	41

#### (b) Amounts recognised in profit or loss

	2025 HK\$ million	2024 HK\$ million
<b>Continuing operations</b>		
Depreciation of right-of-use assets	32	37
Interest on lease liabilities	1	2
Expenses relating to short-term leases	2	3

#### (c) Amounts recognised in statement of cash flows

	2025 HK\$ million	2024 HK\$ million
Total cash outflow for leases	38	43

## 31. Lease Arrangements (Continued)

### As lessor

The Group leases out its investment properties and all leases are classified as operating leases. Rental income from the Group's investment properties during the year ended 31 December 2025 was HK\$75 million (2024: HK\$79 million), of which contingent rental income was HK\$5 million (2024: HK\$5 million).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2025 HK\$ million	2024 HK\$ million
Within one year	63	62
After one year but within two years	44	48
After two years but within three years	31	33
After three years but within four years	20	24
After four years but within five years	14	18
After five years	31	47
	<b>203</b>	232

## 32. Disposal of a Subsidiary

During the year ended 31 December 2025, the Group disposed of a subsidiary which is primarily engaged in providing property management services in Hong Kong. Details of the transaction were set out in an announcement of the Company dated 8 September 2025.

	HK\$ million
<b>Assets and liabilities of the subsidiary at the Completion Date were shown as below:</b>	
Property, plant and equipment	1
Goodwill	9
Right-of-use assets	2
Deferred tax assets	2
Debtors, deposits and prepayments	73
Cash and cash equivalents	9
Creditors and accrued charges	(54)
Lease liabilities	(2)
Net assets disposed of	40
<b>Net consideration received/receivable:</b>	
Cash received	90
Deferred cash consideration (note)	6
Transaction costs incurred in connection with the Disposal	(7)
Total net consideration	89
<b>Gain on disposal of a subsidiary:</b>	
Net consideration received/receivable	89
Net assets disposed of	(40)
Gain on disposal (note 11)	49
<b>Net cash inflow arising from disposal:</b>	
Cash and cash equivalents received	90
Transaction costs paid	(1)
Cash and cash equivalents disposed	(9)
Total net cash inflow	80

Note:

The deferred consideration will be settled in cash by the purchaser in two instalments. The two instalments of HK\$1 million and HK\$5 million shall be payable by the purchaser to the Group on or before 19 March 2026 and 31 December 2027 respectively, subject to the adjustments as mentioned in the sale and purchase agreement.

### 33. Capital and Other Commitments

At 31 December 2025, the Group had uncalled capital commitments relating to the venture capital fund amounting to approximately US\$0.3 million (approximately HK\$3 million) (2024: US\$0.9 million (approximately HK\$7 million)) (note 19(b)).

### 34. Contingent Liabilities

At 31 December 2025, the Group had the following contingent liabilities, which have not been provided for in the consolidated financial statements:

- (a) In 2007, the Company issued a guarantee (the "Guarantee") in favour of a bank for a loan granted to an entity which was a wholly-owned subsidiary of CCP at that time (the "Former Subsidiary"). Subsequently, the Former Subsidiary was sold by CCP in 2008, but the Company remained as the guarantor for the bank loan following the disposal (see note 22(c) for details of receivables due from the Former Subsidiary arising from such disposal). In October 2011, the Company received a notice from the aforesaid bank that it had entered into an agreement to sell all its rights and interests, including the Guarantee, to a new lender (the "New Lender"). At the same time, the Company entered into a restructuring deed with the New Lender, which was subsequently supplemented by supplemental restructuring deeds, whereby the New Lender agreed not to demand fulfilment of the Company's obligations under the Guarantee to October 2027, subject to extension after further discussions. The management reasonably believes that further extension will be granted in due time. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK\$600 million) (2024: RMB542 million (HK\$585 million)) and the related interest amounting to RMB948 million (HK\$1,049 million) (2024: RMB881 million (HK\$951 million)) are secured by a property interest in the PRC held by the Former Subsidiary. Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and agreed unconditionally to undertake and indemnify the Group for all losses as a result of the Guarantee.

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and at the end of the reporting period after taking into consideration the possibility of demanding fulfilment of the Company's obligations under the Guarantee by the New Lender and the collateral of the loan. Accordingly, no value has been recognised in the consolidated statement of financial position.

- (b) In respect to the delay in construction completion of a development project in Tianjin, by the date as stipulated in the relevant land grant contracts, the relevant local government authority has accepted certain reasons identified by the Group in supporting the application for extending the completion date of the project. Taking into account the aforesaid extension as accepted by the government authority, the estimated penalty as at 31 December 2025, if any, will not be more than RMB14 million (2024: RMB14 million). The management of the Company views that the exposure should be further reduced or fully exempted.

### 35. Material Related Party Transactions

- (a) During the year, the Group had the following transactions with SOCL and its subsidiaries other than those of the Group ("SOCL Private Group").

	Notes	2025 HK\$ million	2024 HK\$ million
<b>Connected transactions</b>			
Revenue from property management services	(i)	5	10
Disbursements on cost basis for costs and expenses incurred in the course of performing the property management services	(i)	2	9
Revenue from renovation works	(i)	11	56
Revenue from smart facilities management services	(i)	–	–
<b>Fully exempted connected transactions</b>			
Revenue from renovation works	(ii)	3	3
Management and information system services income	(ii)	1	1
Rental expenses	(ii)	1	2
Revenue from maintenance works	(iii)	1	1
Dividend income		1	2

Notes:

- (i) The transactions are continuing connected transactions and the Company has fully complied with the relevant requirements under Chapter 14A of the Listing Rules, details of which are disclosed under the Directors' Report section.
- (ii) The transactions are fully exempted connected transactions and the Company has fully complied with the relevant requirements under Chapter 14A of the Listing Rules.
- (iii) The transactions are fully exempted continuing connected transactions and the Company has fully complied with the relevant requirements under Chapter 14A of the Listing Rules.

The outstanding balances with SOCL Private Group at the end of the reporting period are disclosed in note 25.

- (b) The Group is licensed by Shui On Holdings Limited, a wholly-owned subsidiary of SOCL, to use the trademark, trade name of "Shui On", "瑞安" and/or the Seagull devices on a non-exclusive, royalty-free basis for an unlimited period of time.

The above-mentioned transactions are fully exempted continuing connected transactions under Chapter 14A of the Listing Rules.

- (c) During the year ended 31 December 2025, the Group obtained unsecured non-interest bearing short-term loan of HK\$40 million (2024: Nil) and unsecured interest-bearing short term loan of HK\$60 million (2024: HK\$20 million) from a wholly-owned subsidiary of SOCL, which were repaid in the same year.

During the year ended 31 December 2025, the Group obtained unsecured interest-bearing loan of HK\$18 million (2024: Nil) from a non-controlling shareholder of a subsidiary, in which HK\$9 million is repayable within one year from the end of the reporting period and the remaining HK\$9 million is repayable after one year from the end of the reporting period.

The above-mentioned transactions are fully exempted connected transactions under Chapter 14A of the Listing Rules.

### 35. Material Related Party Transactions (Continued)

(d) During the year, the Group had the following transactions with joint ventures.

Nature of transactions	2025 HK\$ million	2024 HK\$ million
Interest expenses	–	8

The outstanding balances with joint ventures at the end of the reporting period are disclosed in note 20.

Except for the connected transactions or continuing connected transactions mentioned above, none of the related party transactions disclosed in note 35 herein and in note 33 of the 2024 Annual Report constitutes a connected transaction or continuing connected transaction. The Company has complied in full with the relevant requirements under Chapter 14A of the Listing Rules in respect of the aforesaid connected transactions or continuing connected transactions.

(e) Disclosures of the remuneration of Directors and other members of key management during the year under HKAS 24 Related Party Disclosures, were as follows:

	2025 HK\$ million	2024 HK\$ million
Fees	2	2
Salaries and other benefits	21	20
Performance bonuses	3	3
Retirement benefit scheme contributions	1	1
	<b>27</b>	<b>26</b>

The remuneration of Executive Directors is determined by the Remuneration Committee having regard to the performance of each individual. The Remuneration Committee also determines the guiding principles applicable to the remuneration of key executives who are not Directors. In both cases, the Remuneration Committee has made reference to market trends.

## 36. Financial Instruments

### (a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. There has been no change in the Group's exposure to capital risk or the manner in which it manages and measures the risk.

The capital structure of the Group consists of debts, which include bank borrowings and equity attributable to the owners of the Company, comprising issued share capital, reserves and accumulated losses.

The Directors of the Company review the capital structure periodically. As a part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will adjust its overall capital structure through the issue of new shares, new debt or the redemption of existing debt.

### (b) Categories of financial instruments

	2025 HK\$ million	2024 HK\$ million
<b>Financial assets</b>		
At fair value through other comprehensive income	21	20
At fair value through profit or loss	56	49
At amortised cost	2,832	3,309
<b>Financial liabilities</b>		
At amortised cost	4,558	5,393

### (c) Financial risk management objectives and policies

The Group's major financial instruments include FVTOCI, FVTPL, debtors, amounts due from joint ventures and related companies, restricted bank deposits, bank balances, deposits and cash, creditors, amounts due to joint ventures, non-controlling shareholder of a subsidiary and related companies, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

## 36. Financial Instruments (Continued)

### (c) Financial risk management objectives and policies (Continued)

#### Market risk

The Group is exposed primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk. Details of each type of market risk are described as follows:

#### (i) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and variable-rate borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk but would consider doing so in respect of significant exposure should the need arise.

The Group is also exposed to interest-bearing financial assets.

The Group's exposure to interest rates on bank deposits and financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, SOFR and LPR arising from the Group's borrowings.

#### *Interest rate sensitivity*

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for variable-rate borrowings. No sensitivity analysis is performed for bank deposits as the management considered the risk is immaterial. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. An increase or decrease of 100 basis points (2024: 100 basis points) is used when reporting the interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates.

At the end of the reporting period, if interest rates had been increased/decreased by 100 basis points (2024: 100 basis points) and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease by approximately HK\$31 million (2024: HK\$35 million). In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

### 36. Financial Instruments (Continued)

#### (c) Financial risk management objectives and policies (Continued)

##### Market risk (Continued)

##### (ii) Foreign currency risk

Most of the Group's financial assets and financial liabilities are denominated in Hong Kong dollars or Renminbi, which are the same as the functional currency of the relevant group entities. The Group has certain bank balances and cash, current accounts with joint ventures and borrowings, which are denominated in foreign currencies and hence exposure to exchange rate fluctuations arises. The Group currently manages its foreign currency risk by closely monitoring the movement of the foreign currency rate and will take out currency hedging contracts to reduce its foreign currency risk, where appropriate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are as follows:

	2025 HK\$ million	2024 HK\$ million
<b>Assets</b>		
Renminbi	1,167	1,138
United States dollars	125	125
Hong Kong dollars	100	103
<b>Liabilities</b>		
United States dollars	55	78
Hong Kong dollars	1,293	1,228

##### *Foreign currency sensitivity*

The Group's foreign currency risk is mainly concentrated on the fluctuation among Renminbi, the United States dollars and Hong Kong dollars. The sensitivity analysis does not include those United States dollars denominated assets and liabilities when they are held by group entities having Hong Kong dollars as their functional currency since the exchange rates between United States dollars and Hong Kong dollars are pegged.

## 36. Financial Instruments (Continued)

### (c) Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

##### (ii) Foreign currency risk (Continued)

###### *Foreign currency sensitivity (Continued)*

The following table details the Group's sensitivity to a 7% (2024: 7%) change in the functional currencies of the relevant group entities against foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 7% (2024: 7%) change in foreign currency rates. The following table indicates the impact to the loss after tax where the foreign currencies strengthen against the functional currencies of the relevant group entities. For a 7% (2024: 7%) weakening of the foreign currencies against the functional currencies of the relevant group entities, there would be an equal and opposite impact on the results. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

<b>Decrease (increase) in loss</b>	<b>2025</b>	<b>2024</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
Renminbi	<b>82</b>	80
United States dollars	<b>5</b>	3
Hong Kong dollars	<b>(84)</b>	(79)

##### (iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments at FVTOCI. If the market price of the investments had been increased/decreased by 20% (2024: 20%), the Group's reserve at 31 December 2025 would increase/decrease by approximately HK\$4 million (2024: HK\$4 million).

#### Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantees issued by the Group as disclosed in note 34.

#### Trade debtors and contract assets arising from contracts with customers

In order to minimise credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances and contract assets. In this regard, the Directors of the Company consider that the credit risk is significantly reduced.

### 36. Financial Instruments (Continued)

#### (c) Financial risk management objectives and policies (Continued)

##### Credit risk and impairment assessment (Continued)

##### Trade debtors and contract assets arising from contracts with customers (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its trade debtors and contract assets. The following table provides information about the exposure to credit risk for trade debtors and contract assets, which are assessed individually for debtors.

Gross carrying amount	Average loss rates	Trade debtors	Contract assets
Internal credit rating		HK\$ million	HK\$ million
<b>At 31 December 2025</b>			
Low risk (note a)	0.15%	426	1,172
Loss (note c)	100%	3	–
<b>At 31 December 2024</b>			
Low risk (note a)	0.18%	783	1,290
Watch risk (note b)	37.17%	–	5
Loss (note c)	100%	3	–

The estimated loss rates are estimated based on actual loss experience over the past three years and are adjusted for forward-looking information that is available without undue cost or effort.

Notes:

- (a) The counterparty has a low risk of default and does not have any past-due amounts.
- (b) Debtor frequently repays after due dates but usually settle after due date.
- (c) There is evidence indicating the asset is credit-impaired.

## 36. Financial Instruments (Continued)

### (c) Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

##### Other receivables

In order to reduce credit risk, the Group has procedures in place to monitor the credit standing of the counterparty and to ensure that follow-up action is taken to recover these receivables. The Group makes periodic individual assessment on the recoverability of other receivables with reference to the historical default experience and forward-looking factors. The Group believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided allowance for credit losses was limited to 12m ECL.

In particular, the Group reviews the recoverable amount of the other receivable of HK\$520 million (2024: HK\$514 million) due from a counterparty and the probability of default by this counterparty and the loss given default at the end of each reporting period.

For the year ended 31 December 2025, the Group had no reversed loss allowance or allowance recognised (2024: reversed loss allowance of HK\$2 million) on other receivables after the assessment. Except as described above, the Directors of the Company considered that no allowance for credit losses in respect of these receivables is necessary at the end of the reporting period.

The Group has certain concentration of credit risk in respect of trade debtors and other receivables. At 31 December 2025, 32% (2024: 28%) of total trade debtors and other receivables was due from a counterparty. At 31 December 2025, other receivables of HK\$520 million (2024: HK\$514 million) were due from a counterparty and a guarantee on outstanding loan principal amounting to RMB542 million (HK\$600 million) (2024: RMB542 million (HK\$585 million)) and related interest amounting to RMB948 million (HK\$1,049 million) (2024: RMB881 million (HK\$951 million)) was issued by the Company in respect of a loan advanced to this counterparty. Except for the above, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

##### Restricted bank deposits, bank balances and deposits

The credit risk on restricted bank deposits, bank balances and deposits are limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

##### Amounts due from joint ventures and related companies

With respect to credit risk arising from amounts due from joint ventures and related companies, the Group's exposure to credit risk arising from default of the counterparty is limited. The Group does not expect to incur a significant loss for uncollected amounts due from these joint ventures and related companies.

## 36. Financial Instruments (Continued)

## (c) Financial risk management objectives and policies (Continued)

## Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. The Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the Group's contractual maturity for its financial liabilities as well as certain financial assets. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. For financial assets, the table reflects the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The table includes both interest and principal cash flows.

	Weighted average effective interest rate % p.a.	On demand or less than 1 year HK\$ million	1-2 years HK\$ million	2-5 years HK\$ million	Total undiscounted cash flow HK\$ million	Carrying amount HK\$ million
<b>At 31 December 2025</b>						
Bank deposits	0.85%	254	-	-	254	253
Non-derivative financial liabilities						
Trade and other payables (note)	-	(1,301)	(122)	-	(1,423)	(1,423)
Bank borrowings at variable rate	5.47%	(1,656)	(870)	(833)	(3,359)	(3,135)
Lease liabilities	7.20%	(22)	(12)	(3)	(37)	(36)
		(2,725)	(1,004)	(836)	(4,565)	(4,341)
<b>At 31 December 2024</b>						
Bank deposits	1.83%	313	-	-	313	311
Non-derivative financial liabilities						
Trade and other payables (note)	-	(1,685)	(209)	-	(1,894)	(1,894)
Bank borrowings at variable rate	7.11%	(2,720)	(348)	(600)	(3,668)	(3,499)
Lease liabilities	7.20%	(34)	(12)	(2)	(48)	(44)
		(4,126)	(569)	(602)	(5,297)	(5,126)

Note:

Trade and other payables represent trade creditors, amounts due to joint ventures, non-controlling shareholder of a subsidiary and related companies, and other payables.

At the end of the reporting period, the Group has provided a financial guarantee to an independent third party (note 34(a)). In the event of the failure of this party to meet his obligation under this facility, the Group may be required to pay up to the guaranteed amount of HK\$1,649 million (2024: HK\$1,536 million) upon demand. Management does not consider that it is probable for this party to claim the Group under this guarantee.

## 36. Financial Instruments (Continued)

### (d) Fair value measurements of financial instruments

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting period.

#### At 31 December 2025

	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
<b>Financial asset at fair value through other comprehensive income</b>				
– Listed equity securities (note a)	21	–	–	21
<b>Financial assets at fair value through profit or loss</b>				
– Unlisted equity investment (note b)	–	5	–	5
– Venture capital fund (note c)	–	–	20	20
– Life insurance policy (note d)	–	–	31	31
	21	5	51	77

#### At 31 December 2024

	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
<b>Financial asset at fair value through other comprehensive income</b>				
– Listed equity securities (note a)	20	–	–	20
<b>Financial assets at fair value through profit or loss</b>				
– Unlisted equity investment (note b)	–	5	–	5
– Venture capital fund (note c)	–	–	13	13
– Life insurance policy (note d)	–	–	31	31
	20	5	44	69

#### Notes:

- The fair value of the listed equity securities in Hong Kong was derived from unadjusted quoted prices available on the Stock Exchange (active market).
- The fair value of the unlisted equity investment was determined with reference to recent transactions of the investee's shares.
- The fair value of the venture capital fund investment was determined based on the net asset value of the venture capital fund with underlying assets and liabilities measured at fair value as reported by the general partner of the fund. The higher the net asset value, the higher the fair value.
- The fair value of the life insurance policy was determined with reference to the quotation of the insurance policy from the insurance company.
- There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year.

36. Financial Instruments (Continued)

(d) Fair value measurements of financial instruments (Continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 December 2025.

	2025 HK\$ million	2024 HK\$ million
Opening balance at 1 January	44	7
Acquisition	–	31
Capital contributions	4	5
Fair value gain to profit or loss	3	1
Closing balance at 31 December	51	44

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The Directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

### 37. Reconciliation of Liabilities arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HK\$ million	Interest payable and other borrowing costs (included in other payables) HK\$ million	Lease liabilities HK\$ million	Dividends payable to non-controlling interests HK\$ million	Total HK\$ million
At 1 January 2024	3,108	63	50	–	3,221
Financing cash flows	395	(261)	(40)	(35)	59
New leases entered	–	–	32	–	32
Disposals	–	–	(1)	–	(1)
Finance costs	–	260	2	–	262
Capitalisation of lease interest	–	–	1	–	1
Dividends payable to non-controlling interests	–	–	–	35	35
Exchange adjustments	(4)	–	–	–	(4)
At 31 December 2024	3,499	62	44	–	3,605
Financing cash flows	(369)	(182)	(37)	(16)	(604)
New leases entered	–	–	29	–	29
Disposal of a subsidiary (note 32)	–	–	(2)	–	(2)
Finance costs	–	182	1	–	183
Capitalisation of lease interest	–	–	1	–	1
Dividends payable to non-controlling interests	–	–	–	34	34
Exchange adjustments	5	–	–	–	5
<b>At 31 December 2025</b>	<b>3,135</b>	<b>62</b>	<b>36</b>	<b>18</b>	<b>3,251</b>

## 38. Statement of Financial Position of the Company

	2025 HK\$ million	2024 HK\$ million
<b>Non-current Assets</b>		
Property, plant and equipment	–	4
Right-of-use assets	7	11
Interests in subsidiaries	7,084	7,070
Financial assets at fair value through profit or loss	31	31
Defined benefit assets	–	1
Club memberships	1	1
	<b>7,123</b>	<b>7,118</b>
<b>Current Assets</b>		
Debtors, deposits and prepayments	296	296
Bank balances, deposits and cash	19	48
	<b>315</b>	<b>344</b>
<b>Current Liabilities</b>		
Creditors and accrued charges	55	39
Lease liabilities	4	9
Amounts due to joint ventures	194	194
Amounts due to related companies	407	406
Bank borrowings	797	2,109
	<b>1,457</b>	<b>2,757</b>
<b>Net Current Liabilities</b>	<b>(1,142)</b>	<b>(2,413)</b>
<b>Total Assets Less Current Liabilities</b>	<b>5,981</b>	<b>4,705</b>
<b>Capital and Reserves</b>		
Share capital (note 28)	373	373
Reserves (note)	1,612	1,692
	<b>1,985</b>	<b>2,065</b>
<b>Non-current Liabilities</b>		
Bank borrowings	544	–
Lease liabilities	2	2
Amounts due to subsidiaries	3,450	2,638
	<b>3,996</b>	<b>2,640</b>
	<b>5,981</b>	<b>4,705</b>

### 38. Statement of Financial Position of the Company (Continued)

Note: Movement of the Company's reserves are set out below:

	Contributed surplus HK\$ million	Accumulated losses HK\$ million	Actuarial gain and loss HK\$ million	Other reserve HK\$ million	Total HK\$ million
At 1 January 2024	1,929	(97)	(94)	231	1,969
Loss for the year	-	(325)	-	-	(325)
Remeasurement of defined benefit scheme	-	-	48	-	48
Total comprehensive (expense) income for the year	-	(325)	48	-	(277)
At 31 December 2024	1,929	(422)	(46)	231	1,692
Loss for the year	-	(98)	-	-	(98)
Remeasurement of defined benefit scheme	-	-	18	-	18
Total comprehensive (expense) income for the year	-	(98)	18	-	(80)
Transfer of actuarial loss to accumulated losses upon winding up of the defined benefit scheme	-	(28)	28	-	-
At 31 December 2025	1,929	(548)	-	231	1,612

### 39. Particulars of Principal Subsidiaries

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries at 31 December 2025 and 31 December 2024 which principally affect the results or assets of the Group. All the companies listed below were incorporated and are operating in Hong Kong except as otherwise indicated.

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company		Principal activities
		Directly	Indirectly	
<b>Construction business</b>				
Shui On Contractors Limited <sup>†</sup>	200 shares of US\$1 each	94.75% (Note a)	–	Investment holding
P.D. (Contractors) Limited	1,000,000 ordinary shares (HK\$1,000,000)	–	73.91% (Note b)	Renovation work
Pacific Extend Limited	12,000,000 ordinary shares (HK\$12,000,000) 6,000 special shares (HK\$6,000)	–	72.96% (Note c)	Maintenance contractor
PEL (E&M) Limited	4,700,000 ordinary shares (HK\$4,700,000)	–	72.96% (Note c)	Electrical and mechanical services
Pat Davie Limited	33,000,000 ordinary shares (HK\$33,000,000) 100,000 non-voting deferred shares (HK\$1,000,000) 6,800,000 non-voting deferred shares (HK\$6,800,000)	–	73.91% (Note b)	Interior decoration, fit-out, design and contracting
Pat Davie (Macau) Limited <sup>##</sup>	Two quotas of total face value of MOP1,000,000	–	73.91% (Note b)	Interior decoration, fit-out, design and contracting
Shui On Building Contractors Limited	117,000,100 ordinary shares (HK\$117,000,100) 33,000,100 non-voting deferred shares (HK\$33,000,100) 50,000 non-voting deferred shares (HK\$50,000,000)	–	94.75% (Note a)	Building construction and maintenance
Shui On Construction Company Limited	100 ordinary shares (HK\$100) 69,000,000 non-voting deferred shares (HK\$69,000,000) 1,030,000 non-voting deferred shares (HK\$103,000,000)	–	94.75% (Note a)	Building construction
Shui On Plant and Equipment Services Limited	16,611,000 ordinary shares (HK\$16,611,000) 45,389,000 non-voting deferred shares (HK\$45,389,000)	–	94.75% (Note a)	Owning and leasing of plant and machinery and structural steel construction work
Shui On Facade Company Limited	4,000,000 ordinary shares (HK\$4,000,000)	–	94.75% (Note a)	Facade supply and construction contract

### 39. Particulars of Principal Subsidiaries (Continued)

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company		Principal activities
		Directly	Indirectly	
<b>Construction business (Continued)</b>				
Welpro Technology Limited	2,700,000 ordinary shares (HK\$2,700,000)	-	47.42% (Note d)	Installation works of electronic display and provision of security systems
Janus Services Limited	1 ordinary share (HK\$1)	-	100%	Provision of building information modelling services
领喆智能科技(上海)有限公司***	Registered capital and paid-up capital of RMB10,102,346	-	100%	Provision of smart facilities management solutions and services
<b>Property business</b>				
New Rainbow Investments Limited*	1 share of US\$1	100%	-	Investment holding
Brilliance Investments Limited*	1 share of US\$1	100%	-	Investment holding
Main Zone Group Limited*	1 share of US\$1	100%	-	Inactive
China Central Properties Limited <sup>^</sup>	281,193,011 shares of GBP0.01 each	57.12%	42.88%	Investment holding
Shui On China Central Properties Limited*	1 share of US\$1	-	100%	Investment holding
Honest Joy Investments Limited*	100 shares of US\$1 each	-	100%	Investment holding
Pacific Hill Limited	1 ordinary share (HK\$1)	-	100%	Investment holding
Shui On Properties Management Services Limited	2 ordinary shares (HK\$2)	-	- (Note e)	Investment holding
Pacific Extend Properties Management Limited	2 ordinary shares (HK\$2)	-	- (Note e)	Provision of property management services
SOCAM Asset Management Limited*	1 share of US\$1	100%	-	Investment holding
SOCAM Asset Management (HK) Limited	1 ordinary share (HK\$1)	-	100%	Provision of management services

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### 39. Particulars of Principal Subsidiaries (Continued)

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company		Principal activities
		Directly	Indirectly	
<b>Property business (Continued)</b>				
Cosy Rich Limited*	2 shares of US\$1 each	-	100%	Investment holding
Win Lead Holdings Limited*	100 shares of US\$1 each	-	100%	Investment holding
Dalian Shengyuan Real Estate Consulting Co., Ltd.**+	Registered and paid-up capital of RMB50,000,000	-	100%	Investment holding
北京億達房地產開發有限公司**** (Beijing Yida Real Estate Development Co., Ltd.)	Registered and paid-up capital of RMB30,000,000	-	100%	Inactive
Chongqing Hui Zheng Properties Co., Ltd.**+	Registered and paid-up capital of US\$75,000,000	-	100%	Property development
Shenyang Hua Hui Properties Co. Ltd.**+	Registered and paid-up capital of US\$70,000,000	-	100%	Property development
廣州英發房地產開發有限公司*** (Guangzhou Infotach Property Development Co., Ltd.)	Registered and paid-up capital of US\$10,000,000	-	100%	Property development
Beijing SOCAM Real Estate Consulting Co., Ltd.**+	Registered and paid-up capital of RMB800,000	-	100%	Provision of consultancy services
Chengdu Xianglong Real Estate Co., Ltd.**+	Registered and paid-up capital of RMB450,000,000	-	100%	Property development
江蘇九西建設發展有限公司*** (Jiangsu Jiu Xi Development Co., Ltd.)	Registered and paid-up capital of RMB382,000,000	-	100%	Property development
天津市聖偉房地產開發有限公司**+ (Summer Great (Tianjin) Co., Ltd.)	Registered and paid-up capital of US\$5,000,000	-	100%	Property development and leasing of investment properties
嘉傑(天津)置業投資有限公司****	Registered and paid-up capital of RMB400,000,000	-	100%	Property development and leasing of investment properties

### 39. Particulars of Principal Subsidiaries (Continued)

Subsidiaries	Issued and fully paid share capital/ registered and paid-up capital	Interest held by the Company		Principal activities
		Directly	Indirectly	
<b>Other businesses</b>				
Shui On Building Materials Limited	100 ordinary shares (HK\$100) 1,000,000 non-voting deferred shares (HK\$1,000,000)	-	100%	Investment holding
Tinsley Holdings Limited***	2 ordinary shares of US\$1 each	-	100%	Investment holding
Winway Holdings Limited***	2 ordinary shares of US\$1 each	-	100%	Investment holding
貴州凱里瑞安水泥有限公司*** (Guizhou Kaili Shui On Cement Co. Ltd.)	Registered and paid-up capital of RMB60,000,000	-	100%	Inactive

\* Incorporated in the British Virgin Islands

\*\* Established and operated in the Chinese Mainland

\*\*\* Incorporated in Mauritius

## Incorporated in Macau Special Administrative Region of the PRC

^ Incorporated in Isle of Man

+ Wholly foreign-owned enterprise

++ Limited liability company

None of the subsidiaries had any debt securities subsisting at 31 December 2025 or at any time during the year.

Notes:

- The share interests held by the Group in these companies were increased from 93.75% to 94.75% during the year ended 31 December 2025.
- The share interests held by the Group in these companies were increased from approximately 73.13% to approximately 73.91% during the year ended 31 December 2025.
- The share interest held by the Group in this company was increased from approximately 72.19% to approximately 72.96% during the year ended 31 December 2025.
- The share interest held by the Group in this company was increased from approximately 46.88% to approximately 47.42% during the year ended 31 December 2025.
- The wholly-owned subsidiaries were disposed of during the year ended 31 December 2025.

#### 40. Particulars of Principal Joint Ventures

The Directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of principal joint ventures of the Group at 31 December 2025 and 31 December 2024. All the companies listed below were incorporated and are operating in Hong Kong except otherwise indicated.

Indirect joint ventures	Issued and paid-up share capital/registered and paid-up capital	Interest held by the Group	Principal activities
<b>Construction and maintenance business</b>			
Janus Wan You Company Limited	1,900 ordinary shares (HK\$9,500,000) 100 non-voting shares (HK\$500,000)	47.50% (Note b)	Trading of precast concrete products
<b>Other businesses</b>			
貴州遵義瑞安水泥有限公司*** (Guizhou Zun Yi Shui On Cement Co. Ltd.)	Registered and paid-up capital of RMB92,000,000	80%	Inactive
Nanjing Jiangnan Cement Co., Ltd.**@	Registered and paid-up capital of RMB120,000,000	25.20%	Inactive

\*\* Established and operated in the Chinese Mainland

@ Equity joint venture

Notes:

- a) The Group and the other joint venturers are contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities require unanimous consent of the Group and the other joint venturers. Accordingly, the Directors consider they are joint ventures.
- b) The Group holds 50% voting rights of this joint venture through holding of 950 ordinary shares of the company.

The end of the consolidated financial statements.

The statement below from the Company does not form part of the consolidated financial statements:

Readers of these consolidated financial statements are strongly encouraged to read the Management Discussion and Analysis section set out in this annual report, which does not form part of the consolidated financial statements, to gain a fuller appreciation of the Group's financial results and situation in the context of its activities.

# GROUP FINANCIAL SUMMARY

## 1. Results

	Year ended 31 December				
	2021	2022	2023	2024	2025
	HK\$ million (Re-presented)	HK\$ million (Re-presented)	HK\$ million (Re-presented)	HK\$ million (Re-presented)	HK\$ million
<b>Continuing operations</b>					
Turnover	5,131	6,165	8,186	9,048	<b>7,010</b>
Profit (loss) before taxation	236	(58)	(18)	(299)	<b>(95)</b>
Taxation	(78)	(82)	(62)	(24)	<b>(2)</b>
Profit (loss) for the year from continuing operations	158	(140)	(80)	(323)	<b>(97)</b>
<b>Discontinued operation</b>					
Profit for the year from discontinued operation	17	18	5	10	<b>55</b>
<b>Profit (loss) for the year</b>	<b>175</b>	<b>(122)</b>	<b>(75)</b>	<b>(313)</b>	<b>(42)</b>
Attributable to:					
Owners of the Company	76	(232)	(155)	(364)	<b>(92)</b>
Non-controlling interests	99	110	80	51	<b>50</b>
	175	(122)	(75)	(313)	<b>(42)</b>

## 2. Assets and Liabilities

	At 31 December				
	2021	2022	2023	2024	2025
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Total assets	9,582	9,109	9,166	9,460	<b>8,822</b>
Total liabilities	(6,048)	(6,176)	(6,527)	(7,206)	<b>(6,571)</b>
	3,534	2,933	2,639	2,254	<b>2,251</b>
Equity attributable to:					
Owners of the Company	3,264	2,629	2,371	1,986	<b>1,985</b>
Non-controlling interests	270	304	268	268	<b>266</b>
	3,534	2,933	2,639	2,254	<b>2,251</b>

# CORPORATE INFORMATION

## BOARD

### Executive Directors

Mr. Lo Hong Sui, Vincent (*Chairman*)  
Mr. Lee Chun Kong, Freddy (*Chief Executive Officer*)  
Mr. Lo Adrian Jonathan Chun Sing  
(*Deputy Chief Executive Officer*)

### Non-executive Directors

Ms. Lo Bo Yue, Stephanie  
Mr. Chan Wai Kan, George

### Independent Non-executive Directors

Mr. Chan Kay Cheung  
Mr. Lau Ping Cheung, Kaizer  
Mr. Wong Hak Wood, Louis

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## FINANCE COMMITTEE

Mr. Chan Wai Kan, George (*Chairman*)  
Mr. Lee Chun Kong, Freddy  
Mr. Lo Adrian Jonathan Chun Sing  
Mr. Chan Kay Cheung  
Mr. Lau Ping Cheung, Kaizer  
Mr. Wong Hak Wood, Louis

## INVESTMENT COMMITTEE

Mr. Lee Chun Kong, Freddy (*Chairman*)  
Mr. Lo Adrian Jonathan Chun Sing  
Mr. Chan Kay Cheung  
Mr. Lau Ping Cheung, Kaizer  
Mr. Wong Hak Wood, Louis

## EXECUTIVE COMMITTEE

Mr. Lee Chun Kong, Freddy (*Chairman*)  
Mr. Lo Hong Sui, Vincent  
Mr. Lo Adrian Jonathan Chun Sing  
Other key executives

## COMPANY SECRETARY

Mr. Cheng Ka Hang, Francis

## AUDITOR

Deloitte Touche Tohmatsu

*(Registered Public Interest Entity Auditor)*

## REGISTERED OFFICE

Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

34th Floor, Shui On Centre  
6-8 Harbour Road, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17th Floor, Far East Finance Centre  
16 Harcourt Road, Hong Kong

## PRINCIPAL BANKERS

China CITIC Bank International Limited  
China Minsheng Banking Corp., Ltd.  
Hang Seng Bank, Limited  
Nanyang Commercial Bank, Limited  
Shanghai Commercial Bank Limited

## STOCK CODE

983

## WEBSITE

[www.socam.com](http://www.socam.com)

**SOCAM DEVELOPMENT LIMITED**

瑞安建業有限公司

(Incorporated in Bermuda with limited liability)



[www.socam.com](http://www.socam.com)

