



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 563

Striving Ahead

with **PRAGMATISM**

Uniting Efforts

for **LASTING SUCCESS**



ANNUAL REPORT

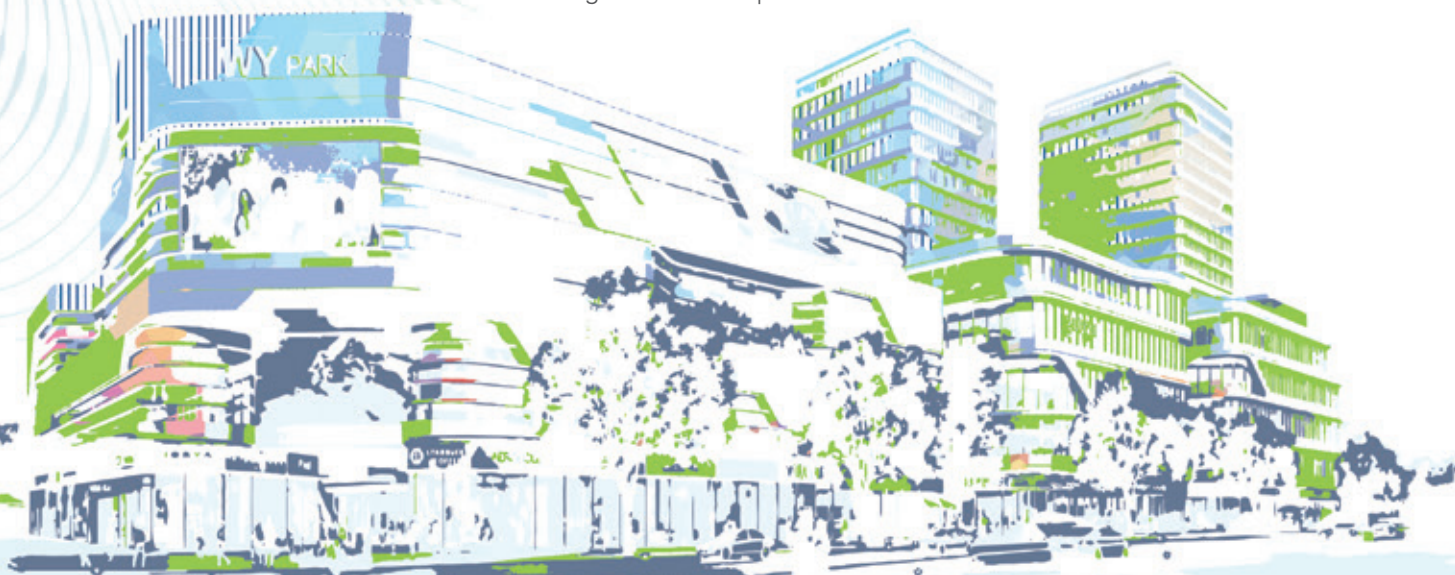
2024



Architectural Mastery

ENJOYABLE LIFESTYLE

Shanghai Industrial Urban Development Group Limited (“SIUD”) currently has 27 real estate projects in 10 major cities in China, mainly located at Shanghai, Beijing, Tianjin, Wuxi, Shenyang, Xi’an, Chongqing, Yantai, Wuhan and Shenzhen. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with approximately 3.32 million square meters future saleable areas and building a marvelous foundation for our long term development.



CONTENTS

2

Corporate
Information

3

Financial
Highlights

6

Chairman's
Statement

12

Management
Discussion and
Analysis

17

Investor FAQ

20

Details of Properties
— Land Bank

22

Introduction of Key
Projects in China

34

Investor Relations
Report

37

Corporate
Governance Report

53

Biographical Details
of Directors and
Senior Management

60

Directors' Report

73

Independent
Auditor's Report

79

Consolidated
Statement of Profit
or Loss and Other
Comprehensive
Income

81

Consolidated
Statement of
Financial Position

83

Consolidated
Statement of
Changes in Equity

85

Consolidated
Statement of Cash
Flows

88

Notes to the
Consolidated
Financial Statements

184

Financial Summary

185

Glossary of Terms

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Haiping (*Chairman*)

Mr. Tang Jun (*President*)

Ms. Zhou Yadong (*appointed on 15 July 2024*)

Mr. Lou Jun (*resigned on 15 July 2024*)

Mr. Ye Weiqi (*retired on 31 January 2024*)

Independent Non-Executive Directors

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*

Dr. Fan Ren Da, Anthony

Mr. Li Ka Fai, David, *M.H.*

Dr. Chan Ho Wah, Terence (*appointed on 15 July 2024*)

Mr. Qiao Zhigang (*resigned on 5 January 2024*)

AUTHORIZED REPRESENTATIVES

Mr. Huang Haiping

Mr. Chan Kin Chu, Harry

BOARD COMMITTEES

Audit Committee

Mr. Li Ka Fai, David, *M.H. (Committee Chairman)*

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*

Dr. Fan Ren Da, Anthony

Remuneration Committee

Mr. Doo Wai-Hoi, William, *B.B.S., J.P. (Committee Chairman)*

Dr. Fan Ren Da, Anthony

Dr. Chan Ho Wah, Terence

(*appointed on 21 March 2025*)

Mr. Ye Weiqi (*retired on 31 January 2024*)

Nomination Committee

Mr. Huang Haiping (*Committee Chairman*)

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*

Dr. Fan Ren Da, Anthony

Investment Appraisal Committee

Dr. Fan Ren Da, Anthony (*Committee Chairman*)

Mr. Tang Jun

Ms. Zhou Yadong (*appointed on 21 March 2025*)

Mr. Qiao Zhigang (*resigned on 5 January 2024*)

COMPANY SECRETARY

Mr. Chan Kin Chu, Harry

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House,

2 Church Street,

Hamilton, HM11,

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre,

16 Harcourt Road,

Hong Kong

REGISTERED OFFICE

Clarendon House,

2 Church Street,

Hamilton, HM11,

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

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Facsimile: (852) 2544 8004

WEBSITE

<http://www.siud.com>

PRINCIPAL BANKERS

Bank of China Limited

China Construction Bank Corporation

China Everbright Bank

The Hongkong and Shanghai Banking Corporation Limited

Shanghai Pudong Development Bank Company Limited

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accounts

Registered Public Interest Entity Auditors

35/F., One Pacific Place,

88 Queensway, Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

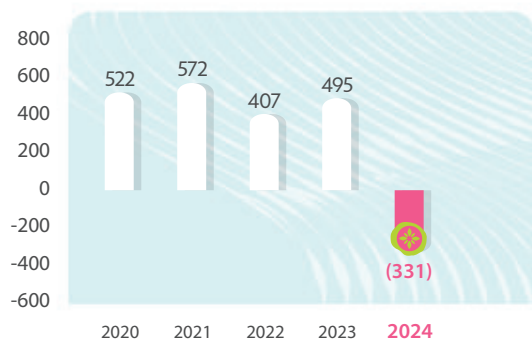
Ordinary Shares

(Stock Code: 563)

FINANCIAL HIGHLIGHTS

PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS

HK\$ million

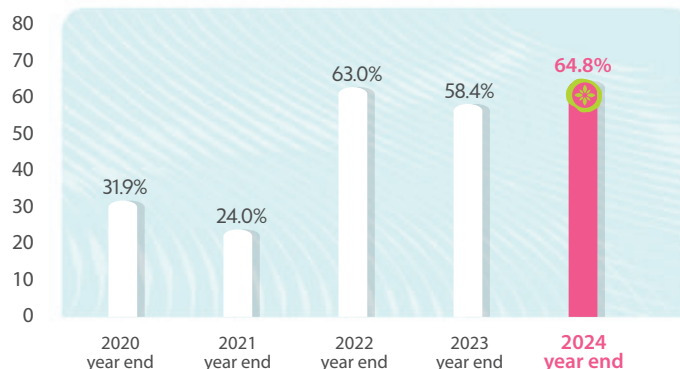


PROPOSED DIVIDEND/DIVIDEND PAID

HK cents



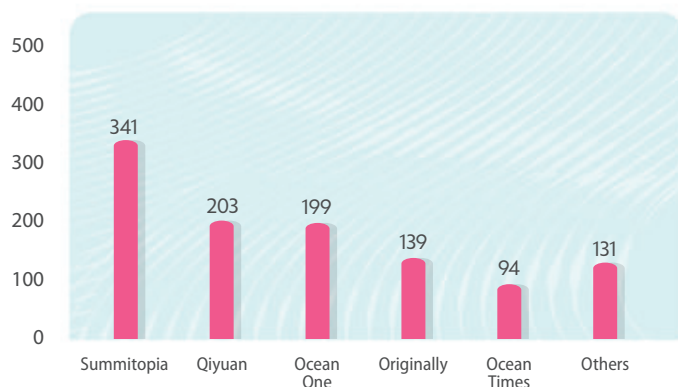
NET DEBT TO TOTAL EQUITY (%) (NOTE)



Note: Net debt = total borrowings (including bank borrowings and other borrowings) less bank balances and cash and restricted and pledged bank deposits.

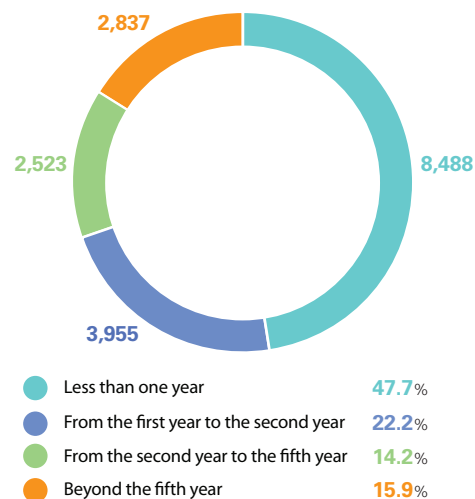
ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES

HK\$ million



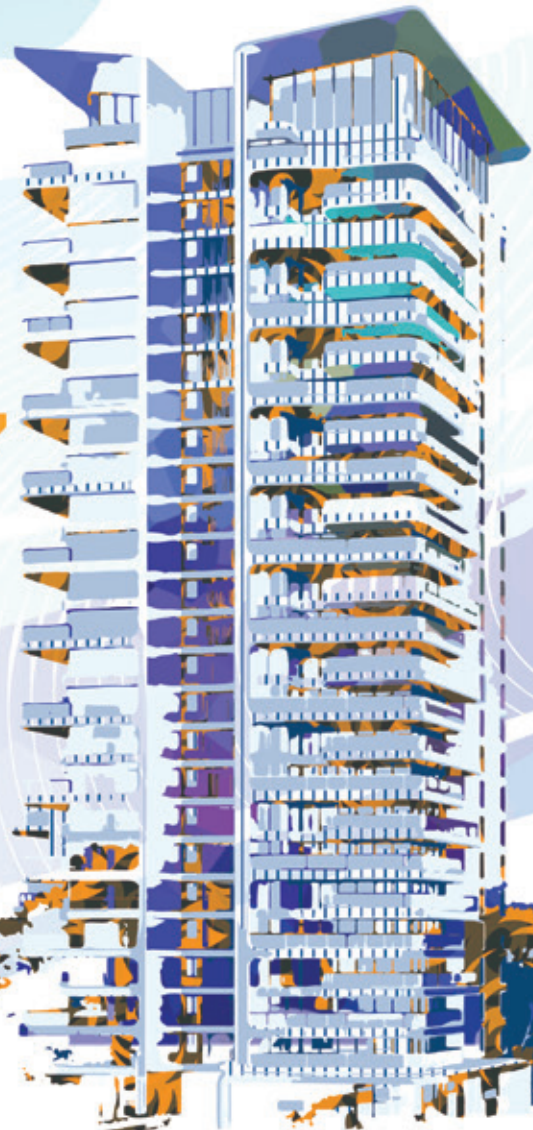
DEBT MATURITY PROFILE

HK\$ million



Serenity & Elegance

CLASSY LIFESTYLE



Artist Impression
Originally, Xi'an



CHAIRMAN'S STATEMENT

In 2024, after years of fluctuations and adjustments, China's economy showed a steady recovery trend, demonstrating strong resilience. Despite global economic challenges, China's economic growth was strongly supported by a rebound in domestic demand, reinforced by financial stimulus, optimised monetary policy and structural reforms implemented by the government. These factors contributed to a 5% year-on-year increase in gross domestic product (GDP), reflecting overall economic improvement. In the second half of the year, the PRC government introduced enhanced policy support for the property market, stabilising market expectations and driving its gradual recovery. Against this background, Shanghai Industrial Urban Development Group Limited ("SIUD" or the "Group") maintained stable annual operational performance metrics by implementing a sound development strategy and actively advancing its premium projects in core cities. During the year under review, the Group reported total contract sales of RMB3,933,000,000 and overall revenue of HK\$12,440,000,000. The Group recorded earnings before tax of HK\$215,000,000 and a loss attributable to owners of HK\$331,000,000. The losses attributable to owners were primarily driven by a lower proportion of higher-margin projects delivered compared to the previous year, a decline in unit selling prices due to market conditions, and the recognition of certain impairment losses from property projects during the year. Besides, the downturn in China's property market was a contributing factor to the expansion of revaluation losses on the Group's investment properties.

During the year under review, China's property market underwent a period of adjustment and recovery. In the second half, the PRC government intensified efforts to restore and stabilise the property market by lowering loan interest rates, relaxing home purchase restrictions and enhancing financing options for property developers. These measures sent a positive signal and provided strong support for the steady and healthy development of the property market. As policies aimed at restoring and stabilising the market took effect, the decline in gross floor area sold for newly constructed commodity housing continued to narrow, while rigid and upgrading housing demand both increased. Market supply and demand dynamics improved, property prices stabilised, and market confidence gradually strengthened.

Amid this critical phase of market adjustment, SIUD continued to strengthen its comprehensive operational capabilities and leveraged favorable policies to accelerate project development and launch, ensuring stable business operations. During the year, the Group successfully delivered Ocean One, its first high-quality residential project in Shanghai Lingang Free Trade Zone, along with its high-end flagship project, Originally•河山II in Xi'an. Ocean One achieved a nearly 100% delivery rate, ranking as the top regional residential project of the year. Marketing efforts have been continuously strengthened for projects such as Summitopia in Tianjin, Originally in Xi'an, Ocean One in Shanghai, Qiyuan in Xi'an, and Felicity Mansion in Yantai. These efforts have significantly boosted sales and reduced inventory, continuing to generate stable income for the Group.

Regarding investment properties, the availability of a large supply of affordable rental housing during the year placed pressure on China's residential leasing market. However, the continued implementation of support policies by central and local governments, together with the gradual refinement of the financial support system for residential leasing, injected momentum and created new opportunities for the market. Adopting a dual-focused strategy on leasing and sales, the Group proactively expanded its residential leasing operations. Its long-term rental apartment benchmark projects in Shanghai, namely Utime Xinzhuang and Utime XuHui, provided a steady stream of rental income. Additionally, Cheng Kai Chuanxinqu was completed and made available for lease in the second half of the year. ShanghaiMart, an integrated hub for exhibitions, trade and office functions, operated successfully, further strengthening the Group's rental income.

The Group maintained stable financial performance by adopting prudent capital management strategies, continuously lowering borrowing costs and optimising its capital structure. During the year, the Group repurchased a total of 9,368,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate consideration paid (excluding transaction costs) of HK\$3,317,670. Meanwhile, Shanghai Urban Development (Holdings) Co., Ltd. successfully issued the first tranche of medium term notes, totaling RMB910,000,000 at a coupon rate of up to 2.45% with a three-year term in October. This not only increased the Group's liquidity and achieved significant savings in financing costs, but also demonstrated market confidence in the Group and recognition of its ongoing improvements in comprehensive strengths and brand image.

CHAIRMAN'S STATEMENT

As a “city-industry integrated developer in core cities” across major cities in China, the Group strives for excellence, continually enhancing its brand competitiveness and comprehensive strengths. Throughout the year, the Group garnered numerous industry awards, demonstrating strong market recognition. In March 2025, the Group achieved notable rankings in various categories of the 2024 Top 500 Real Estate Developers in terms of Comprehensive Strength Assessment co-hosted by the China Real Estate Association and Shanghai Yiju Real Estate Research Institute. These included the 2024 Top 100 Real Estate Developers in terms of Comprehensive Strength, 2024 Top 50 State-owned Real Estate Developers in terms of Comprehensive Strength and 2024 Top 10 Real Estate Developers in terms of Social Responsibility. In May, the Group ranked among the Top 50 Listed Property Developers in terms of Comprehensive Strength for 2024 in the 2024 Assessment and Research Report on Listed Property Developers. In June, the EVEN Hotel Shanghai Hongqiao CBD under the Group's Uplaza Xinhonghui project won both the Best Interior Design Award and the Most Popular Hotel Online Award at the 2024 GBE Hotel Design Awards. Additionally, the 河山 and 江月 projects under Xi'an • Originally received the Platinum Award for Residential Architectural Design at the GA+ AWARDS 2024.

Looking ahead to 2025, the Group will strive for stable operations with a core focus on increasing cash flow while reducing liabilities. Amid ongoing adjustments in the property industry, the Group will take a multi-faceted approach by strengthening the management of sale proceeds, driving revenue growth, enhancing the liquidity of heavy assets and optimising its debt structure. These efforts aim to enhance operating cash flow, bolster investment capabilities and improve risk resilience. Meanwhile, the Group will prioritise management enhancements, emphasising revenue growth and cost efficiency. It will also strengthen its ability and level of managing major projects and key industry initiatives while refining cost control measures to further achieve cost reduction and efficiency improvements.

The Central Economic Work Conference and the 2025 “Two Sessions” emphasised greater efforts to promote the healthy development of both the property and stock markets while continuing to restore and stabilise the property sector. Key initiatives include renovating urban villages and aging or unsafe housing, fully unlocking potential rigid and upgrading housing demand, revitalising land inventory and commercial office buildings, enhancing new property development models, adapting to high-quality residential demand, and promoting the construction of safe, comfortable, green and smart “good housing”. With policy support, market expectations are likely to improve, fostering the industry’s long-term, sustainable growth. Aligned with national policies and priorities, the Group will closely monitor market trends, leverage this pivotal adjustment phase, optimise its structure, and strengthen operational management to establish a solid foundation for sustainable development.

The year 2025 marks the conclusion of the 14th Five-Year Plan and the strategic deployment phase for the development objectives of the 15th Five-Year Plan over the next five years. Amidst a complex environment and transitional challenges, the Group will uphold its strategic position as a “city-industry integrated developer in core cities”, stay aligned with the times and take a proactive approach to a new wave of urban renewal. It will remain focused on core operations, overcome challenges to drive transformational development, enhance quality of life, and advance urban growth by creating high-quality living and business environments while improving the efficiency and quality of its operations. The Group is committed to working tirelessly toward the goal of achieving high-quality development. Finally, on behalf of the Board, I would like to pay tribute to all of our employees for their hard work and dedication. I also extend my sincere gratitude to our shareholders, customers and business partners for their unwavering support and trust. We look forward to your continued support as we work together to create a prosperous future.

Huang Haiping

Chairman

21 March 2025

Note: The data on the gross domestic product of China for 2024 is gathered from the information published by the National Bureau of Statistics on 18 January 2025.





Exquisite Masterpiece
**TRANQUIL
LUXURY**



TODTOWN

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

In 2024, China's property market continued to face challenges, including downward market pressure and increased difficulty in clearing inventory. However, with the introduction of supportive policies such as the relaxation of purchase restrictions in first-tier cities, reductions in down payment requirements and interest rates, lower mortgage rates for existing housing, and the full relaunch of urban village renovations, the market gradually stabilised. According to statistics from the National Bureau of Statistics, in 2024, national property development investment and total sales and gross floor area sold for newly constructed commodity housing decreased year-on-year by 10.6%, 17.1%, and 12.9%, respectively. The Central Economic Work Conference explicitly set the policy direction of "restoring and stabilising the property market", alongside a combination of the four cancellations, four reductions and two increases initiatives, to help unlock both rigid and upgrading housing demand. The positive effects of these policies are expected to gradually emerge and further stimulate the market in 2025.

BUSINESS REVIEW

Overview

In 2024, SIUD successfully navigated macroeconomic challenges by flexibly adjusting its strategies in response to market changes while steadily advancing business development through effective execution. During the year, the Group reaped stable revenue from the consistent sales of its flagship projects, namely Summitopia in Tianjin, Originally in Xi'an, Ocean One in Shanghai, Qiyuan in Xi'an and Felicity Mansion in Yantai. Following the principle of seeking progress while maintaining stability, the Group reinforced its business diversification strategy by expanding into other first- and second-tier core cities, with a primary focus on Shanghai. The Group also expanded its premium land bank in a timely manner, developed competitive high-quality projects, and steadily grew its investment property operations. These efforts strengthened its competitive edge in the industry and solidified its leadership in the Shanghai property market.

Contract Sales

During the year ended 31 December 2024, the Group's contract sales from both commodity housing and affordable housing decreased 52.2% year-on-year to RMB3,933,360,000 (2023: RMB8,228,570,000).

The contract sales from commodity housing of the Group decreased by 51.2% year-on-year to RMB3,933,360,000 (2023: RMB8,059,820,000). In 2024, contract sales in terms of G.F.A. were 184,000 sq.m., a decrease of 28.4% year-on-year. The average selling price was approximately RMB21,400 per sq.m. primarily due to a reduced proportion of sales in first- and second-tier cities. The Group's principal projects for sale during the year included Summitopia in Tianjin, Originally in Xi'an, Ocean One in Shanghai, Qiyuan in Xi'an and Felicity Mansion in Yantai, which accounted for approximately 30.1%, 27.7%, 14.0%, 10.2% and 6.4%, respectively, of the total contract sales of commodity housing for the year. Meanwhile, during the year, there were no contract sales from affordable housing (2023: RMB168,750,000).

Land Bank

As at 31 December 2024, the Group's land bank was developed into 27 property projects located in 10 major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Wuxi, Shenyang, Yantai, Shenzhen and Wuhan, and comprised medium to high class residential and commercial properties, most of which were completed or still under development. The Group has a land bank with a future saleable planned G.F.A. of approximately 3,323,000 sq.m. to support its development for the next 3 to 5 years.

In 2024, the national land market continued its downward trend, with the industry entering a phase of de-inventory. The Group remained prudent in its land acquisition strategy, prioritising project quality and profitability. While focusing on the development of its existing land bank, the Group also seized opportune times to acquire premium land with strong growth potential. Moving forward, the Group will maintain its focus on metropolitan areas in Shanghai, the Yangtze River Delta, and other key first- and second-tier cities. It will enhance project quality through high-standard urban planning and construction, while actively exploring urban renewal and renovation opportunities. The Group will monitor opportunities arising from industrial adjustments, aiming for long-term, sustainable development.

Property Development

During the year ended 31 December 2024, the Group had 9 projects with a total G.F.A. of 1,933,000 sq.m. under construction, which primarily included TODTOWN and Ocean Times in Shanghai, Felicity Mansion in Yantai and Summitopia in Tianjin. The Group delivered a total G.F.A. of 381,000 sq.m., which mainly comprised Originally in Xi'an, Summitopia in Tianjin, Ocean One and Cloud Vision in Shanghai, and Felicity Mansion in Yantai.

During the year, the Group capitalised on opportunities to launch several residential projects for sale. Projects such as Summitopia in Tianjin, Originally in Xi'an, Ocean One in Shanghai, Qiyuan in Xi'an and Felicity Mansion in Yantai garnered significant market attention and achieved strong presales performance. Notably, Summitopia in Tianjin emerged as the Group's largest sales contributor.

Investment Properties

During the year ended 31 December 2024, the Group had a number of completed commercial projects in seven major developed cities, namely Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 1,255,000 sq.m. During the year, the overall rental income of the Group increased 2.7% year-on-year to HK\$793,844,000 (2023: HK\$773,021,000).

In line with its policy of focusing on both leasing and sales, the Group actively expanded its residential leasing operations. Its long-term rental apartment projects, Utime Xinzhuang and Utime XuHui in Shanghai, have maintained an occupancy rate of over 98%, generating steady rental income for the Group. Cheng Kai Chuanxinqu in Shanghai also began operations in September. Uplaza Xinhonghui, a commercial ancillary project renovated from Hongxing Village, was grandly opened during the year. The project includes a hotel, community commercial facilities, saleable commercial villas and commercial spaces repurchased by the neighbourhood, demonstrating an integration of ancillary commercial facilities, lifestyle amenities and livelihood protection functions. Moreover, the stable operation of exhibition halls, stores and office projects, such as ShanghaiMart, is expected to continue contributing reliable income for the Group.

Repurchase of Shares

During the year ended 31 December 2024, the Group completed 12 share repurchases, acquiring a total of 9,368,000 shares, all of which were cancelled on 26 March 2024. The total consideration for the repurchase amounted to HK\$3,317,670, and the repurchased shares represented 0.20% of the total issued shares of the Company.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2024, the Group's revenue increased by 56.4% year-on-year to HK\$12,440,369,000 (2023: HK\$7,953,596,000), chiefly due to a year-on-year increase in sales delivered by a number of projects. During the year, property sales, as the Group's main source of revenue, amounted to HK\$11,351,331,000 (2023: HK\$6,870,636,000), accounting for 91.2% (2023: 86.4%) of the Group's total revenue. The revenue contribution from Originally in Xi'an, Summitopia in Tianjin, Ocean One and Cloud Vision in Shanghai, and Felicity Mansion in Yantai accounted for 31.9%, 25.7%, 18.0%, 15.3% and 4.6% of property sales, respectively.

Revenue from leasing, management and services, and hotel operations continued to provide stable revenue sources for the Group, contributing HK\$793,844,000, HK\$13,208,000 and HK\$281,986,000 (2023: HK\$773,021,000, HK\$10,267,000 and HK\$299,672,000) respectively and accounting for 6.4%, 0.1% and 2.3% (2023: 9.7%, 0.1% and 3.8%) of the total revenue, respectively.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2024, the Group recorded a gross profit of HK\$2,130,708,000, reflecting a 35.9% year-on-year decrease compared to 2023. The gross profit margin was 17.1%, down 24.7 percentage points year-on-year. This decline was primarily due to a lower proportion of higher-margin projects delivered compared to the previous year, along with a reduction in unit selling prices driven by market conditions during the year.

Investment Property Revaluation

During the year ended 31 December 2024, the Group recorded a net loss of HK\$703,073,000 on the revaluation of investment properties (2023: HK\$39,830,000). This was primarily due to a decrease in the fair value of property revaluation, driven by reduced rental income from newly signed leases at ShanghaiMart, the Chenghang project and several other projects.

Distribution and Selling Expenses

During the year ended 31 December 2024, the Group's distribution and selling expenses increased by 7.3% year-on-year to HK\$233,746,000 (2023: HK\$217,863,000), which was primarily due to higher promotion and sales effort during the year.

General and Administrative Expenses

During the year ended 31 December 2024, the Group's general and administrative expenses decreased by 10.9% year-on-year to HK\$358,415,000 (2023: HK\$402,201,000). This was mainly attributable to the continual stringent implementation of effective cost control measures during the year.

Other Expenses, Gains and Losses, Net

During the year ended 31 December 2024, the Group recorded a net loss of approximately HK\$301,378,000 in other expenses, gains and losses (2023: net loss of HK\$223,018,000) primarily due to impairment loss recognised on interest in a joint venture and the recognition of expected credit loss allowances.

Loss/Profit

During the year ended 31 December 2024, the Group reported a loss for the year amounting to HK\$372,828,000 (2023: profit of HK\$490,713,000) primarily driven by a lower proportion of higher-margin projects delivered compared to the previous year, a decline in unit selling prices due to market conditions, and the recognition of certain impairment losses from property projects during the year. The loss attributable to owners of the Company was approximately HK\$331,190,000 (2023: profit of HK\$494,570,000). Basic losses per share amounted to 6.93 HK cents (2023: earnings of 10.32 HK cents).

Liquidity and Capital Resources

The Group manages its capital to ensure that entities within the Group will be able to operate on a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, cash and cash equivalents, and equity attributable to owners of the Company (comprising issued share capital and reserves).

As at 31 December 2024, bank balances and cash of the Group were HK\$5,342,774,000 (31 December 2023: HK\$5,985,911,000). The net debt to total equity of the Group (net debt (total bank and other borrowings less bank balances and cash and restricted and pledged bank deposits) to total equity) increased from 58.4% as at the end of last year to 64.8%. Current ratio was 1.2 times (31 December 2023: 1.4 times).

As at 31 December 2024, the total borrowings of the Group, including bank borrowings, other borrowings, advanced bonds, medium term notes and domestic corporate bonds, amounted to approximately HK\$17,803,227,000 (2023: HK\$18,002,416,000), which included the short-term borrowings from a subsidiary of Shanghai Industrial Investment (Holdings) Company Limited of HK\$850,000,000 (31 December 2023: included short-term borrowings from a subsidiary of Shanghai Industrial Holdings Limited of HK\$1,068,454,000). The Group will continue to optimise the HKD denominated borrowings based on its business needs.

The Group maintained sufficient cash balance. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.

Foreign Exchange Risks

During the year, most of the Group's revenue and operating costs were denominated in Renminbi. Except for the bank deposits and loans denominated in foreign currencies, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations as at 31 December 2024. However, the Group will adopt necessary measures whenever appropriate to minimise the impact arising from exchange rate fluctuations.

Distribution of Dividends

To ensure sufficient working capital for the Company, the Board, after discussion, resolved not to propose a final dividend (2023: final dividend of 2.1 HK cents and special cash dividend of 0.8 HK cents).

Contingent Liabilities

Details of contingent liabilities are set out in note 41(b) to the consolidated financial statements.

Charge on Group's Assets

As at 31 December 2024, certain bank deposits of approximately HK\$8,192,000 (31 December 2023: HK\$32,899,000) were pledged to banks to secure mortgage loans granted by banks to the buyers of presale properties. These pledged deposits may be released upon the transfer of the property title certificates to respective buyers.

As at 31 December 2024, certain properties under development for sale and properties held-for-sale, certain investment properties, certain hotel buildings and the relevant right-of-use assets, and bank deposits of the Group, with total carrying amounts of approximately HK\$7,258,867,000, HK\$10,008,751,000, HK\$577,485,000 and HK\$31,400,000 (31 December 2023: certain properties under development for sale and properties held-for-sale, certain investment properties, and certain hotel buildings and the relevant right-of-use assets with total carrying amounts of approximately HK\$13,054,118,000, HK\$9,917,090,000 and HK\$629,392,000) respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in note 32 to the consolidated financial statements.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 745 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employees. The emoluments of the directors of the Company (the "Directors") are determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

During the year ended 31 December 2024, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

OUTLOOK

Looking ahead to 2025, from a macroeconomic standpoint, the Central Economic Work Conference emphasised sustaining stable economic growth, expanding domestic demand, and improving incomes while reducing the burden on low- to middle-income groups through consumption-stimulating initiatives. These efforts are expected to enhance residents' purchasing power and willingness to spend. In terms of the property market, the Conference underscored the need to continue "restoring and stabilising the property market", with a focus on renovating urban villages and aging, unsafe housing, unlocking both rigid and upgrading housing demands, and accelerating the creation of a new development model for the property sector. As the policy to stabilise the property market takes effect, positive impacts are anticipated to extend into 2025. Future policies are likely to concentrate on "demand stimulation" and "optimising supply and demand", thus driving further market recovery. The property industry is expected to recover steadily, following a cautious yet optimistic trajectory.

Going forward, the Group will continue to pursue a strategy of progress while maintaining stability, in alignment with the broader goal of addressing essential housing needs. It will actively address both rigid and upgrading housing demands, accelerate the innovative development of investment properties with a focus on Shanghai, while expanding into other key first- and second-tier cities. Leveraging its robust financial position and operational flexibility, the Group will prioritise acquiring premium land reserves and developing high-quality projects to consolidate and enhance its market competitiveness. As the new property industry development model takes shape, the Group will fully support national policies, foster city-industry integration, and drive synergetic growth across multiple sectors. Guided by innovation and efficiency, the Group will gradually expand its commercial properties and other investment projects, explore potential growth opportunities, and improve resource allocation efficiency, all with the goal of generating sustainable value returns for shareholders.

INVESTOR FAQ

IN 2024, CHINA'S PROPERTY MARKET FACED SIGNIFICANT PRESSURE, PROMPTING THE PRC GOVERNMENT TO INTRODUCE ENHANCED POLICY SUPPORT IN THE SECOND HALF OF THE YEAR TO DRIVE RECOVERY. WHAT STRATEGIES HAS THE COMPANY ADOPTED TO RESPOND TO THESE MARKET ADJUSTMENTS?

A

Following a sound development strategy, the Group actively advanced its premium projects in core cities while accelerating project development and launches, seizing opportunities presented by national policies to maintain stable annual operational performance and healthy business operations. The outstanding sales performance of key projects, namely Summitopia in Tianjin, Originally in Xi'an, Ocean One in Shanghai, Qiyuan in Xi'an, and Felicity Mansion in Yantai, continued to generate stable revenue for the Group. For the year ended 31 December 2024, the Group reported contract sales of RMB3,933,360,000 for its commodity housing, providing a solid foundation for future growth.

Q

THE CENTRAL ECONOMIC WORK CONFERENCE REITERATED THE IMPORTANCE OF RESTORING AND STABILISING THE PROPERTY MARKET, WITH THE FULL IMPLEMENTATION OF THE "FOUR CANCELLATIONS, FOUR REDUCTIONS AND TWO INCREASES" INITIATIVES. HOW DOES THE COMPANY PLAN TO LEVERAGE THESE FAVORABLE POLICY OPPORTUNITIES TO DRIVE ITS BUSINESS DEVELOPMENT?

A

The Group has been enhancing its comprehensive operational capabilities while leveraging favorable policies. Amid the critical phase of market adjustment, the Group focused on project development and launched timely projects to achieve strong results. During the year, the Group successfully delivered Ocean One, its first high-quality residential project in the Shanghai Lingang Free Trade Zone, along with its high-end flagship project, Originally in Xi'an • 河山II. Ocean One achieved a nearly 100% delivery rate, ranking as the top regional residential project of the year. Additionally, the Group prioritised the development of competitive high-quality projects while steadily expanding its investment property operations. These efforts have strengthened its competitive edge in the industry and reinforced its leadership in the property market.

AMID ONGOING ADJUSTMENTS IN CHINA'S PROPERTY MARKET, THE FINANCIAL HEALTH OF DOMESTIC DEVELOPERS REMAINS A KEY MARKET CONCERN. HOW WILL THE COMPANY ENHANCE ITS FINANCIAL STABILITY AND ADDRESS LIQUIDITY CHALLENGES?

The Group maintained stable financial performance by adopting prudent capital management strategies, continuously reducing borrowing costs and optimising its capital structure. During the year, the Group repurchased a total of 9,368,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate consideration paid (excluding transaction costs) of HK\$3,317,670. Meanwhile, Shanghai Urban Development (Holdings) Co., Ltd. also successfully issued the first tranche of medium term notes, totaling RMB910,000,000 at a coupon rate of up to 2.45% with a three-year term. This further enhanced the Group's liquidity and contributed to financing cost savings.

Q

CHINA'S PROPERTY MARKET HAS SHOWN SIGNS OF RECOVERY AS THE PRC GOVERNMENT INTRODUCED VARIOUS POLICIES TO SUPPORT STABLE DEVELOPMENT. HOW DOES THE COMPANY VIEW THE PROPERTY MARKET OUTLOOK FOR 2025?

With the introduction of supportive policies, such as the relaxation of purchase restrictions in first-tier cities, reductions in down payment requirements and interest rates, lower mortgage rates for existing housing and the full relaunch of urban village renovations, the rigid and upgrading housing demand of residents were unlocked, leading to gradual market stabilisation. The positive impact of these policies is expected to continue, resulting in stable market operations in 2025.

With a core focus on increasing cash flow while reducing liabilities, and adhering to the principle that "Cash is King", the Group will strengthen its investment capabilities and risk resilience by improving the management of sale proceeds, driving revenue growth and enhancing the liquidity of heavy assets. Additionally, the Group will make flexible adjustments to its development strategies based on market demand, leveraging the policy to achieve robust operations.

THE OVERALL LAND TRANSACTION SCALE ACROSS THE COUNTRY IN 2024 CONTINUED ITS DOWNWARD TREND. AMID THIS INDUSTRY-WIDE DE-INVENTORY CYCLE, WILL THE COMPANY ADJUST ITS LAND ACQUISITION STRATEGY? DOES THE COMPANY PLAN TO INCREASE ITS LAND RESERVES?

A

The Group remains prudent in its land acquisition strategy, prioritising project quality and profitability. It focuses on developing its existing land reserves while expanding its premium land bank at opportune moments. Looking ahead, the Group will concentrate on metropolitan areas in Shanghai, the Yangtze River Delta, and other key first- and second-tier cities. It will continue to explore urban renewal and renovation opportunities while closely monitoring potential prospects arising from industry adjustments to drive sustainable development.

As at 31 December 2024, the Group's land bank comprised 27 property projects across 10 major cities in China, consisting of medium to high class residential and commercial properties, most of which were either completed or under development. The Group has a future saleable planned G.F.A. of approximately 3,320,000 sq.m., providing support for its development over the next 3 to 5 years.

Q

WITH THE CONCLUSION OF THE 14TH FIVE-YEAR PLAN, THE PLANNING AND CONSTRUCTION OF AFFORDABLE RENTAL HOUSING HAVE ENTERED A CRITICAL STAGE, WITH CERTAIN CITIES SEEING A SIGNIFICANT SUPPLY INCREASE. WHAT IS THE COMPANY'S STRATEGY IN THIS SECTOR?

A

Adopting a dual-focused strategy on leasing and sales, the Group proactively expanded its residential leasing operations. Its long-term rental apartment benchmark projects in Shanghai, namely Utime Xinzhuang and Utime XuHui, have been providing a steady stream of rental income. Cheng Kai Chuanxinqu was completed and made available for lease during the year. Uplaza Xinhonghui, a commercial ancillary project renovated from Hongxing Village, was also grandly opened. The project includes a hotel, community commercial facilities, saleable commercial villas and commercial spaces repurchased by the neighbourhood, demonstrating an integration of ancillary commercial facilities, lifestyle amenities and livelihood protection functions.

DETAILS OF PROPERTIES – LAND BANK



Ocean One

As at 31 December 2024

Project	City	Site area (sq.m.)	Planned G.F.A. (sq.m.)	Saleable/ Self-owned G.F.A. (sq.m.)	2024 pre-sold G.F.A. (as of 31 December) (sq.m.)	Accumulated G.F.A. sold (sq.m.)	Future saleable/ self-owned G.F.A. (sq.m.)	Saleable/ Self-owned G.F.A. under construction (sq.m.)	Saleable/ Self-owned G.F.A. for future development (sq.m.)	Expected Completion Date	Ownership (%)
Urban Cradle	Shanghai	943,000	1,226,298	909,054	–	822,103	86,951	–	–	Completed	53.1%
Shanghai Youth City	Shanghai	57,944	212,130	166,261	–	139,840	26,421	–	–	Completed	100.0%
Shanghai Jing City	Shanghai	301,908	772,885	609,488	439	601,716	7,772	–	–	Completed	59.0%
TODTOWN	Shanghai	117,825	605,000	385,300	7,279	84,952	300,348	328,895	–	Complete by phase from 2020 to 2030	20.7%
Contemporary Splendour Villa • Courtyard Villa	Shanghai	120,512	191,636	68,404	–	67,286	1,118	–	–	Completed	100.0%
Uplaza Xinhonghui	Shanghai	89,402	289,271	227,218	–	150,294	76,924	–	–	Completed	90.0%
Shangtou Baoux	Shanghai	118,880	306,167	234,653	–	234,004	649	–	–	Completed	71.3%
Uplaza Meilong Lane	Shanghai	20,572	60,195	60,195	1,689	9,020	51,175	–	–	Completed	80.0%
Ultime Xuhui	Shanghai	17,161	44,927	44,927	–	–	44,927	–	–	Completed	59.0%
Ultime Xinzhuang	Shanghai	47,435	126,702	126,702	–	–	126,702	–	–	Completed	29.5%
Cheng Kai Chuanxinqu	Shanghai	47,383	115,799	115,799	–	–	115,799	–	–	Completed	59.0%
Guilin Road Aerospace Project	Shanghai	91,160	590,165	590,165	–	–	590,165	590,165	–	Complete from 2025 to 2026	21.2%
Cloud Vision	Shanghai	30,052	66,085	41,938	3,545	39,672	2,266	–	–	Completed	59.0%
Ocean One	Shanghai	41,961	156,533	97,422	17,251	77,556	19,866	–	–	Completed	47.2%
Ocean Times	Shanghai	119,545	439,971	251,786	6,370	8,853	242,933	190,060	61,726	Complete from 2025 to 2026	80.0%
Youngman Point	Beijing	112,700	348,664	295,114	–	258,814	36,300	–	–	Completed	100.0%
West Diaoyutai • Emperor Seal	Beijing	42,541	250,930	228,070	–	220,503	7,567	–	–	Completed	97.5%
Laochengxiang	Tianjin	244,252	752,883	613,357	–	582,737	30,620	–	–	Completed	100.0%
Summitopia	Tianjin	42,146	118,094	118,094	30,446	86,304	31,790	10,955	–	Complete from 2024 to 2025	100.0%
Urban Development Int'l Center	Wuxi	24,041	193,368	144,581	1,664	43,564	101,017	–	–	Completed	59.0%
Originally	Xi'an	2,101,967	3,899,867	3,202,324	34,302	2,815,173	387,151	5,085	137,741	Complete by phase from 2008 to 2025	100.0%
Qiyuan	Xi'an	51,208	102,418	102,418	21,164	23,663	78,755	102,418	–	Complete from 2024 to 2025	100.0%
Shenyang U Center	Shenyang	22,651	228,768	175,377	–	71,660	103,717	–	–	Completed	100.0%
Top City	Chongqing	120,014	786,233	729,785	–	376,424	353,361	–	–	Completed	100.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	–	78,343	1,048	–	–	Completed	91.0%
Felicity Mansion	Yantai	77,681	159,100	154,300	19,784	64,542	89,758	82,597	–	Complete from 2022 to 2025	100.0%
Xiang Kai Chang Long	Wuhan	257,600	452,000	437,053	4,454	29,454	407,599	56,545	380,508	Complete by phase from 2024 to 2027	28.9%
Total		5,272,609	12,601,279	10,209,176	148,387	6,886,477	3,322,699	1,366,720	579,975		



Originally in Xi'an

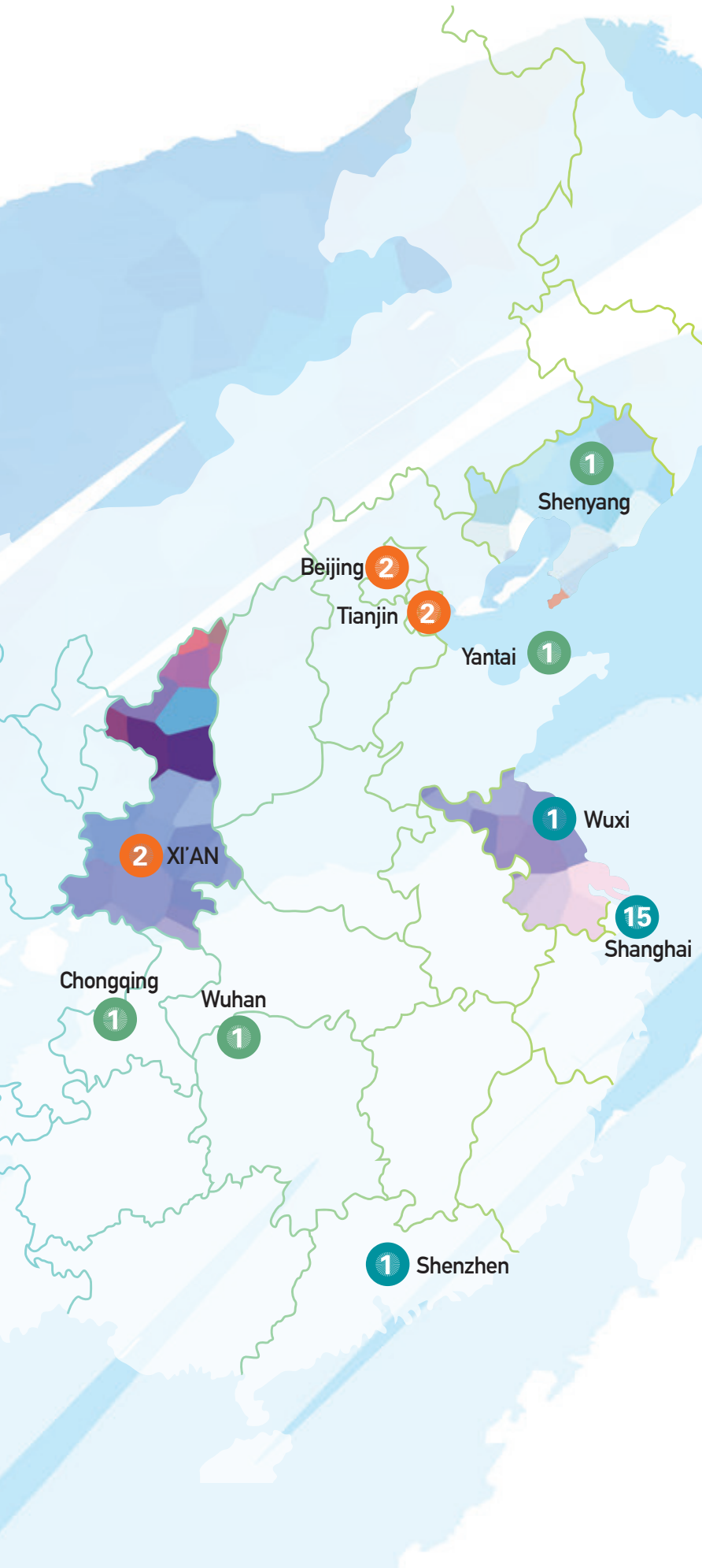
MAJOR INVESTMENT PROPERTIES

Project	City	Property Category	Lease Term	Planned G.F.A. (sq.m.)
Shanghai Youth City	Shanghai	Commercial ⁵	Medium-term lease	17,665 ¹
Block A of Urban Cradle	Shanghai	Commercial ⁵ , office	Medium-term lease	58,556 ¹
Utime XuHui	Shanghai	Commercial, affordable rental housing	Medium-term lease	44,927 ¹
Utime Xinzhuang	Shanghai	Commercial, affordable rental housing	Medium-term lease	126,702 ¹
Cheng Kai Chuanxinqu	Shanghai	Commercial, affordable rental housing	Medium-term lease	115,799 ¹
Uplaza Xinhonghui	Shanghai	Commercial ⁵	Medium-term lease	9,777 ¹
ShanghaiMart ²	Shanghai	Exhibition hall, trade mart, office and parking lot	Medium-term lease	284,651
Urban Development Int'l Tower ³	Shanghai	Office, parking lot	Medium-term lease	45,239
YOYO Tower ⁴	Shanghai	Commercial ⁵	Medium-term lease	13,839
Top City	Chongqing	Commercial ⁵ , office, parking lot	Medium-term lease	317,405 ¹
China Phoenix Tower	Shenzhen	Office	Medium-term lease	1,048 ¹
Youngman Point	Beijing	Commercial ⁵ , office	Medium-term lease	24,931 ¹
Originally	Xi'an	Commercial ⁵	Medium-term lease	28,402 ¹
Shenyang U Center	Shenyang	Commercial ⁵ , office	Medium-term lease	100,155 ¹
Others	Shanghai, Tianjin	Commercial ⁵ , office and parking lot	Medium-term lease	66,030
Total				1,255,126

Notes:

- Included in page 20 of this annual report.
- Address: Yan'an West Road No. 2299 of Changning District, Shanghai
- Address: Hongqiao Road No. 355 of Xuhui District, Shanghai
- Address: Tianyaoqiao Road No.123 of Xuhui District, Shanghai
- Mainly includes shopping malls

INTRODUCTION OF KEY PROJECTS IN CHINA



SHENYANG

- Shenyang U Center

BEIJING

- Youngman Point
- West Diaoyutai • Emperor Seal

TIANJIN

- Laochengxiang
- Summitopia

WUXI

- Urban Development International Center

SHANGHAI

- Urban Cradle
- TODTOWN
- Shanghai Jing City
- Shanghai Youth City
- Contemporary Splendour Villa
- Courtyard Villa
- Shangtou Xinhong
- Uplaza Xinhonghui
- Shangtou Baoxu
- Chenghang Project
- Uplaza Meilong Lane
- Jinxiang Project
- Utime XuHui
- Shenzhicheng Project
- Utime Xinzhuang
- Chenglong Project
- Cheng Kai Chuanxinqu
- Guilin Road Aerospace Project
- Qingpu Project
- Cloud Vision
- Ocean One
- Ocean Times

SHENZHEN

- China Phoenix Tower

CHONGQING

- Top City

XI'AN

- Originally
- Qiyuan

YANTAI

- Felicity Mansion

WUHAN

- Xiang Kai Chang Long

INTRODUCTION OF KEY PROJECTS IN CHINA



SHANGHAI URBAN CRADLE

Address:
588 Gulong Road,
Minhang District, Shanghai

Category:
Residence/
Commerce



Feature:

The project is located in Gumei, Minhang District, Shanghai, west of Lianhua Road, east of Hechuan Road, north of Gudai Road and south of Pingnan Road, less than 700 m from the middle ring line. The area is a major focal point for large scale residential development in the “10th Five-Year Plan” of Shanghai. The project spans a total site area of about 943,000 sq.m. with a total G.F.A. of about 1.3 million sq.m., including about 770,000 sq.m. of residences, nearly 400,000 sq.m. of underground space and more than 100,000 sq.m. for accommodating amenities for the estimated over 20,000 residents. Urban Cradle is an all-engulfing showcase of architectural forms and brilliant products including international-grade apartments, standalone villas, garden houses, deluxe mansions, modern commercial premises and green landscapes, bringing comfortable and stylish living together with commerce, entertainment, culture, education, and business and leisure pursuits.



INTRODUCTION OF KEY PROJECTS IN CHINA

SHANGHAI
TODTOWN**Address:**

Xinzhuang Town,
Minhang District, Shanghai

Category:

Residence/
Commerce/Hotel/
Office/Apartment office

Feature:

Located at the southern and northern squares of the Xinzhuang Station, the secondary city center of Shanghai, with Guangtong Road on its north, West Meilong Road on its east and Xinzhu Road and Dushi Road on its south, TODTOWN will be served by an overpass bridge conveniently linking Shuiqing Road at the northern square and Dushi Road at the southern square.

As one of the most advanced TOD (Transit-Oriented Development) projects in Shanghai, TODTOWN covers a total site area of approximately 118,000 sq.m. with a total G.F.A. of 605,000 sq.m., of which 100,000 sq.m. is transport-related. Upon completion, TODTOWN will be connected to Metro Line Nos. 1 and 5, Shanghai-Hangzhou High-Speed Railway and numerous public bus routes, as well as the station to be established for the Jinshan sub-line. Different modes of transport operated by different departments, such as metro lines, public buses and commuter rail services, will be blended into the project to achieve seamless and convenient transition. TODTOWN will be a “city in the sky” encompassing residential, commercial and leisure functions. As a complex equipped with comprehensive systems and facilities, TODTOWN will offer 50,000 sq.m. of offices, 140,000 sq.m. of shopping mall, 20,000 sq.m. of hotel, 90,000 sq.m. of residential units, 85,000 sq.m. of serviced apartments and 20,000 sq.m. of ancillary public facilities.



SHANGHAI CONTEMPORARY SPLENDOUR VILLA • COURTYARD VILLA

Address:
Minhang District,
Shanghai

Category:
Residence

Feature:

Contemporary Splendour Villa • Courtyard Villa is situated in Zhuangqiao Town, Minhang District, Shanghai, with Shanghai-Jinshan Expressway (S4) in the east and Dushi Road in the west. It connects the branch of Wujing-Minhang Railway in the south and adjoins Denghui Road in the north. The project enjoys good traffic conditions and cultural environment as the straight-line distance is approximately 1.1 km from the west side of the project to Jianchuan Road Station of rail transit line #5 and approximately 1.8 km from the east side of the project to rail transit line #15 (under construction) with Shanghai Jiao Tong University and Minhang Campus of East China Normal University on the south. The project covers a site area of 12.05 hectares and the land's plot ratio is 0.6. It is planned to be a low-density residential community with the building height of not more than 10 m. The aboveground total G.F.A. of the project is approximately 72,300 sq.m., and the plot's ratio of green space is more than 35% and the ratio of concentrated green space is above 15%. The project is planned to be built into premium low-density villas.



Artist Impression



SHANGHAI SHANGHAIMART

Address:
2299 Yan'an West Road,
Shanghai

Category:
Exhibition/
Commerce/Office

Feature:

Located in the emerging Shanghai Hongqiao Economic and Technological Development Zone, ShanghaiMart is uniquely positioned with Gubei Road and Hongqiao Road on its west, Yan'an Road on its south as well as the Hongqiao consulate area on its north. Situated next to the Inner Ring Line and the exit of an elevated road, ShanghaiMart is only a 10-minute drive to the "Hongqiao Comprehensive Transportation Hub", which is a convenient transport network assembling numerous transportation routes, including inter-city high speed railway, maglev trains, metro lines, airport and city buses.



With a total G.F.A. of 285,000 sq.m., ShanghaiMart comprises three main buildings: the Mart, Expo and Tower. As a super trading market integrating exhibition, trading, office and information functions, ShanghaiMart offers excellent world-class facilities and services to domestic and international merchants and professional buyers.

INTRODUCTION OF KEY PROJECTS IN CHINA

SHANGHAI SHANGHAI JING CITY (INCLUDING “晶秀坊”)

Address:

Lane 136,
Xiujing Road, Shanghai

Category:

Residence/Commerce

Feature:

Situated in Meilong Town, Minhang District, the Shanghai Jing City project is an affordable housing project approved by Shanghai Bureau of Housing Security and Housing Administration and was listed as a large scale indemnificatory housing project on the list of major construction projects of Shanghai in 2009, occupying a total site area of about 302,000 sq.m. and a total G.F.A. of 773,000 sq.m. The project is mainly composed of four parts: public rental housing, economically affordable housing, resettlement housing for demolition and relocation purposes as well as ancillary operational housing. In particular, “晶秀坊” was incorporated into the eighth batch of economically affordable housing by the municipal government in 2020. “晶秀坊” has a site area of approximately 15,000 sq.m. and a total G.F.A. of 54,000 sq.m..



Artist Impression



Shanghai Jing City will be equipped with two kindergartens, one primary school and one junior secondary school, fully covering the nine-year compulsory education of a child. The project will be supported by three commercial facilities, a community affairs center, a medical center, a sports center and a public transport hub, which can completely satisfy the basic living, cultural and entertainment needs of the local residents.

SHANGHAI UPLAZA MEILONG LANE

Address:

Hongmei South Road
(near Mei South Road),
Minhang District, Shanghai

Category:

Commerce/Office

Feature:

Situated west to Hongmei South Road, north to the planned Mei South Road, east to the boundary of the planned site and south to the boundary of the planned site, the project encompasses office and commercial functions with a site area of approximately 20,000 sq.m. and a total G.F.A. of approximately 60,000 sq.m. Occupying the heart of Meilong Town, Minhang District, which is the redevelopment area in Meilong Town, the project will play a forward-looking, leading and representative role with certain potentials in the region.

The project is a commercial and office complex composed of six buildings and connecting corridors. In the future, the commercial portion will be built into a social experience space under the theme of “sporty, healthy and delicate lifestyle”. Made up of standalone buildings with high privacy as well as highly integrative standard offices, the office portion will be linked organically to the commercial portion by making use of an uneven design and connecting corridors. The project is targeted to mid to high end enterprises and will form a unique commercial and office area in the region.



Artist Impression



SHANGHAI GUILIN ROAD AEROSPACE PROJECT

Address:

402 Guilin Road,
Xuhui District, Shanghai

Category:

Scientific research
and design/
Residential leasing

Feature:

The project is located in the Caohejing New Technology Development Zone with Guilin Road in the east, Cangwu Road in the west, Yishan Road in the south and Qinjiang Road in the north. It is connected to Metro Line Nos. 9 and 15 in close proximity to the inner and central rings and Humin Elevated Road, making it a significant industrial project in Shanghai as well as Xuhui District. Covering a total site area of approximately 91,000 sq.m. with a total G.F.A. of approximately 600,000 sq.m. and an aboveground capacity building area of approximately 350,000 sq.m., the project will involve scientific research and design, auxiliary facilities as well as residential leasing. With an open-ended general layout, premium buildings, high-quality lifestyle and scientific research facilities, the future aerospace science and technology city project will help empower the city and enhance regional value.



SHANGHAI UPLAZA XINHONGHUI

Address:

Lane 255, Hualai Road,
Minhang District, Shanghai

Category:

Residence/Commerce

Feature:

Shangtou Xinhong project covers a site area of approximately 205 hectares (including roads, river channels and green areas) with Shanghai-Hangzhou Railway to the east, Songze Elevated Road to the south, Xiaolai Port to the west and the border of Hongxing Village to the north.

There are totally two developable land plots in the project site, which are planned to be used for residential clusters (Category III) and commercial services, respectively.

The land plot for residential clusters has a site area of approximately 69,000 sq.m. It is a planned residential site to be used for the construction of resettlement housing for demolition and relocation purposes. With a land plot ratio of 2.15, it is expected to provide a capacity building area of approximately 149,000 sq.m.

The land plot for commercial services has a site area of approximately 19,000 sq.m. It is planned for commercial service purpose. With a land plot ratio of 2.5, it is expected to provide a capacity building area of approximately 49,000 sq.m. Different types of buildings will be constructed on the land plot in the future, including a brand hotel, standalone commercial villas and self-owned commercial buildings.



INTRODUCTION OF KEY PROJECTS IN CHINA

SHANGHAI CLOUD VISION

Address:

Lot no. 21-08 located in the north of Huateng Road, Huaxin Town, Qingpu District, Shanghai

Category:

Residence

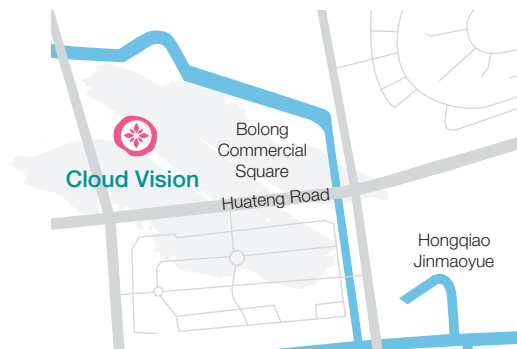
Feature:

The project is situated in Huaxin Town, Qingpu District, Shanghai between the outer ring and suburban ring. The land plot is located west of Dahong Bridge, about 10 km to the Hongqiao Central Business District and 5 km to the tentative station of the west extension section of Metro Line No. 13, with Xinyi South Road to its east, Huateng Road to its south, Xinfeng North Road to its west and a land parcel under planning to its north.

The project covers a total site area of 30,051.5 sq.m. This low-density high-quality pure residential project in Huaxin Town, Qingpu District will comprise totally 11 buildings, including three 7-storey buildings and eight 8-storey buildings, offering about 463 apartments in total. The project adopts an expansive curvilinear layout instead of a typical barrack-style layout to provide uninterrupted magnificent views and multi-level enjoyment. Coupled with rarely seen extra wide spacing between buildings, the project is set to become a green ecological community. This project will be one of the most potential projects surrounding Dahong Bridge in future.



Artist Impression



SHANGHAI OCEAN ONE

Address:

Lot no. A03-02 located in Unit PDCI-0103, Lingang New Area, the Shanghai Free Trade Zone

Category:

Residence

Feature:

Located at the 105 Financial Hub in Lingang Modern Service Open Area, Pudong New District, Shanghai, the project is mainly skirted by the international community, technological innovation community, family community and technological innovation community from south to north. The land lot is located in the international community with a land parcel under planning to its east, Anmao Road to its south, greenbelt to its west and Luoshenhua Road to its north.

The project covers a total site area of approximately 42,000 sq.m. with a height limit of 50 m. The total G.F.A. is approximately 157,000 sq.m. Embracing the design concept of Lingang New Area, the project aims at building a high-quality community ideal for living and working in order to facilitate the development of Lingang and satisfy future urban planning needs. The project is planned to comprise an affordable housing building, 14 commodity housing buildings, a high-rise building with 13 to 16 storeys and a building for community ancillary facilities, providing approximately 1,009 apartments (inclusive of affordable housing). The varying construction layout of the project is both flexible and innovative. The project will adopt a classical architectural style characterised by the features of a high-quality community.



Artist Impression



SHANGHAI OCEAN TIMES

Address:

The cluster project on lot nos. J10-02, J09-01, J10-01, J11-01, J12-01, J13-01 located in Unit PDCI-0401, Lingang New Area, the Shanghai Free Trade Zone

Category:

Residence/Commerce

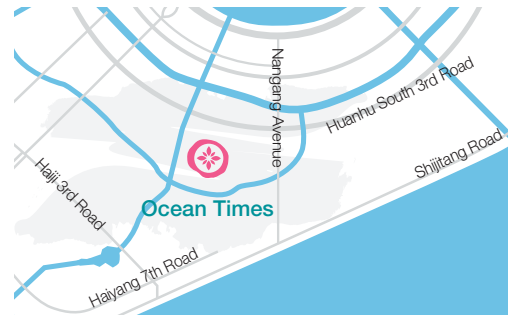
Feature:

Located at the 103 International Innovation and Collaboration Zone in Lingang Modern Service Open Area, Pudong New District, Shanghai, the project is positioned as a cradle of globally leading science. Situated in a community of top-notch scientists, Ocean Times is an international hub for world-class technological institutions and outstanding talents, with Nangang Avenue to its east, Haiyang 7th Road to its south, Haiji Road to its west and Meirenjiao Road to its north.

Covering a total site area of approximately 120,000 sq.m. with a total G.F.A. of about 440,000 sq.m. and a total residential area of about 265,300 sq.m., the project is bounded by an ecological park, the Chifenggang Wetland Center, in the east and the sea in the south. We aim at creating an energetic and superb ecological landscape and open area by adopting a classical architectural style to highlight the features of a premium coastal city. The city's skyline will be blended delicately with the sea arc to form a beautiful urban elevation with a focus on the harmonious unity of the architecture, urban space and natural environment. On lot no. 10 under phase I of the project, we plan to build a small high-rise affordable housing building with nine storeys, five high-rise commodity housing buildings with 16 to 18 storeys as well as commercial ancillary facilities for internal use on a parcel of land.



Artist Impression



YANTAI FELICITY MANSION

Address:

Southwest to the intersection of Fuyuan Road and Xingfu 12 Village East Street, Zhifu District, Yantai

Category:

Residence/Commerce

Feature:

Located east to Zhuji West Road, north to Fuyuan South Road, south to Fuyuan Road and west to Guihua Road, the project encompasses residential and commercial functions and certain ancillary public service facilities with a site area of approximately 77,000 sq.m. and a total G.F.A. of approximately 159,000 sq.m. The project is situated in the core area of Xingfu New Town in close proximity to the central business district of the town, with the shoreline just 1.5 km away in the north. According to the general plan of the new town, the project will be surrounded with abundant commercial, educational, medical, transport and scenic resources in the future. Enjoying a significant second-mover advantage, the project has immense growth potential.



Artist Impression



Positioned as a residential product targeted at upgraders, the project mainly offers three- to four-room apartments with attractive decoration. The project plans to provide steward property services, nature-themed scenery and smart community management to create a high-quality living environment integrated with dignity, ecology and technology.

INTRODUCTION OF KEY PROJECTS IN CHINA

WUHAN

XIANG KAI CHANG LONG

Address:

Intersection of Chaibo Avenue
and Jintai Road, Heart of Yangluo,
Wuhan

Category:

Residence/Commerce

Feature:

The project site is situated in the core area of the Heart of Yangluo in the Yangtze River New Area. The project will be surrounded by abundant ancillary facilities, such as commerce, education, landscape, transportation and medical care, in the future, which will empower it with significant advantages and immense potential for development.

Equipped with both residential and commercial functions, the project site is located south to Chaibo Avenue (facing the commercial zone of the Wanda Cultural Tourism City), east to Jintai Road (facing a school site), north to a public primary school site and west to Jinglu Road, with a total planned G.F.A. of approximately 450,000 sq.m..

Posed as a high-end residential product, the project aims to provide a high-end, high-quality liveable environment for the residents by virtue of its proximity to a prestigious school, forward-looking product planning and an extra high efficiency ratio.



Artist Impression



BEIJING

WEST DIAOYUTAI • EMPEROR SEAL

Address:

No. 1 and No. 2 Section,
West Diaoyutai Village,
Haidian District, Beijing

Category:

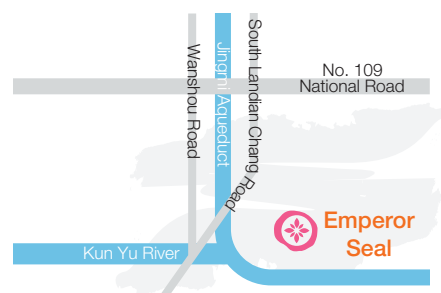
Residence

Feature:

Located in the west third ring, on the east and north side of Kunyu River and west to the 137-hectare Yuyuantan Park, the project enjoys a 67-hectare expanse of magnificent aquatic scenes, the largest in Beijing where water is a scarce resource, giving it uniqueness and a touch of supremacy. The project has deluxe apartments with river views as its core products aiming to appeal to the affluent on the high-end. The project has three phases. Phases I and II have been completed and sold out, while phase III has almost been sold out.



Artist Impression



TIANJIN SUMMITOPIA

Address:

Southeast to the intersection of the planned Jinsuo South Road and Shaoshan Road, Hedong District, Tianjin

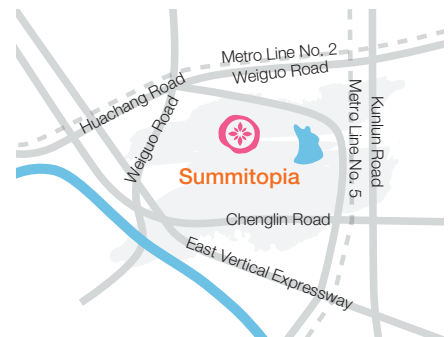
Category:

Residence/Commerce

Feature:

Located west to Hongxing Road, north to Chenglin Road, east to Xinkuo Road and south to Weiguo Road, the project has a site area of approximately 42,000 sq.m. and a total G.F.A. of approximately 175,000 sq.m. (including green areas). The project encompasses residential and commercial functions and certain ancillary public service facilities. The residential function occupies a site area of approximately 116,000 sq.m. at a plot ratio of ≤ 2.9 , while the commercial function occupies a site area of approximately 2,500 sq.m.

As a highly customised aesthetic community dedicated in regional, product and lifestyle revival, the project will offer superb and innovative residential products. Featuring a hotel-style lobby, a multi-functional mocha living room, nature-themed landscape and intelligent community management, the project aims to create a premium liveable environment by combining ecology with technology. Poised to be a real regionally leading project, it will be a key driver for the growth of Hedong District, Tianjin.



SHENYANG SHENYANG U CENTER

Address:

South Taiyuan Street, Heping District, Shenyang

Category:

Commerce/Office/ Serviced Apartment

Feature:

The project is located in the most prosperous business district downtown Shenyang — Taiyuan Street, with Zhonghua Road to its north, Minzhu Road to its south, South Taiyuan Street to its west and South Tianjin Street to its east. The region has a profound history and an extensive commercial network covering Northeast Asia. Covering a total G.F.A. of 230,000 sq.m., the U Center comprises high-end offices, SOHO, boutique apartments and open commercial blocks with an integration of cultural and creative industries, food and beverage, leisure, entertainment, offices and luxurious apartments, making it an icon of the city.



INTRODUCTION OF KEY PROJECTS IN CHINA

WUXI URBAN DEVELOPMENT INTERNATIONAL CENTER

Address:

Intersection of Yinxiu Road
and Taihu Avenue,
Binhu District, Wuxi, Jiangsu

Category:

Commerce/Hotel/
Office/Serviced
Apartment

Feature:

The project is an icon at the heart of the Liyuan Economic Development Zone, the new axis of Wuxi. It is only 5 km from the center of the city with Lihu Lake Scenic Spot, Lihu Central Park and Bogong Island in its vicinity to enjoy. The area is well developed, equipped with all essential facilities and convenient transportation choices. The integrated complex comprises an international five-star hotel, serviced apartments, a 5A-grade office building and a commercial center.



Artist Impression



XI'AN ORIGINALLY

Address:

East to Chan River,
Chanba Avenue,
Chanba Ecotope, Xi'an

Category:

Residence/
Commerce/Hotel

Feature:

In the heart of Xi'an Chanba Ecotope, the project lies where the Chan River and Ba River meet. The project with more than 2 million sq.m. in terms of site area is the largest eco-district in northwest China. The area has been well planned and is developing rapidly, enjoying convenient access to road networks and public transports including Metro Line No. 3 which will soon commence operation.

It is the home of the Euro-Asia Economic Forum as well as the Guangyuntan national wetland park and was where the 2011 International Horticultural Exposition took place, asserting its significance in the development of Xi'an. The project has 12 land parcels in the plan to cater to diverse functions and related necessary facilities completed or soon to be completed to meet community business requirements and educational, medical and shopping needs.



Artist Impression



XI'AN QIYUAN

Address:

Intersection of Qiyuan 1st Road and Shangchun North Road, Xi'an (west of Chanba Tenth School)

Category:

Residence

Feature:

Located at the intersection of Qiyuan 1st Road and Shangchun North Road, the project occupies the core area of the "three-axis, three-belt" development plan of Xi'an. The project enjoys the triple benefits brought by Chanba Ecotope, the International Trade & Logistics Park and the economic development and political affairs area. Situated only 800 m to Ba River, the project is embraced in a green and natural environment while being served by comprehensive international ancillary facilities, making it a low-density high-end residential project around Weiyang Lake.



The project covers a total site area of approximately 51,000 sq.m., providing a G.F.A. of about 102,000 sq.m. The project is planned to comprise 15 residential buildings (eight high-rise apartments and seven low-rise apartments), offering 594 apartments in total. With a greening ratio of 35% and a plot ratio of 2.0, the project is available in various layouts and sizes, i.e. 143 sq.m. for small high-rise apartments and 190 sq.m. (flats), 300 sq.m. (top duplex apartments) and 190 sq.m. (bottom duplex apartments) for low-rise apartments. The project is built with metal aluminum plates and masonry paint, with low-emissivity glasses used in the exterior façade of the buildings to create a fashionable and lightly luxurious feeling. Coupled with supreme ecological resources, this project is destined to provide you with a comfortable and pleasant lifestyle.

INVESTOR RELATIONS REPORT

SUMMARY

SIUD maintained close communication with the capital market and good relationship with investors so that shareholders were accurately informed of the operational conditions and financial performance of the Company in due course.

COMMUNICATION STRATEGY:

SIUD maintains close communication with investors and analysts through the corporate communications department. Regular meetings, conference calls and general meetings are organised to keep investors and analysts abreast of the development strategies and latest news of the Company and allow them to share their views on the prospects of the property market in China as well as the capital market in Hong Kong in order to bolster the mid- and long-term stable development strategy of the Group.

The Company appreciates and values the support and trust bestowed by shareholders. To further strengthen its relationship with existing and potential investors, the Company will focus on the following aspects in the future:

1. Create value for shareholders;
2. Devise development strategies and operate the Company's business on the basis of meeting the values and expectation of shareholders; and
3. Review business decisions in a manner responsible to shareholders, maintain close and effective communication with shareholders with openness and sincerity, and disclose and explain relevant decisions in a timely manner.



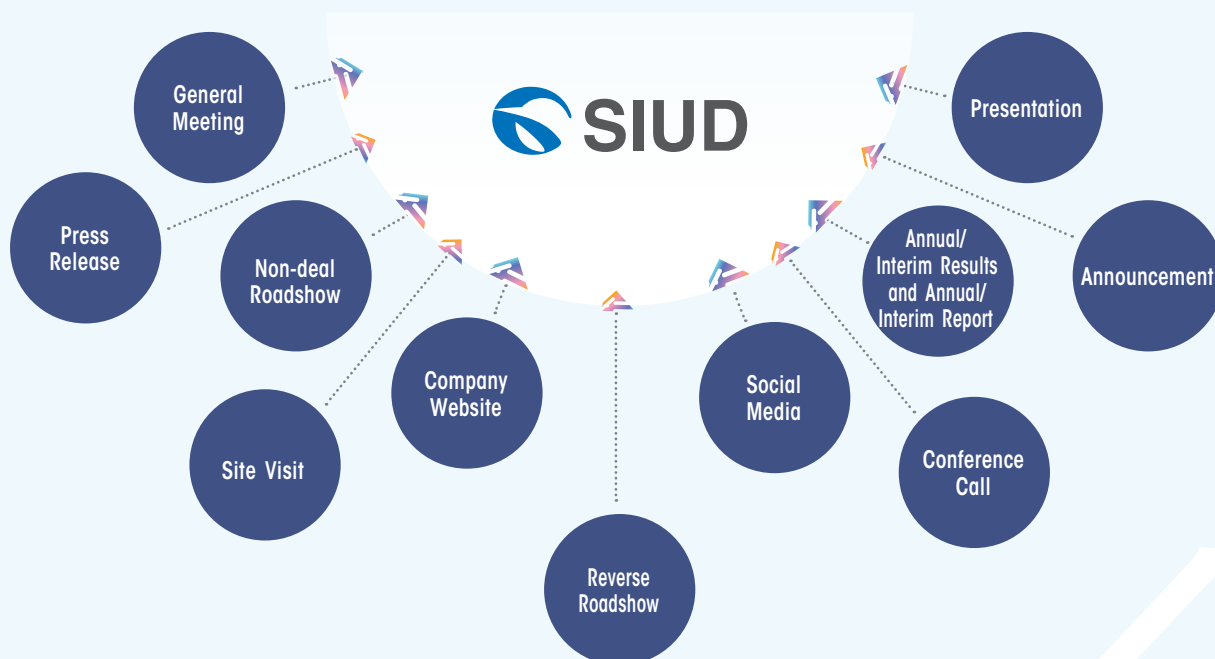


CHANNELS AND METHODS:

In 2024, SIUD disseminated information to the capital market through multiple channels, including annual reports, interim reports, press releases and announcements. All these information was available on the Company’s website. The corporate communications department also shared the announcements and press releases with investors via email, WeChat official account and other ways in due course, and proactively responded to relevant inquiries and provided guidance.

Dedicated management members are assigned to closely communicate with financial market participants such as investors and analysts to keep them abreast of the Company’s strategies and latest developments and exchange views on the outlook of the property market in Mainland China as well as the capital market in Hong Kong through means such as regular meetings, conference calls and general meetings, to ensure that the Company stays on top of the market pulse and responds to the ever-changing financial market in the nick of time.

Chart of communication channels between SIUD and the capital market





CONTINUOUS COMMUNICATION WITH MAINLAND INVESTORS:

In view of the growing impact of Mainland investors on the Hong Kong capital market, SIUD recognises the importance of keeping its relationship with Mainland investors. During the year, SIUD maintained the communication with investors in Shanghai and the Greater Bay Area to effectively communicate the long-term strategies and recent operational conditions of the Group. The investors were also confident in the future stable development of the Company.

ANNUAL GENERAL MEETING:

The Group holds general meetings to ensure that the shareholders or their proxies can attend and understand the Group's performance at the meeting, make enquiries to the Directors and vote on the resolutions to be proposed at general meetings for consideration and approval of the shareholders.

The Company held the annual general meeting at Ballroom, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on 20 May 2024. Matters passed on the meeting included the re-election of Directors and declaration of final and special dividends in cash. All ordinary resolutions proposed at the annual general meeting were passed by poll.

ANNUAL REVIEW:

During the year, the Group conducted several non-deal roadshows with the investors' meetings organised by investment banks and large institutions, hosting nearly 100 investors and capital market participants to reinforce mutual understanding.

AVAILABILITY OF INFORMATION:

As a corporate citizen with environmental awareness, SIUD encourages shareholders to access the corporate information and latest news through the Company's website (www.siud.com) or the website of HKEXnews. The Company's website is available in simplified Chinese, traditional Chinese and English for the convenience of users.

All corporate communications can be accessed from the "Investor Relations" section on the website after being published. The Group also sends information via email to all the people who have requested to join the Group's contact database. Anyone who wants to be included in the contact database may email to ir@siud.com.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board strives to attain and maintain high standards of corporate governance to enhance Shareholders’ value and safeguard Shareholders’ interests.

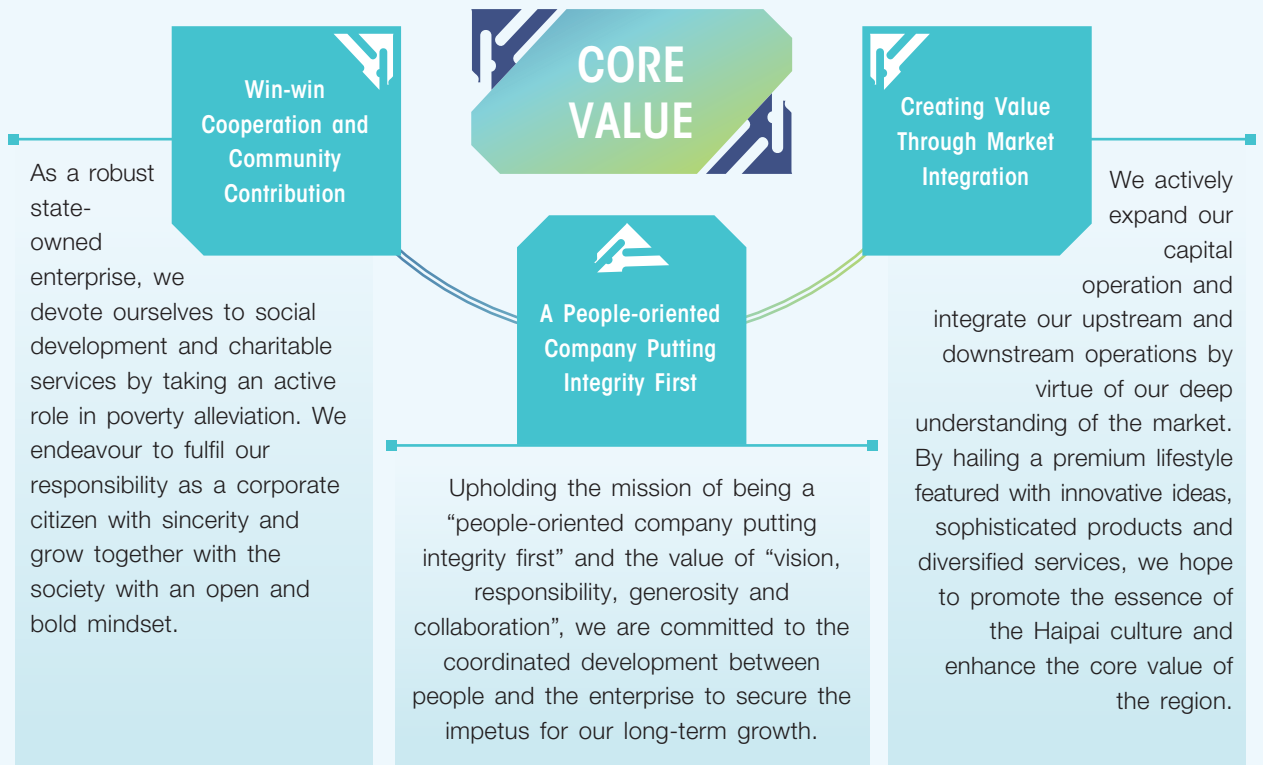
The Company recognizes the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

During the year ended 31 December 2024, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “Code”).

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the Code and align with the latest developments.

CORPORATE CULTURE AND VALUE

Upholding the corporate value of “vision, responsibility, generosity and collaboration”, the Company strives to fully implement the corporate development strategies under a professional and rational operational model in pursuit of continual and efficient return on values. The Company facilitates the continuous reformation of urban lifestyle with its premium and leading products and services while allowing the staff to fully unleash their potentials on a vast and fair career platform. The Company takes on social responsibility of promoting harmonious symbiosis between urban development and human beings for the betterment of the future.



The Board is responsible for determining the mission and value of the Company, promoting the corporate culture among its operations and all the staff and incorporating them into business decisions and operations to ensure that the value and business strategies of the Company are in line with the corporate culture.

BOARD OF DIRECTORS

The Board is collectively responsible for formulating of the Group's overall strategy, reviewing and monitoring the business operations and performance of the Group, preparing and approving financial statements, considering and approving material contracts and transactions as well as other significant policies and financial matters. The Board takes responsibility to oversee internal controls and risk management systems; review the effectiveness of such systems; monitor the performance of the senior management; and determine the policy for corporate governance. The Board also gives clear directions as to the powers delegated to the senior management for the day-to-day operation, business strategies and administrative functions of the Group.

The Board has also delegated the duties of Environmental, Social and Governance ("**ESG**") management to the Audit Committee, under which an ESG Working Group is responsible for assisting the Board in performing the ESG-related duties. The ESG Working Group would report its job progress and developments to the Audit Committee and the Board regularly. For details, please refer to the section headed "ESG GOVERNANCE AND APPROACH" in the 2024 ESG Report of the Company.

Being highly concerned about the robustness of the risk management and internal control systems, the Group actively integrates the relevant ESG risk factors into its risk management system in order to better assess and manage material ESG risks. The ESG Working Group is responsible for assisting the Board in identifying, assessing, prioritising and managing the identified material ESG risks, which are then reviewed regularly by the Board. The Board also monitors the effectiveness of the risk management and internal control systems. For details, please refer to the section headed "ESG Risk Management" in the 2024 ESG Report of the Company.

All 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 the Board procedures and all applicable rules and regulations are followed.

Upon making request to the Board, each Director is able to seek independent professional advice at the Company's expenses, when necessary.

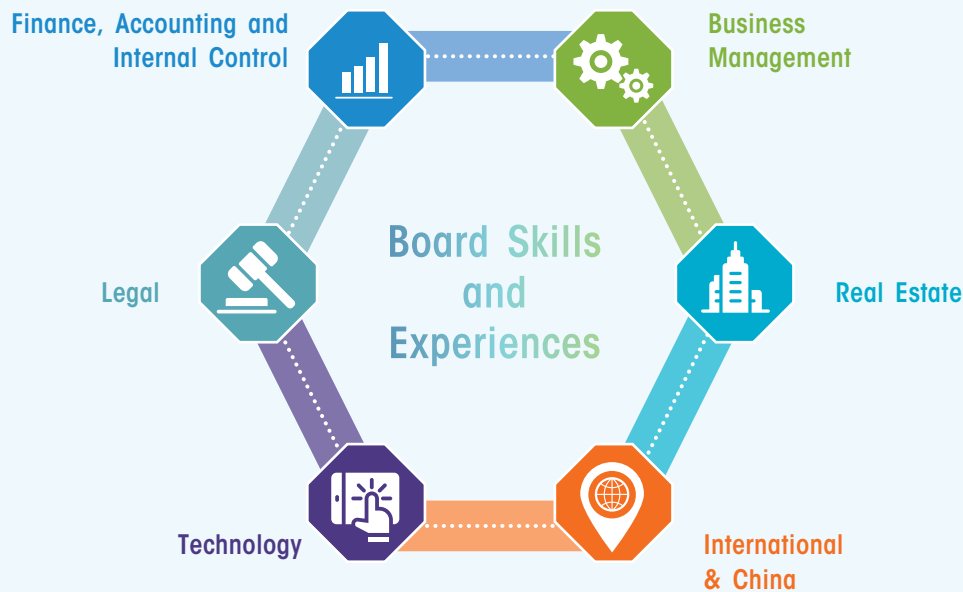
BOARD DIVERSITY POLICY

Pursuant to the Code, the Board had adopted a board diversity policy ("**Board Diversity Policy**") which sets out the approach to achieve and maintain diversity on the Board. The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on the board nomination policy of the Company ("**Board Nomination Policy**") and a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills, knowledge and length of service.

The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single aspect.

BOARD SKILLS AND EXPERIENCE

The current Board consists the following skills and experiences that contribute to the Company's strategic direction and sustainable and balanced development:



The current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business.

BOARD COMPOSITION

As at 31 December 2024, the Board comprised seven members, including three executive Directors and four independent non-executive Directors, complying with Rules 3.10(1) and 3.10A of the Listing Rules. At least one of the independent non-executive Directors has relevant financial management expertise as required by the Listing Rules. The biographical details of each Director are set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" on pages 53 to 59 of this annual report. The Board reviews regularly its composition to ensure a balance of skills and experience appropriate for the requirements of the business of the Company.

Notes:

1. Mr. Ye Weiqi retired as an executive Director with effect from 31 January 2024.
2. Mr. Lou Jun resigned as an executive Director with effect from 15 July 2024.
3. Mr. Qiao Zhigang resigned as an independent non-executive Director with effect from 5 January 2024.
4. Ms. Zhou Yadong was appointed as an executive Director with effect from 15 July 2024.
5. Dr. Chan Ho Wah, Terence was appointed as an independent non-executive Director with effect from 15 July 2024.

The Board composition and diversity as at 31 December 2024 are as follow:



According to the Board Diversity Policy adopted by the Board, the Company recognizes and embraces the benefits of having a diverse Board and regard increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. The Board recognizes the importance and benefits of the gender diversity at the Board level and would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices.

The Nomination Committee periodically reviews the measurable objectives relevant to the Board composition in accordance with the Board Diversity Policy, and monitors the progress on achieving those objectives to ensure that the policy is implemented effectively. To achieve gender diversity of the Board and meet the requirements as set out in the Rule 13.92 of the Listing Rules, Ms. Zhou Yadong was appointed as an executive Director with effect from 15 July 2024. The Nomination Committee is of the view that the current gender diversity of the Board was appropriate.

As at 31 December 2024, the total workforce of the Group comprised of 42% female and 58% male, whereas senior management comprised of 25% female and 75% male. The current gender diversity of workforce was appropriate taking into account the business models and operational needs.

BOARD INDEPENDENCE

The Group has established the following mechanisms to ensure that independent views and input are available to the Board and such mechanisms are reviewed annually by the Board:

1. A sufficient number of the Board members are independent non-executive Directors, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors;
2. The Nomination Committee is required to assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules;
3. The Chairman of the Board is required to meet with the independent non-executive Directors at least annually without the presence of the executive Directors;
4. A Director (including independent non-executive Directors) who has material interest in any contract, transaction or arrangement is required to abstain from voting and not be counted in the quorum on any Board resolution approving the same; and
5. No equity-based remuneration with performance-related elements is granted to independent non-executive Directors.

During the year ended 31 December 2024, the Board has reviewed the implementation and effectiveness of such mechanisms.

INDEPENDENCE CONFIRMATION

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers them to be independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Bye-laws, the Board is empowered to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the members at the general meeting, as an additional member of the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Moreover, at each annual general meeting one-third of the Directors for the time being (or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to rotation at least once every three years. All Directors were appointed for a specific term of three years but subject to retirement by rotation as aforesaid.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company has arranged appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and officers arising out of corporate activities of the Group.

THE CHAIRMAN AND THE PRESIDENT

The Chairman of the Board and the president of the Company are two distinctively separate positions. Mr. Huang Haiping is the Chairman of the Board who is responsible for providing leadership for the Board and ensuring that the Board works effectively. Mr. Tang Jun is the president of the Company who, assuming the role of chief executive officer, is responsible for the Group's daily operations, overall business development and management.

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Under code provision C.2.7 of the Code, the Chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. There was one meeting held between the Chairman of the Board and the independent non-executive Directors, without the presence of other Directors for the year ended 31 December 2024.

BOARD NOMINATION POLICY

Pursuant to the Code, the Board had adopted a Board Nomination Policy which sets out the purposes and principles, the process and criteria for identifying and recommending candidates for election to the Board. The Nomination Committee has been delegated by the Board to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships. In considering candidates for director nominee, the Nomination Committee will take into account the actual needs of the Company and whether a candidate has the qualifications, skills and experience, etc. that can fulfill the needs of the Company and can at the same time add to and complement the range of diverse perspectives of the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge of existing Directors. The Nomination Committee considers the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director:

1. the personal and professional ethics and integrity;
2. proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
3. the ability to provide practical insights and diverse perspectives;
4. the ability to assist and support management (including an understanding of the Company's business and industry landscape) and make significant contributions to the Company's success; and
5. an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities.

To ensure that the existing policy continues to be implemented smoothly in practice, the Company shall undertake regular reviews and reassess this policy having regard to the regulatory requirements, good corporate governance practice and the expectations of the Shareholders and other stakeholders of the Company. The Company will propose amendments to the Board for approval.

DIVIDEND POLICY

The Board has adopted a dividend policy (“**Dividend Policy**”) which sets out the guideline for the distribution of dividends to its shareholders by way of cash and/or shares and aims to achieve sustainability and stability. The Dividend Policy seeks to strike a balance between its Shareholders’ interests and allowing the Company to have sufficient capital for the operations and future development of the Company. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders at the annual general meeting.

In proposing any dividend payout, the Board shall take into account, inter alia, the Company’s financial performance, the Group’s liquidity position, its business strategies and development plans, and the general economic and financial conditions.

Any distribution of dividend is also subject to any restrictions under the Companies Act of Bermuda, the Memorandum of Association and Bye-laws of the Company and any applicable rules and regulations.

The Board will review the Dividend Policy from time to time and reserve its right in its sole and absolute discretion to update, amend, and/or modify the dividend policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

RESPONSIBILITIES OF DIRECTORS

Each Director shall from time to time have knowledge of his/her responsibilities as Director, as well as the operations, business activities and development of the Company and shall ensure that sufficient time and effort will be put to deal with the Company’s affairs. The Company offers induction materials to each Director on the first occasion of his/her appointment as well as necessary information and training during his/her term of appointment to ensure that he/she has appropriate knowledge of the Company’s operations and business as well as the responsibilities of Director under applicable laws.

TRAINING AND SUPPORT FOR DIRECTORS

(A) Training

Pursuant to the Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. During the year ended 31 December 2024, the Company offered several appropriate training sessions for Directors. The training sessions were related to the internal controls, anti-corruption, anti-fraud policies and site visiting. The Company has received from each of the Directors the individual training record of Directors pursuant to C.1.4 of the Code and time involved in public companies or organizations and description of other significant commitments pursuant to C.1.5 of the Code.

Ms. Zhou Yadong and Dr. Chan Ho Wah, Terence, the newly appointed Directors, completed receiving training and obtaining legal advice from a firm of solicitors qualified to advise on Hong Kong law on 18 July 2024 and they have confirmed that they understood their respective obligations as Directors.

During the year ended 31 December 2024, the Directors participated in the following trainings:

	Attending ¹
Executive Directors	
Huang Haiping	✓
Tang Jun	✓
Ye Weiqi ²	✓
Lou Jun ³	✓
Zhou Yadong ⁴	✓
Independent Non-executive Directors	
Doo Wai-Hoi, William, <i>B.B.S., J.P.</i>	✓
Fan Ren Da, Anthony	✓
Li Ka Fai, David, <i>M.H.</i>	✓
Qiao Zhigang ⁵	✓
Chan Ho Wah, Terence ⁶	✓

Notes:

1. Trainings may include
 - (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or Directors' duties; and/or
 - (b) reading newspaper, journals and updates relating to the economy, general business or Directors' duties etc.; and/or
 - (c) site visiting of the Company.
2. Mr. Ye Weiqi retired as an executive Director, the vice president and a member of the Remuneration Committee with effect from 31 January 2024.
3. Mr. Lou Jun resigned as an executive Director with effect from 15 July 2024.
4. Ms. Zhou Yadong was appointed as an executive Director and a member of the Investment Appraisal Committee with effect from 15 July 2024 and 21 March 2025 respectively.
5. Mr. Qiao Zhigang resigned as an independent non-executive Director and a member of the Investment Appraisal Committee with effect from 5 January 2024.
6. Dr. Chan Ho Wah, Terence was appointed as an independent non-executive Director and a member of Remuneration Committee with effect from 15 July 2024 and 21 March 2025 respectively.

All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

(B) Support

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes, such as sending the latest version of "A Guide

on Directors' Duties" published by the Hong Kong Companies Registry and guidelines published by The Hong Kong Institute of Directors, are issued to Directors and senior management of the Company where appropriate to ensure awareness of best corporate governance practices.

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and agenda of each meeting are made available to the Directors in advance.

Notices of regular board meetings of the Company are served to all Directors at least fourteen days before the meetings and reasonable notice is generally given for other board meetings of the Company. For committee meetings, notice is served in accordance with the required notice period stated in the relevant terms of reference.

Board papers together with all appropriate, complete and reliable information are sent to all Directors/Committee Members of the Company at least three days before each board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management, the financial controller of the Company and the Company Secretary attend regular board meetings of the Company and when necessary, other board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary/secretary of the committees is responsible to take and keep minutes of all board meetings and committee meetings. Draft minutes are circulated to Directors for comments within a reasonable period of time after each meeting and the executed copies are open for inspection by Directors.

The Bye-laws contain provisions requiring 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 associates have a material interest. According to current board practice of the Company, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened board meeting of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the Directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "**Guidelines for Securities Transactions by Relevant Employees**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions for the year ended 31 December 2024.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2024.

DIRECTORS' ATTENDANCE RECORD

The Directors give sufficient time and attention of the Group's affairs. The Directors play an active role in participating in the meetings of the Company through contribution of their professional opinions and active participation in discussion. The attendance record of each of Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Investment Appraisal Committee and general meetings of the Company held during the year ended 31 December 2024 are set out as follows:

Name of Directors	Number of meetings attended/number of meetings held					
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Investment Appraisal Committee meeting	2024 AGM ¹
Executive Directors						
Huang Haiping	6/6			3/3		1/1
Tang Jun	6/6				3/3	1/1
Ye Weiqi ²	0/6		0/2			0/1
Lou Jun ³	3/6					1/1
Zhou Yadong ⁴	3/6					0/1
Independent Non-executive Directors						
Doo Wai-Hoi, William, <i>B.B.S., J.P.</i>	6/6	2/2	2/2	3/3		1/1
Fan Ren Da, Anthony	6/6	2/2	2/2	3/3	3/3	1/1
Li Ka Fai, David, <i>M.H.</i>	6/6	2/2				1/1
Qiao Zhigang ⁵	0/6				0/3	0/1
Chan Ho Wah, Terence ⁶	3/6					0/1

Notes:

- The 2024 annual general meeting of the Company was held on Monday, 20 May 2024.
- Mr. Ye Weiqi retired as an executive Director, a vice president and a member of the Remuneration Committee with effect from 31 January 2024.
- Mr. Lou Jun resigned as an executive Director with effect from 15 July 2024.
- Ms. Zhou Yadong was appointed as an executive Director and a member of the Investment Appraisal Committee with effect from 15 July 2024 and 21 March 2025 respectively.
- Mr. Qiao Zhigang resigned as an independent non-executive Director and a member of the Investment Appraisal Committee with effect from 5 January 2024.
- Dr. Chan Ho Wah, Terence was appointed as an independent non-executive Director and a member of Remuneration Committee with effect from 15 July 2024 and 21 March 2025 respectively.

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Appraisal Committee, for overseeing particular aspects of the Company's affairs. All the Board committees should report to the Board on their decisions or recommendations made. The terms of reference of the Audit Committee, the Remuneration Committee, the Nomination Committee and corporate governance functions have been published on the websites of the Company and the Stock Exchange pursuant to the Code, which were approved during the Board meeting.

A. Audit Committee

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David, *M.H.* (Committee Chairman), Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony.

The main responsibilities of the Audit Committee are:

1. to review the accounting principles and practices adopted by the Group;
2. to review the financial reporting process, risk management and internal controls system of the Group; and
3. to review the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor.

During the year ended 31 December 2024, two Audit Committee meetings were held. The Chairman of the Audit Committee, Mr. Li Ka Fai, David, *M.H.* possesses relevant financial management expertise and this meets the requirements of Rule 3.21 of the Listing Rules.

During the year ended 31 December 2024, the Audit Committee reviewed the re-appointment of the external auditor, including its independence and objectivity, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has reviewed the unaudited financial statements of the Group for the six months ended 30 June 2024 and the audited final financial statements of the Group for the year ended 31 December 2024 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group. The Audit Committee also reviewed the risk management, internal audit, internal controls and financial reporting matters of the Group. The Audit Committee also reviewed the progress report on the preparation of the ESG report and recommended the ESG report to the Board for consideration and approval.

B. Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* (Committee Chairman), Dr. Fan Ren Da, Anthony and Dr. Chan Ho Wah, Terence (appointed on 21 March 2025).

The major responsibilities of the Remuneration Committee are:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the senior management;
2. to have the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management for submission to the Board for approval;
3. to review and approve above performance-based remuneration by reference to the corporate goals and objectives resolved by the Board from time to time;
4. to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office;
5. to review and approve compensation arrangements relating to dismissal or removal of Directors; and
6. to ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 December 2024, two Remuneration Committee meetings were held to review the remuneration packages of all Directors and senior management of the Company, the remuneration packages and services contracts of the proposed appointed Directors and the renewal of the Directors' services contracts.

C. Nomination Committee

The Nomination Committee currently consists of one executive Director, namely Mr. Huang Haiping (Committee Chairman) and two independent non-executive Directors, namely Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony. The primary function of the Nomination Committee is to make recommendations to the Board on potential candidates to fill vacancies or additional appointment on the Board and senior management. All appointments of Directors were nominated by the Nomination Committee based on the considerations including vacancy available, competence and experience, possession of requisite skills and qualifications, independence and integrity.

During the year ended 31 December 2024, three Nomination Committee meetings were held and the following works, *inter alia*, were performed by the Nomination Committee:

1. reviewed the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
2. addressed the independence of the independent non-executive Directors, having regard to the requirements under the Listing Rules;
3. made recommendations on the nomination of Directors for the Board to recommend to the Shareholders for re-elections at the annual general meeting held on 20 May 2024;
4. made recommendations to the Board on the appointment of executive Directors and independent non-executive Directors; and
5. reviewed the Board Diversity Policy and Board Nomination Policy from time to time.

D. Investment Appraisal Committee

The Investment Appraisal Committee currently consists of one independent non-executive Director, namely Dr. Fan Ren Da, Anthony (Committee Chairman) and two executive Directors, namely Mr. Tang Jun and Ms. Zhou Yadong (appointed on 21 March 2025).

The main responsibilities of the Investment Appraisal Committee are:

1. to research and advise on the long-term development strategy of the Company;
2. to research and advise on material investment projects of the Company;
3. to research and advise on material capital and asset management projects of the Company;
4. to research and advise on material events which affect the development of the Company;
5. to make subsequent assessment on investment projects; and
6. to review on the above matters.

During the year ended 31 December 2024, three Investment Appraisal Committee meetings were held.

E. Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The primary duties are set out in the "CORPORATE GOVERNANCE FUNCTIONS: TERMS OF REFERENCE OF THE BOARD" in the relevant section of "CORPORATE GOVERNANCE" in the website of the Company.

The main responsibilities of the corporate governance functions are:

1. to consider and review the Company's corporate governance principles, practices and processes and make recommendations;
2. to propose changes when necessary;
3. to review the Company's disclosure of its corporate governance program and compliance with each annual general meeting of the Company;
4. to review and monitor the Company's policies and practices;
5. to review internal corporate policies annually;
6. to review and monitor the training and continuous professional development of Directors and senior management;
7. to develop, review and monitor the code of conduct and compliance manual; and
8. to review the Company's compliance with the Code and disclosure.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year ended 31 December 2024, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules which requires the Company Secretary to take no less than 15 hours of relevant professional training. The biographical details of the Company Secretary are set out in the section of "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" in this annual report.

ACCOUNTABILITY

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 31 December 2024, appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are pertinent to its operations and relevant to the financial statements on the going concern basis were adopted. The Company has received acknowledgements from all Directors of their responsibilities for preparing the financial statements. It is the responsibility of the auditor to form an independent opinion, based on their audit, of these financial statements and to report their opinion to the shareholders, as a body, and for no other purpose. The auditor does not assume responsibilities toward or accept liability to any other person for the contents of their report.

In accordance with the Code, the management has provided monthly updates including the performance, financial position and prospects of the Company to the members of the Board on the fifth day of each month, enabling them to perform their duties under the Listing Rules. After seeking the opinion of Audit Committee, the Company provides the Directors with relevant reports each month.

INTERNAL CONTROLS

The Board is responsible for maintaining sound and effective internal controls system in order to safeguard the Group's assets and Shareholders' interests and reviewing and monitoring the effectiveness of the Company's internal controls and risk management systems on a regular basis so as to ensure that internal controls and risk management systems in place are adequate.

The Board, through the Audit Committee, has reviewed the effectiveness of the internal controls and risk management systems of the Group on a regular basis to ensure that the systems in place are adequate. The Company is always committed to maintaining a high standard of corporate governance and to continue strengthening the control systems of the Group in the interests of Shareholders. To monitor the effectiveness of the internal controls systems, in addition to the internal audit function of the Group, if necessary, the Board will appoint an independent professional firm to conduct internal controls reviews of selected areas of the Group.

Anti-fraud and anti-corruption policies and procedures

The Company adopted its internal policy for anti-fraud and anti-corruption system and its specific contents, the areas of which include, but without limitation, the definition of fraud, the internal institution to be responsible for monitoring the system, the reporting, investigation and handling of complaints and actions to be taken for substantiated cases.

The whistleblowing policy has been put in place to facilitate reporting (including anonymous reporting) of concerns, misconduct or misalignment. Any possible improprieties in financial reporting, internal control or other matters will be reported to Audit Committee and the Board.

Inside Information Disclosure

The Company also established its own inside information disclosure policy and required reporting compliance by all of its subsidiaries with a view to maintain good corporate governance within the Group and to ensure due disclosure of corporate information as well as to enhance corporate transparency.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organization and the external environment with active management participation and effective internal controls procedures in the best interest of the Group and the Shareholders.

The Group's internal auditor provides annual review and confirmation on the effectiveness of the risk management and internal controls system to the Board. Besides, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group's internal controls and risk management systems during the period covered by this annual report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "INDEPENDENT AUDITOR'S REPORT" on pages 73 to 78.

During the year ended 31 December 2024, the remuneration paid and accrued to the Company's auditor, Deloitte Touche Tohmatsu, is set out below:

	HK\$'000
For audit services	
– audit fee for the year ended 31 December 2024	4,657
– other audit-related services	1,883
<hr/>	
Total:	6,540

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors. For more details of election of individual Directors, Shareholders can refer to the details of "PROCEDURES FOR ELECTION OF DIRECTORS BY SHAREHOLDERS" in the relevant section of "CORPORATE GOVERNANCE" in the website of the Company.

The rights of Shareholders and the procedures for demanding a poll on resolutions at Shareholders' meetings at which voting is taken on a poll are contained in the Company's Bye-laws. Shareholders may request for convening a special general meeting and putting forward proposals at a general meeting pursuant to the Company's Bye-laws.

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company's principal place of business in Hong Kong.

Shareholders Communication Policy

The Company recognizes the importance of sustaining good communication with its Shareholders (including individuals, corporate Shareholders and general investors) and therefore consistently strives to increase transparency of the Company in order to timely inform the Shareholders the operation status and financial performance of the Company. To maintain good communication with Shareholders, the Company has in place the shareholders communication policy ("**Shareholders Communication Policy**") for communication with Shareholders.

The Company shall review the Shareholders Communication Policy annually to ensure its implementation and effectiveness. Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders Communication Policy has been properly in place during the year ended 31 December 2024 and remains effective.

Full details of the Shareholders Communication Policy are available on the page of "Corporate Governance" under the website of the Company. For the details of the shareholders communication strategy and method, please refer to the "INVESTOR RELATIONS REPORT" section as set out in this annual report.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, there is no significant change in the constitutional documents of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



Mr. Huang Haiping



Chairman, Executive Director and Chairman
of the Nomination Committee



Mr. Tang Jun



President,
Executive Director and Member of the
Investment Appraisal Committee



Ms. Zhou Yadong



Executive Director and Member of the
Investment Appraisal Committee



**Mr. Doo Wai-Hoi,
William, B.B.S., J.P.**



Independent Non-executive
Director, Chairman of
the Remuneration Committee,
Members of the Audit Committee
and the Nomination Committee



**Dr. Fan Ren Da,
Anthony**



Independent Non-executive
Director, Chairman of the
Investment
Appraisal Committee,
Members of the Audit
Committee,
the Remuneration Committee and
the Nomination Committee



**Mr. Li Ka Fai, David,
M.H.**



Independent Non-executive
Director and
Chairman of
the Audit Committee



**Dr. Chan Ho Wah,
Terence**



Independent Non-executive
Director and Member of the
Remuneration Committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS**Mr. Huang Haiping, Chairman, Executive Director and Chairman of the Nomination Committee**

Mr. Huang, aged 58, was appointed as the chairman of the Board, an executive Director and the chairman of the Nomination Committee of the Company on 18 May 2020.

He graduated from the Shanghai Education Institute majoring in Political Education (undergraduate) and obtained a Bachelor Degree of Laws from the Shanghai Normal University. He holds the title of political engineer. He is a vice president of Shanghai Industrial Investment (Holdings) Company Limited (“SIIC”, a controlling shareholder of the Company) and the chairman of SIIC Dongtan Investment & Development (Holdings) Co., Ltd. (上海實業東灘投資開發(集團)有限公司). Mr. Huang previously acted as deputy officer of the Huangpu District Xiaodongmen Sub-district Office, officer of the Huangpu District Bansongyuan Road Sub-district Office, director of the Huangpu District Housing and Land Administrative Bureau, leader of the Joint Preparation Group of the Huangpu District Development and Reform Commission, director of the Huangpu District Housing Security and Housing Administrative Bureau, deputy director of the Putuo District Government of Shanghai and vice chairman of the CPC Shanghai Putuo District Committee. He has over twenty years of working experience in urban construction and management. He is also the chairman of Shanghai Urban Development (Holdings) Co., Ltd. (“SUD”), and a director of Phoenix Real Properties Limited, Joy Century Investments Limited and Silvery Champ Limited, the subsidiaries of the Company.

Mr. Tang Jun, President, Executive Director and Member of the Investment Appraisal Committee

Mr. Tang, aged 57, was appointed as the President, an executive Director and a member of the Investment Appraisal Committee of the Company on 15 January 2021.

He graduated from the University of South Australia with a Master Degree of Business Administration. He holds the title of senior auditor and is a member of the Chinese Institute of Certified Public Accountants. Mr. Tang previously acted as an executive director of Shanghai Industrial Holdings Limited, general manager of the audit department and deputy general manager of the financial planning department of SIIC, director and president, vice president and financial director of Shanghai Industrial Development Co., Ltd., and deputy head of the foreign funds usage audit division of the Shanghai Municipal Audit Bureau. He has over twenty years of working experience in auditing and financial practices. He is currently a director of certain subsidiaries of the Company.

Ms. Zhou Yadong, Executive Director and Member of the Investment Appraisal Committee

Ms. Zhou, aged 53, was appointed as an executive Director and a member of the Investment Appraisal Committee of the Company on 15 July 2024 and 21 March 2025 respectively.

She is a director and general manager of Shanghai SIIC Group Finance Co., Ltd. (“SIIC Finance”). She obtained a Master's Degree in Accounting from the Chinese University of Hong Kong and holds the title of economist. Ms. Zhou has nearly 30 years of financial and investment experience, having worked in investment banks in China, and has spent the last 20 years mainly in investment and corporate management work within SIIC. She successively worked in Shanghai SIIC Asset Management Co., Ltd., SIIC Management (Shanghai) Ltd., Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd., Shanghai Luqiao Development Co., Ltd., SIIC and SIIC Finance, involving various fields such as asset operation, investment management, expressway development and financial fund management, and possesses extensive industry knowledge and rich management experience. In addition, Ms. Zhou also has extensive experience in IT team building, risk control and management, resources input and output, as well as the introduction and application of new technologies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS**Mr. Doo Wai-Hoi, William, B.B.S., J.P., Independent Non-executive Director, Chairman of the Remuneration Committee, Members of the Audit Committee and the Nomination Committee**

Mr. Doo, aged 80, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is the chairman of the Remuneration Committee and members of the Audit Committee and Nomination Committee of the Company. Mr. Doo is the chairman and director of Fungseng Prosperity Holdings Limited. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and has been serving as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. Mr. Doo was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2021. In addition, he was appointed as a National Committee Member of the 12th Chinese People's Political Consultative Conference in February 2013, and was promoted to the Officier de l'Ordre National de la Légion d'Honneur by the French Government in 2019. He was an alternate director to Dr. Cheng Kar Shun, Henry, chairman and non-executive director of FSE Lifestyle Services Limited (stock code: 331) from December 2021 to March 2024, and has been a non-executive director of Lifestyle International Holdings Limited (previous stock code: 1212) since June 2015, shares of which were withdrawn from listing on the Stock Exchange with effect from 20 December 2022. He is a director of the following listed companies:

Listed Company	Role
<i>Hong Kong listed companies</i>	
<ul style="list-style-type: none"> FSE Lifestyle Services Limited (stock code: 331) 	Chairman, executive director and chairman of the executive committee
<ul style="list-style-type: none"> New World Development Company Limited (stock code: 17) 	Vice chairman and non-executive director

Dr. Fan Ren Da, Anthony, Independent Non-executive Director, Chairman of the Investment Appraisal Committee, Members of the Audit Committee, the Remuneration Committee and the Nomination Committee

Dr. Fan, aged 64, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is also the chairman of the Investment Appraisal Committee and the members of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Fan holds a Master's Degree in Business Administration from the United States and a PhD Degree in Economics. He has over fourteen years of experience in the property industry. He is the founding president of the Hong Kong Independent Non-Executive Director Association. He is also the chairman and managing director of AsiaLink Capital Limited. He was an independent non-executive director of 3DG Holdings (International) Limited (formerly known as "Hong Kong Resources Holdings Company Limited", stock code: 2882) from September 2008 to February 2024, China Development Bank International Investment Limited (stock code: 1062) from March 2012 to March 2024, China Dili Group (previous stock code: 1387, listing of its shares was withdrawn on the Stock Exchange with effect from 12 August 2024) from August 2008 to August 2024, Haitong Securities Co., Ltd. (previous stock code: 6837, listing of its shares was withdrawn on the Stock Exchange with effect from 4 March 2025) from October 2023 to March 2025, and CITIC Resources Holdings Limited (stock code: 1205) from August 2000 to March 2025. He is a director of the following listed companies:

Listed Company	Role
<i>Hong Kong listed companies</i>	
<ul style="list-style-type: none"> Tenfu (Cayman) Holdings Company Limited (stock code: 6868) 	Executive director and chairman of environmental, social and governance committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Listed Company	Role
<ul style="list-style-type: none"> Technovator International Limited (stock code: 1206) 	Independent non-executive director, chairmen of the remuneration committee and the risk management committee, members of the audit committee and the nomination committee
<ul style="list-style-type: none"> Uni-President China Holdings Ltd. (stock code: 220) 	Independent non-executive director, chairman of the audit committee, members of the remuneration committee and the investment, strategy and development committee
<ul style="list-style-type: none"> Neo-Neon Holdings Limited (stock code: 1868) 	Independent non-executive director, chairman of the risk management and regulatory compliance committee, members of the audit committee, the remuneration committee and the nomination committee
<ul style="list-style-type: none"> Semiconductor Manufacturing International Corporation (stock code: 981) 	Independent non-executive director, chairman of the compensation committee, members of the audit committee and nomination committee
<ul style="list-style-type: none"> Hilong Holding Limited (stock code: 1623) 	Non-executive director

Mr. Li Ka Fai, David, M.H., Independent Non-executive Director and Chairman of the Audit Committee

Mr. Li, aged 70, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is the chairman of the Audit Committee of the Company. He is a fellow of the Association of Chartered Certified Accountants, United Kingdom. Mr. Li has over eighteen years of experience in the property industry. He is a director of the following listed companies:

Listed Company	Role
<i>Hong Kong listed companies</i>	
<ul style="list-style-type: none"> Goldlion Holdings Limited (stock code: 533) 	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
<ul style="list-style-type: none"> China-Hongkong Photo Products Holdings Limited (stock code: 1123) 	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
<ul style="list-style-type: none"> Cosmopolitan International Holdings Limited (stock code: 120) 	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Listed Company	Role
<ul style="list-style-type: none"> Continental Aerospace Technologies Holding Limited (stock code: 232) 	Independent non-executive director, members of the audit committee and the remuneration committee
<ul style="list-style-type: none"> China Merchants Port Holdings Company Limited (stock code: 144) 	Independent non-executive director, chairman of the audit committee and member of the remuneration committee
<ul style="list-style-type: none"> Wai Yuen Tong Medicine Holdings Limited (stock code: 897) 	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee

Dr. Chan Ho Wah, Terence, Independent Non-executive Director and Member of the Remuneration Committee

Dr. Chan, aged 54, was appointed as an independent non-executive Director and a member of the Remuneration Committee of the Company on 15 July 2024 and 21 March 2025 respectively. He holds a Doctor of Philosophy Degree in Economics and a Master's Degree in Real Estate, and he also possesses professional fellow membership of CPA Australia and Royal Institute of Chartered Surveyors as well as the professional designation of Chartered Financial Analyst and Certified Financial Technologist.

Dr. Chan has thirty years of experience in real estate and infrastructure investment and financing and capital operation of listed companies. Dr. Chan is currently the chairman of Bay Area Capital Partners Limited and an Adjunct Professor in the Department of Real Estate and Construction of the University of Hong Kong. Dr. Chan is the chairman of ESG & Sustainable Investment Committee of Hong Kong Independent Non-Executive Director Association, a member of the Mainland Opportunities Committee of Financial Service Development Council, a member of the Greater Bay Area Committee of CPA Australia, and the vice-chairman of the Hong Kong Education University Council. Dr. Chan is a standing committee member of the 14th Shanghai Committee of the Chinese People's Political Consultative Conference. He is also a member of the Chinese Association of Hong Kong & Macao Studies of the State Council, deputy president of the Federation of Hong Kong-Shanghai Associations, the chairman of Shanghai HK Association, and a member of the 2021 Election Committee of the HKSAR. He has been appointed as a member of Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council and vice chairman of the Security and Guarding Services Industry Authority of the Security Bureau since 2022. He is a director of the following listed companies:

Listed Company	Role
<i>Hong Kong listed companies</i>	
<ul style="list-style-type: none"> CASH Financial Services Group Limited (stock code: 510) 	Independent non-executive director and member of the audit committee
<ul style="list-style-type: none"> Wang On Properties Limited (stock code: 1243) 	Independent non-executive director, chairman of the remuneration committee, members of the audit committee and the nomination committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

**Mr. Yang Yong**

Vice President

Mr. Yang, aged 52, is a vice president of the Company since May 2018. Mr. Yang holds a Master Degree in Management Science from Management Science and Engineering Discipline of School of Economics and Management, Tongji University. He used to be the deputy general manager of Shanghai International Group Investment Development Limited. Since December 2015, Mr. Yang has been the vice president of Shanghai Shangtou Asset Management Limited.

**Mr. Pan Jun**

Vice President

Mr. Pan, aged 56, has been the vice president of the Company since October 2024. He holds a master degree in Engineering from Shanghai Jiao Tong University and a Master Degree in Executive Business Administration from China Europe International Business School. He is a senior engineer. He was the assistant to general manager of Shanghai Jinqiao Export Processing Zone Development Co., Ltd., deputy general manager of Shanghai Qibai Jiusi Technology Development Co., Ltd.* (上海七百九思科技發展有限公司), general manager of Suzhou Taihu Zhongteng Real Estate Co., Ltd.* (蘇州太湖中騰房地產有限公司) and vice president of Shanghai Industrial Development Co., Ltd.

* For identification purpose only

**Mr. He Bin**

Vice President

Mr. He, aged 44, is a vice president of the Company since February 2017. Mr. He received a Bachelor's Degree in Economics from Fudan University in Shanghai. He was the assistant to the president of the Company and SUD. He has been the general manager of Shanghai Shentian Property Limited (上海莘天置業有限公司) since February 2013. Mr. He is also currently a director and vice president to SUD.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

**Ms. Yang Hua**

Vice President

Ms. Yang, aged 46, is a vice president of the Company since February 2021. Ms. Yang holds a Bachelor's Degree in Economics from Shanghai University of Finance and Economics. She was the assistant to the president of the Company and SUD. She is currently the chairman of the intercity companies in Xi'an, Tianjin and Yantai.

**Mr. Chan Kin Chu,
Harry**

Company Secretary

Mr. Chan, aged 55, has been the Company Secretary of the Company since 1 June 2011. He was appointed as Board Secretary and Deputy General Counsel in February 2013. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws Degree. He also obtained a Master of Laws Degree from the University of London, U.K. and a Bachelor of Laws Degree from Tsinghua University, the PRC. He was admitted to the High Court of Hong Kong Special Administrative Region as a solicitor. Mr. Chan has over twenty years of working experience in legal, compliance and corporate governance matters. Before joining the Group, Mr. Chan worked for a sizable property developer as an in-house counsel.

DIRECTORS' REPORT

The Board presents its annual report and the audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, its associates and its joint ventures are set out in notes 44, 21 and 22 to the consolidated financial statements respectively.

BUSINESS REVIEW

The discussion and analysis of the business review of the Group can be found in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" as set out on pages 12 to 16 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 79 to 80 of this annual report.

The Board does not recommend the payment of any final dividend or special dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: final dividend of 2.1 HK cents per share in cash and special dividend of 0.8 HK cents per share in cash).

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2025 AGM

The 2025 AGM is scheduled to be held on Thursday, 22 May 2025. For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 16 May 2025 to Thursday, 22 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2025 AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30p.m. on Thursday, 15 May 2025.

INVESTMENT PROPERTIES

Details of movements during the year ended 31 December 2024 in investment properties of the Group are set out in note 16 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year ended 31 December 2024 in other property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 184 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 35 to the consolidated financial statements.

LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 6 December 2022, the Company (as the borrower) entered into a loan agreement with a bank (as the lender) for a term loan facility in the amount of RMB2,400,000,000 for a term of thirty-six months for the purpose of re-financing the term loan facility granted by a bank (as referred to in the announcement of the Company dated 17 June 2020). The loan agreement provides that during the subsistence of the aforesaid facility, SIIC, being a controlling shareholder of the Company and SIHL (a controlling and substantial shareholder of the Company), shall directly or indirectly maintain no less than 51% of the total issued share capital of the Company and maintain actual control and management of the Company (the **"Requisite Covenant"**). A breach of the Requisite Covenant will constitute a default under the aforesaid loan agreement.

As disclosed in the announcement of the Company dated 27 August 2024, the Company (as the borrower) entered into a loan agreement with a bank (as the lender) for a term loan facility in the amount of RMB300,000,000 for a term of twelve months for repayment of the existing bank borrowings. The loan agreement provides that during the aforesaid facility period, the de-facto control position of SIIC over the Company shall remain unchanged (the **"Required Covenant"**). A breach of the Required Covenant will constitute a default under the aforesaid loan agreement.

Reference is made to the announcements of the Company dated 4 November 2020, 25 November 2021, 9 December 2022 and 30 November 2023 with regard to a facility letter (the **"Facility Letter"**) entered between the Company and a bank for a revolving loan facility of up to HKD500,000,000 granted by a bank (the **"RL Facility"**). As disclosed in the announcement of the Company dated 27 November 2024, the Company (as the borrower) entered into a supplemental facility letter (the **"Supplemental Facility Letter"**) with the lender under the RL Facility to revise certain terms and conditions of the Facility Letter. Pursuant to the Supplemental Facility Letter, the maturity date of the RL Facility is extended to 31 October 2025. The RL Facility contains a shareholding and management covenant (the **"Shareholding and Management Covenant"**) under which the Company shall ensure that so long as the RL Facility or any sum thereunder is outstanding, SIHL, a controlling and substantial shareholder of the Company, and/or SIIC, a controlling shareholder of SIHL, shall collectively directly or indirectly own not less than 51% of the total issued share capital of the Company and maintain management control of the Company. A breach of the Shareholding and Management Covenant will constitute a default under the Facility Letter.

As at 31 December 2024, SIHL and SIIC are beneficially interested in approximately 44.16% and 70.44%, respectively, of the total issued share capital of the Company. Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

MATERIAL ACQUISITIONS AND DISPOSALS

No material acquisitions and disposals of the Company during the year ended 31 December 2024.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

The Company had sufficient reserves available for distribution to the Shareholders as at 31 December 2024.

Under the Companies Act 1981 of Bermuda (as amended), the Company shall not declare or pay a dividend, or make a distribution out of the contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of HK\$8,298,810,879 as at 31 December 2024 (as at 31 December 2023: HK\$8,302,290,986) may be distributed in the form of fully paid bonus shares.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report have been:

Executive Directors

Mr. Huang Haiping (*Chairman*)

Mr. Tang Jun (*President*)

Ms. Zhou Yadong (*appointed on 15 July 2024*)

Mr. Ye Weiqi (*retired on 31 January 2024*)

Mr. Lou Jun (*resigned on 15 July 2024*)

Independent Non-executive Directors

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*

Dr. Fan Ren Da, Anthony

Mr. Li Ka Fai, David, *M.H.*

Dr. Chan Ho Wah, Terence (*appointed on 15 July 2024*)

Mr. Qiao Zhigang (*resigned on 5 January 2024*)

In accordance with Bye-law 83(2) of the Company's Bye-laws, Ms. Zhou Yadong and Dr. Chan Ho Wah, Terence shall hold office as Directors until the next annual general meeting of the Company after their appointment. Separate ordinary resolutions will be proposed at the 2025 AGM to seek Shareholders' approval to the proposed re-election of Ms. Zhou Yadong as an executive Director and Dr. Chan Ho Wah, Terence as an independent non-executive Director.

In accordance with Bye-law 84 of the Company's Bye-laws, Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election. Separate ordinary resolutions will be proposed at the 2025 AGM to re-elect Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony as independent non-executive Directors.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation). All Directors have entered into service contracts with the Company, all with a term of three years.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 43 to the consolidated financial statements, no contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2024 or at any time during the year ended 31 December 2024.

MANAGEMENT CONTRACT

During the year ended 31 December 2024, no contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2024 and up to the date of this annual report, the Company has in force the permitted indemnity provisions which are provided for in the Bye-laws and in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against the Directors and the directors of the Company's subsidiaries respectively.

CONTRACT OF SIGNIFICANCE

Save as disclosed under the section headed "CONNECTED TRANSACTIONS" in this Directors' Report:

- (i) No contracts of significance in relation to the business of the Group, to which the Company or any of its subsidiaries was a party and in which a controlling shareholder of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the year ended 31 December 2024 or at any time during the year ended 31 December 2024; and
- (ii) No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the year ended 31 December 2024 or at any time during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates has any interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management of the Group are set out on pages 53 to 59 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

A summary of the Company's directors' and senior management's remuneration is set out in notes 12 and 43(a) to the consolidated financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares and underlying shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate% of the issued share capital of the Company
Tang Jun	Beneficial owner	178,000	0.00%

(2) Long positions in the shares and underlying shares of the associated corporations of the Company

SIHL

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate% of the issued share of SIHL
Tang Jun	Beneficial owner	65,000	0.00%

Save as disclosed herein, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in any 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 Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

SHARE OPTION SCHEME

As at 31 December 2024, the Company does not have any share option scheme following the expiration of its previous share option scheme on 21 May 2023 (which has a term of 10 years and was adopted pursuant to a resolution passed on 21 May 2013) and there was no share option available for grant under any scheme mandate. No share option was granted to any person as required to be disclosed under Rule 17.07 of the Listing Rules during the year ended 31 December 2024 and the Company had no share option remain outstanding as at 31 December 2024.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2024 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are set out in the section headed "CORPORATE GOVERNANCE REPORT" in this annual report.

AUDIT COMMITTEE

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David, *M.H.* (Committee Chairman), Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony.

During the year ended 31 December 2024, the Audit Committee has reviewed the re-appointment of the external auditor, including its independence and objectivity, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2024 and the audited final financial statements of the Group for the year ended 31 December 2024 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, risk management, internal audit, internal controls and financial reporting matters of the Group. The Audit Committee also reviewed the progress report on the preparation of the Environmental, Social and Governance report and recommend the Environmental Social and Governance Report to the Board for consideration and approval.

CONNECTED TRANSACTIONS

Certain related party transactions as set out in notes 43 to the consolidated financial statements are connected transactions under the Listing Rules. Details of the connected transaction of the Company, which is also related party transaction as disclosed in notes 43 to the consolidated financial statements, required to be disclosed under Chapter 14A of the Listing Rules are set out below. All other transactions as shown in the said notes are connected transactions exempted from all disclosure requirements under Chapter 14A of the Listing Rules.

(i) **Connected Transaction in Relation to Property Leasing Agreement**

On 16 July 2024, SUD, a subsidiary of the Company, entered into a lease agreement (the “**Property Leasing Agreement**”) with Shanghai Huanyu for the lease of the property (the “**Property**”) located at Block 5, No. 2763 Longteng Avenue, Xuhui District, Shanghai, the PRC for use as the offices of SUD and its subsidiaries (the “**Property Leasing**”). Shanghai Huanyu is a company wholly owned by Xuhui SASAC. Xuhui SASAC is a substantial shareholder of SUD holding 41% of SUD. Shanghai Huanyu is therefore an associate of Xuhui SASAC and a connected person at the subsidiary level of the Company. In accordance with HKFRS 16 applicable to the Company, the rental transaction contemplated under the Property Leasing Agreement is recognised as an acquisition of right-of-use assets. The rental transaction constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. As the rental transaction contemplated under the Property Leasing Agreement is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms or better, it is exempt from the circular, independent financial advice and shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules.

According to the Property Leasing Agreement, the rent payable by SUD and its subsidiaries is RMB16,225,993 per annum (exclusive property management fees and water, communication and electricity charges, which shall be borne by SUD), payable quarterly. The Group expects that the rental payable will be financed primarily by internal resources of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Property will provide the Group with a strategic location conducive to operational efficiency, ensure a stable and well-suited environment for staff and business operations, and reflect a cost-effective decision in line with the financial planning and sustainability goals of the Company.

For further information about the Property Leasing, please refer to the announcement of the Company dated 16 July 2024.

(ii) **Connected Transaction in Relation to Capital Reduction in a Joint Venture**

On 28 August 2024, SIUD Shanghai Enterprise Management, a wholly-owned subsidiary of the Company, entered into a capital reduction agreement (the “**Capital Reduction Agreement**”) whereby SIUD Shanghai Enterprise Management has agreed to exit the Joint Venture by way of capital reduction (the “**Capital Reduction**”). The Joint Venture will pay SIUD Shanghai Enterprise Management RMB3,150,501.23 as consideration to reduce the registered capital of the Joint Venture held by SIUD Shanghai Enterprise Management. Before the Capital Reduction, the Joint Venture is held as to 23%, 23% and 54% by SIUD Shanghai Enterprise Management, Tianjin Trust and the Other JV Parties, respectively. Following completion of the Capital Reduction, the Group will cease to have any equity interest in the Joint Venture.

Tianjin Trust is a subsidiary of SIIC Shanghai. SIIC (being a controlling shareholder of the Company) is the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. The Joint Venture is owned as to 23% by SIUD Shanghai Enterprise Management and 23% by Tianjin Trust. As such, the Joint Venture is a 30%-controlled company held by SIIC. Therefore, each of Tianjin Trust and the Joint Venture is an associate of SIIC and a connected person of the Company. Accordingly, the entering into of the Capital Reduction Agreement constitutes a connected transaction of the Company under the Listing Rules. Under Chapter 14A of the Listing Rules, the transaction is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements.

The decision to proceed with the Capital Reduction is a strategic move designed to sharpen the Group's investment focus and leverage its core strengths. It is anticipated that the Capital Reduction will enhance the overall cash flow and strengthen the financial standing of the Group. These benefits will collectively contribute to the sustained growth and stability of the Group in the competitive market landscape.

For further information about the Capital Reduction, please refer to the announcement of the Company dated 28 August 2024.

(iii) Connected Transaction in Relation to Provision of Project Consultation Services

On 14 October 2024, SIUD Shanghai Construction, a wholly-owned subsidiary of the Company, entered into a project consultation services agreement (the "**Project Consultation Services Agreement**") with Shanghai Shen-Yu. Under the Project Consultation Services Agreement, SIUD Shanghai Construction is engaged to provide Shanghai Shen-Yu with project consultation services in relation to the Project for a consultation services fee of RMB12,000,000. Shanghai Shen-Yu is an indirect wholly-owned subsidiary of SIHL (being the substantial shareholder of the Company). Accordingly, Shanghai Shen-Yu is an associate of SIHL and a connected person of the Company and the entering into of the Project Consultation Services Agreement constitutes a connected transaction of the Company under the Listing Rules. Under Chapter 14A of the Listing Rules, the transaction is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements. The term of the Project Consultation Services Agreement starts from the date of the Project Consultation Services Agreement and ends on the date on which completion of the Project is filed with the relevant authority, and is expected to be about 36 months.

The Project involves the widening and alteration construction of G50 Expressway (Shanghai Section) which is a key east-west bound expressway that connects the cities of Shanghai, China in Yangtze River Delta, and Chongqing in western China. The Board believes that participation in the Project represents a good opportunity for the Group to develop its project consultation services business and contribute to the long-term development of the Group. This will enable the Group to diversify its business portfolio and broaden its income sources, which is in the commercial interests of the Group.

For further information about the provision of project consultation services with Shanghai Shen-Yu, please refer to the announcements of the Company dated 23 September 2024 and 14 October 2024.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, substantial shareholders and other persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Ordinary shares of HK\$0.04 each of the Company

Name of substantial shareholders	Capacity	Number of shares of the Company held	Approximate% of the issued share capital of the Company
SIHL	Held by controlled corporation	2,111,229,080(L) ^{1,2,3}	44.16%
SIIC	Held by controlled corporation	3,367,223,977(L) ^{1,2,3,4}	70.44%

Notes:

- L denotes long positions.
- These include 2,061,229,080 shares of the Company held by S.I. Smart Charmer Limited and 50,000,000 shares of the Company that are deemed to be held by Novel Good Limited under the pledge described in note 3 below. As S.I. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL, which is in turn controlled by SIIC, SIHL and SIIC are deemed or taken to be interested in the interests in the shares of the Company held by S.I. Smart Charmer Limited and Novel Good Limited.
- These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which are pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares of the Company.
- SIIC, through Shanghai Investment Holdings Limited (a subsidiary of SIIC) held approximately 55.13% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 2,111,229,080 shares of the Company held by SIHL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 1,255,994,897 shares of the Company held by its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC CM Development Limited, SIIC Capital (B.V.I.) Limited and Shanghai Investment Holdings Limited.

Save as disclosed herein, as at 31 December 2024, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 0.9% of the Group's total revenue for the year ended 31 December 2024 and the sales attributable to the Group's largest customer were approximately 0.3% of the Group's total revenue for the year ended 31 December 2024.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 16.0% of the Group's total purchases and the purchases of the year ended 31 December 2024 attributable to the Group's largest supplier were approximately 8.5% of the Group's total purchases for the year ended 31 December 2024.

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the Directors, owned more than 5% of the issued share capital of the Company, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

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

During the year ended 31 December 2024, the Company repurchased a total of 9,368,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate consideration paid (excluding transaction costs) of HK\$3,317,670. Details of the repurchase of such ordinary shares were as follows:

Date of repurchase	No. of ordinary shares repurchased	Price per ordinary share		Aggregate consideration paid (excluding transaction costs) HK\$
		Highest HK\$	Lowest HK\$	
2 January 2024	1,250,000	0.36	0.355	446,750
3 January 2024	320,000	0.365	0.365	116,800
4 January 2024	1,144,000	0.375	0.365	418,460
5 January 2024	902,000	0.365	0.36	327,730
8 January 2024	264,000	0.355	0.355	93,720
9 January 2024	352,000	0.355	0.345	122,520
10 January 2024	592,000	0.345	0.33	198,980
11 January 2024	438,000	0.34	0.33	145,530
12 January 2024	1,148,000	0.36	0.345	401,130
15 January 2024	706,000	0.365	0.35	252,350
16 January 2024	1,612,000	0.365	0.35	576,520
17 January 2024	640,000	0.345	0.335	217,180
Total	9,368,000			3,317,670

The ordinary shares repurchased on 2 January 2024, 3 January 2024, 4 January 2024, 5 January 2024, 8 January 2024, 9 January 2024, 10 January 2024, 11 January 2024, 12 January 2024, 15 January 2024, 16 January 2024 and 17 January 2024 were cancelled on 26 March 2024. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchase was effected by the Directors pursuant to the repurchase mandate granted at the annual general meeting of the Company held on 22 May 2023.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2024.

AUDITOR

The financial statements for the year ended 31 December 2024 of the Group have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and being eligible, offering itself for re-appointment. A resolution for the reappointment of Messrs. Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2025 AGM.

NON-COMPETE UNDERTAKING

In order to address any future competition between the respective development businesses of SIIC, SIHL and the Group, SIIC and SIHL have entered into a deed of non-competition (the “**Non-compete Undertaking**”) dated 28 October 2011 in favor of the Company for itself and on behalf of the subsidiaries, pursuant to which each of SIIC and SIHL has undertaken to the Company that, conditional upon completion of the Transactions and during the Non-Compete Period (as defined in the circular of the Company dated 31 October 2011 (the “**Circular**”), other than the SIHL Excluded Business and the SIIC Excluded Business (both as defined in the Circular), each of them will not carry on, engage, invest, participate or otherwise be interested in any business of property development in the PRC which is in competition, directly or indirectly, with the restricted business of the Group. The details and particulars of the Non-compete Undertaking are set out in the Circular.

The Group has received from both SIIC and SIHL annual declarations that both of them have complied with the undertakings under the Non-compete Undertaking. The independent non-executive Directors of the Company have reviewed each of SIIC and SIHL’s compliance as aforesaid.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the date of the Company’s 2024 Interim Report and up to the date of this annual report are set out as follows:

- (a) Dr. Fan Ren Da, Anthony was appointed as the chairman of the environmental, social and governance committee of Tenfu (Cayman) Holdings Company Limited (a company listed on the Stock Exchange with stock code: 6868) with effect from 10 May 2024;
- (b) Dr. Fan Ren Da, Anthony ceased to be an independent non-executive director and the chairman of the audit committee of China Dili Group (previous stock code: 1387, listing of its shares was withdrawn on the Stock Exchange) with effect from 12 August 2024;
- (c) Dr. Fan Ren Da, Anthony ceased to be the chairman of the audit committee but remains as a member of the audit committee of Semiconductor Manufacturing International Corporation (a company listed on the Stock Exchange with stock code: 981) with effect from 7 November 2024;

- (d) Mr. Li Ka Fai, David, *M.H.* was appointed as the members of the remuneration committee and the nomination committee of Wai Yuen Tong Medicine Holdings Limited (a company listed on the Stock Exchange with stock code: 897) with effect from 1 November 2024;
- (e) Dr. Fan Ren Da, Anthony ceased to be an independent non-executive director and member of the audit committee as well as member of the nomination, remuneration and assessment committee of Haitong Securities Co., Ltd. (previous stock code: 6837, listing of its shares was withdrawn on the Stock Exchange) with effect from 4 March 2025; and
- (f) Dr. Fan Ren Da, Anthony ceased to be an independent non-executive director, chairman of the audit committee as well as a member of each of the remuneration committee, nomination committee and risk management committee of CITIC Resources Holdings Limited (stock code: 1205) with effect from 18 March 2025.

DONATIONS

During the year ended 31 December 2024, the Group made charitable donations of RMB450,000 (equivalent to approximately HK\$488,000).

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts during this year as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support to our Group.

By order of the Board of
Shanghai Industrial Urban Development Group Limited
Huang Haiping
Chairman

Hong Kong, 21 March 2025

The background features a light blue and white abstract design. It includes several circular icons: one with a graduation cap, another with a stack of coins and a plant, and a third with a line graph. There are also vertical bar charts and architectural silhouettes of buildings. Large, colorful diagonal stripes in shades of blue, purple, and orange are scattered throughout the design.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Deloitte.**德勤****TO THE SHAREHOLDERS OF
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED****上海實業城市開發集團有限公司**

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 79 to 183, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key audit matter***Valuation of investment properties***

We identified the valuation of investment properties as a key audit matter due to significance of its balance to the consolidated statement of financial position and estimation uncertainty associated with determining the fair value of investment properties.

As disclosed in Note 16 to the consolidated financial statements, the fair value of the Group's investment properties of HK\$20,645,374,000 as at 31 December 2024 with the fair value loss of HK\$703,073,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

The fair value of the Group's investment properties as at 31 December 2024 has been arrived at on the basis of valuation carried out by an independent qualified professional valuer not connected to the Group (the "Valuer"). Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in Note 16 to the consolidated financial statements. The fair value is dependent on certain significant unobservable inputs that involve judgment and estimation made by the management of the Group together with the Valuer, including, among other factors, reversionary yield and adjustments to transaction prices.

How our audit addressed the key audit matter

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

- Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Discussing with the Valuer and the management of the Group on the valuation process to understand the performance of property markets, significant assumptions adopted and data used in the valuation;
- Discussing with the Valuer to understand whether the Group's investment properties were valued on a consistent basis using the same methodologies;
- Involving our internal valuation expert to evaluate the appropriateness of the valuation methodologies and the reasonableness of the significant unobservable inputs adopted in the valuation models for selected investment properties; and
- Evaluating the appropriateness of the valuation methodologies and assessing the reasonableness of the significant unobservable inputs adopted in the valuation models for the investment properties not being selected for our internal valuation expert review by checking, on a sample basis, the publicly available information and comparing the data used in the valuation to entity-specific historical information.

Key audit matter***Assessing the net realisable value (“NRV”) of properties held-for-sale (“PHFS”) and properties under development for sale (“PUDFS”)***

We identified assessing the NRV of the Group's PHFS and PUDFS, which are not located in first-tier cities, such as Beijing and Shanghai, in the People's Republic of China (the “PRC”) and have no pre-sale agreements entered into by the Group (the “Concerned Properties”), as a key audit matter because these properties are more sensitive to changes in economic conditions and local government policy in the PRC. Accordingly, there is a risk that carrying value of the Concerned Properties is lower than their NRV. Besides, estimation uncertainty is associated with determining the NRV of the Concerned Properties.

As disclosed in Note 26 to the consolidated financial statements, as at 31 December 2024, the Group has PHFS of HK\$6,983,461,000, of which an amount of HK\$2,981,955,000 relates to the Concerned Properties and PUDFS of HK\$7,594,981,000, of which an amount of HK\$2,088,262,000 relates to the Concerned Properties. An impairment loss of HK\$744,998,000 in respect of the Concerned Properties is recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

The management of the Group determined the NRV of the Concerned Properties as at 31 December 2024 by reference to the valuation reports prepared by the Valuer. The valuation is dependent on certain adjustments that involve judgment and estimation made by the management of the Group together with the Valuer including, among other factors, on the prevailing market prices. In addition, in respect of the PUDFS of the Concerned Properties, the management of the Group estimated construction costs to be incurred to complete the development with reference to the master construction budget and the current's construction progress.

How our audit addressed the key audit matter

Our procedures in relation to the valuation of the Concerned Properties included:

- Understanding and evaluating the appropriateness of the provision policy of PHFS and PUDFS adopted and assessing whether the provision policy is implemented properly and consistently with the basis adopted in prior years;
- Challenging the forecasted property selling prices for those PHFS and PUDFS located in first-tier cities in the PRC as estimated by the management of the Group with reference to publicly available information and checking, on a sample basis, the pre-sale agreements entered into by the Group during the year, if applicable, for the purpose of management's risk identification process;
- Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Discussing with the Valuer and the management of the Group on the valuation process to understand the performance of property markets, significant assumptions adopted and data used in the valuation;
- Evaluating the reasonableness of the methodologies adopted in the valuation models;
- Evaluating the reasonableness of the adjustments on the prevailing market price adopted in the valuation models by checking, on a sample basis, the publicly available information and comparing the data used in the valuation to entity-specific historical information; and
- Evaluating the reasonableness of the estimated costs to be incurred to complete the development of PUDFS by comparing, on a sample basis, budgeted construction costs to the signed contracts with subcontractors.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

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

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

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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in this independent auditor's report is Tse Fung Chun.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

21 March 2025



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	5		
Goods and services		11,646,525	7,180,575
Leases		793,844	773,021
Total revenue		12,440,369	7,953,596
Cost of sales		(10,309,661)	(4,628,206)
Gross profit		2,130,708	3,325,390
Other income	7	109,696	136,130
Other expenses, gains and losses, net	8	(301,378)	(223,018)
Fair value loss on investment properties, net	16	(703,073)	(39,830)
Distribution and selling expenses		(233,746)	(217,863)
General and administrative expenses		(358,415)	(402,201)
Finance costs	9	(549,273)	(687,775)
Share of results of associates		97,984	(5,921)
Share of results of joint ventures		22,595	(29,657)
Profit before tax		215,098	1,855,255
Income tax	10	(587,926)	(1,364,542)
(Loss) profit for the year	11	(372,828)	490,713
Other comprehensive (expense) income for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(693,396)	(523,460)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax		(161)	(2,922)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax		10,541	—
Other comprehensive expense for the year		(683,016)	(526,382)
Total comprehensive expense for the year		(1,055,844)	(35,669)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	2024 HK\$'000	2023 HK\$'000
(Loss) profit for the year attributable to:			
Owners of the Company		(331,190)	494,570
Non-controlling interests		(41,638)	(3,857)
		(372,828)	490,713
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(842,867)	122,127
Non-controlling interests		(212,977)	(157,796)
		(1,055,844)	(35,669)
(Loss) earnings per share			
Basic (HK cents)	15	(6.93)	10.32



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties	16	20,645,374	21,437,687
Property, plant and equipment	17	1,914,084	2,181,543
Right-of-use assets	18	541,527	452,299
Goodwill	19	23,604	23,604
Intangible assets	20	54,478	56,306
Interests in associates	21	1,621,690	1,576,836
Interests in joint ventures	22	2,388,549	2,568,694
Amount due from a related company	30	157,329	271,041
Equity instruments at fair value through other comprehensive income	23	22,600	43,565
Restricted and pledged bank deposits	24	57,940	25,375
Deferred tax assets	34	105,535	136,686
		27,532,710	28,773,636
Current assets			
Inventories	25	1,214	1,001
Properties under development for sale and properties held-for-sale	26	14,578,442	22,615,376
Trade and other receivables	27	1,018,547	1,225,545
Amounts due from related companies	30	1,618	1,883
Prepaid income tax and land appreciation tax		482,302	393,435
Restricted and pledged bank deposits	24	27,153	19,433
Bank balances and cash	28	5,342,774	5,985,911
		21,452,050	30,242,584
Current liabilities			
Trade and other payables	29	6,399,189	6,722,859
Amounts due to related companies	30	675,921	392,258
Pre-sale proceeds received on sales of properties	31	1,106,886	8,256,091
Bank and other borrowings	32	8,487,763	3,588,828
Lease liabilities	33	21,215	20,821
Income tax and land appreciation tax payables		1,246,150	1,954,741
Dividends payable		23,641	22,182
		17,960,765	20,957,780
Net current assets		3,491,285	9,284,804
Total assets less current liabilities		31,023,995	38,058,440

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Amount due to a related company	30	—	388,626
Deferred revenue	29	25,456	37,026
Bank and other borrowings	32	9,315,464	14,413,588
Lease liabilities	33	127,235	30,921
Deferred tax liabilities	34	2,445,836	2,679,785
		11,913,991	17,549,946
		19,110,004	20,508,494
Capital and reserves			
Share capital	35	191,217	191,659
Reserves		12,837,169	13,819,310
		13,028,386	14,010,969
Equity contributable to owners of the Company		6,081,618	6,497,525
		19,110,004	20,508,494

The consolidated financial statements on pages 79 to 183 were approved and authorised for issue by the Board of Directors on 21 March 2025 and are signed on its behalf by:

HUANG HAIPING
DIRECTOR

TANG JUN
DIRECTOR



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company											Non-controlling interests	Total equity	
	Share capital	Share premium	Contributed surplus	Other revaluation reserve	Properties revaluation reserve	Investment revaluation reserve	Statutory surplus reserve	Shareholder's contribution/merger reserve	Other reserve	Exchange reserve	Retained profits			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	191,747	8,903,528	49,070	5,849	–	4,792	1,194,268	2,159,430	(130,714)	502,093	1,680,208	14,560,271	6,271,003	20,831,274
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	494,570	494,570	(3,857)	490,713
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	(370,719)	–	(370,719)	(152,741)	(523,460)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(1,724)	–	–	–	–	–	(1,724)	(1,198)	(2,922)
Total comprehensive (expense) income for the year	–	–	–	–	–	(1,724)	–	–	–	(370,719)	494,570	122,127	(157,796)	(35,669)
Transfer upon liquidation of subsidiaries	–	–	–	–	–	–	(86,064)	–	–	43,304	42,760	–	–	–
Transfer to distributable reserve (note (vii))	–	(600,000)	600,000	–	–	–	–	–	–	–	–	–	–	–
Dividends recognised as distributions (Note 48)	–	–	(143,744)	–	–	–	–	–	–	–	–	(143,744)	–	(143,744)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(142,043)	(142,043)
Repurchase of ordinary shares (Note 35)	–	(1,321)	–	–	–	–	–	–	–	–	–	(1,321)	–	(1,321)
Cancellation of ordinary shares repurchased (Note 35)	(88)	88	–	–	–	–	–	–	–	–	–	–	–	–
Transaction costs attributable to repurchase of ordinary shares (Note 35)	–	(3)	–	–	–	–	–	–	–	–	–	(3)	–	(3)
Transfer	–	–	–	–	–	–	39,871	–	–	(528,053)	(39,871)	(528,053)	528,053	–
Transfer upon disposal of investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	(2,435)	–	–	–	–	4,127	1,692	(1,692)	–
At 31 December 2023	191,659	8,302,292	505,326	5,849	–	633	1,148,075	2,159,430	(130,714)	(353,375)	2,181,794	14,010,969	6,497,525	20,508,494
Loss for the year	–	–	–	–	–	–	–	–	–	–	(331,190)	(331,190)	(41,638)	(372,828)
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	(517,801)	–	(517,801)	(175,595)	(693,396)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(95)	–	–	–	–	–	(95)	(66)	(161)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	–	–	–	–	6,219	–	–	–	–	–	–	6,219	4,322	10,541
Total comprehensive income (expense) for the year	–	–	–	–	6,219	(95)	–	–	–	(517,801)	(331,190)	(842,867)	(212,977)	(1,055,844)
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(5,206)	(5,206)
Transfer upon liquidation of a subsidiary	–	–	–	(8,933)	–	–	(2,065)	–	–	1,209	9,789	–	–	–
Dividends recognised as distributions (Note 48)	–	–	(138,632)	–	–	–	–	–	–	–	–	(138,632)	–	(138,632)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(194,885)	(194,885)
Repurchase of ordinary shares (Note 35)	–	(3,914)	–	–	–	–	–	–	–	–	–	(3,914)	–	(3,914)
Cancellation of ordinary shares repurchased (Note 35)	(442)	442	–	–	–	–	–	–	–	–	–	–	–	–
Transaction costs attributable to repurchase of ordinary shares (Note 35)	–	(9)	–	–	–	–	–	–	–	–	–	(9)	–	(9)
Transfer	–	–	–	–	–	–	36,732	–	–	–	(36,732)	–	–	–
Transfer upon disposal of investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	(4,086)	–	–	–	–	6,925	2,839	(2,839)	–
At 31 December 2024	191,217	8,298,811	366,694	(3,084)	6,219	(3,548)	1,182,742	2,159,430	(130,714)	(869,967)	1,830,586	13,028,386	6,081,618	19,110,004

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes:

- (i) Contributed surplus, serving as a distributable reserve, represents amounts transferred from the share premium account which gives Shanghai Industrial Urban Development Group Limited (the “Company”) a greater flexibility in its dividend policy and making distributions to the shareholders.
- (ii) Other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in profit or loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.
- (iii) Properties revaluation reserve represents a surplus which arose from revaluation of owner-occupied properties included in property, plant and equipment at the time they were transferred to investment properties.
- (iv) Pursuant to the relevant laws in the People’s Republic of China (the “PRC”), a subsidiary established in the PRC is required to transfer 10% of its profit after tax to the statutory surplus reserve. Contribution to the statutory surplus reserve is discretionary when the reserve balance reaches 50% of the registered capital of the subsidiary and can be used to make up for previous years’ losses or, expand the existing operations or can be converted into additional capital of the subsidiary.
- (v) Merger reserve comprises (1) the difference between the fair value of the consideration paid to the intermediate holding company of the Company, Shanghai Industrial Holdings Limited (“SIHL”), for the acquisition of subsidiaries controlled by SIHL (the “Acquiree”) and the fair value of net assets of the Acquiree at the date of the Company and its subsidiaries (collectively referred to as the “Group”) and the Acquiree became under common control in year 2011; and (2) the difference between the fair value of the consideration paid to Shanghai Shangtou Assets Operation Company Limited 上海上投資產經營有限公司 (“Shangtou Assets”), to which Shanghai Industrial Investment (Holdings) Company Limited (“SIIC”), being the ultimate holding company of the Company, exercises the authority as a state-owned shareholder, for acquisition of Shanghai Shangtou Real Estate Investment Company Limited 上海市上投房地產投資有限公司 (“Shangtou Real Estate”) and its subsidiaries (collectively referred to as “Shangtou Real Estate Group”) (after carving out certain assets and liabilities upon completion of the acquisition) controlled by Shangtou Assets and the fair value of net assets of Shangtou Real Estate Group at the date of the Group and Shangtou Real Estate Group became under common control in year 2018.
- Shareholder’s contribution represents capital contribution from SIHL and State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District (“Xuhui SASAC”) in the PRC, being a non-controlling shareholder (based on their respective percentage of equity interest), to a subsidiary of the Company, Shanghai Urban Development (Holdings) Co., Ltd. (“SUD”), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.
- (vi) Other reserve represents a premium contributed by the owners of the Company on acquiring additional interests in non-wholly owned subsidiaries of the Company. It comprises (1) the acquisition of the remaining 1.0% interest in 上海世界貿易商城有限公司 (“Shanghai World Trade”) from a non-controlling shareholder subsequent to the acquisition of Continental Land Development Limited and its partially owned subsidiary, namely Shanghai World Trade, in the PRC; (2) the acquisition of the remaining 20% interest in, 瀋陽向明長益置業有限公司 (“瀋陽向明”) from a non-controlling shareholder; and (3) the acquisition of the remaining 28.5% interest in 西安滄瀾建設開發有限公司 (“西安滄瀾”) from a non-controlling shareholder through acquisition of a company and its subsidiaries. These acquisitions, without changing the Group’s control over these entities, were accounted for as equity transactions. The difference between the carrying amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is recognised directly in equity as other reserve and attributable to owners of the Company.
- (vii) Pursuant to the special resolution passed on 22 May 2023, the Company transferred an amount of HK\$600,000,000 from the share premium account to the contributed surplus account which increased the distributable reserve of the Company for making distributions to its shareholders.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	215,098	1,855,255
Adjustments for:		
Fair value loss on investment properties, net	703,073	39,830
Depreciation on property, plant and equipment	124,752	123,784
Depreciation of right-of-use assets	32,107	22,196
Gain on disposal of property, plant and equipment, net	(352)	(189)
Finance costs	549,273	687,775
Interest income	(34,134)	(53,746)
Impairment loss recognised on interest in an associate	—	166,406
Impairment loss recognised on interest in a joint venture	117,641	—
Fair value changes of financial assets at fair value through profit or loss, net	—	721
Gain on disposal of interest in a joint venture	(183)	—
Impairment loss recognised on properties under development for sale and properties held-for-sale	744,998	209,021
Recognition (reversal) of expected credit loss allowance, net	289,189	(42)
Share of results of associates	(97,984)	5,921
Share of results of joint ventures	(22,595)	29,657
Unrealised foreign exchange loss	17,945	32,851
Operating cash flows before movements in working capital	2,638,828	3,119,440
Decrease (increase) in inventories, properties under development for sale and properties held-for-sale	6,788,539	(900,101)
Decrease (increase) in trade and other receivables	37,666	(71,892)
(Decrease) increase in trade and other payables	(161,103)	699,712
Increase (decrease) in amounts due to related companies	16,041	(1,460)
(Decrease) increase in pre-sale proceeds received on sales of properties	(7,007,867)	1,364,420
Cash generated from operations	2,312,104	4,210,119
Income tax paid	(1,458,986)	(919,701)
Net cash from operating activities	853,118	3,290,418

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	2024 HK\$'000	2023 HK\$'000
INVESTING ACTIVITIES			
Proceeds from disposal of interest in a joint venture	22	3,447	—
Purchase of property, plant and equipment		(142,905)	(231,330)
Proceeds from disposal of property, plant and equipment		1,152	1,012
Development costs paid for investment properties		(366,474)	(542,361)
Proceeds from disposal of equity instruments at fair value through other comprehensive income		19,693	10,898
Proceeds from disposal of financial assets at fair value through profit or loss		—	4,715
(Increase) decrease in restricted and pledged bank deposits		(42,517)	10,689
Advances to related companies		—	(700)
Repayments from related companies		208	545
Dividends received from an associate	21	—	975
Interest received		34,134	53,746
Net cash used in investing activities		(493,262)	(691,811)
FINANCING ACTIVITIES			
Proceeds from new bank and other borrowings		4,042,938	6,856,291
Repayments of bank and other borrowings		(3,687,377)	(6,092,822)
Repayments of lease liabilities		(42,199)	(47,574)
Advances from related companies		—	11,348
Repayments to related companies		(123,502)	—
Transaction costs attributable to issue of domestic corporate bonds and medium term notes		(2,611)	(5,727)
Payments on repurchase of ordinary shares		(3,914)	(1,321)
Transaction costs attributable to repurchase of ordinary shares		(9)	(3)
Dividends paid to non-controlling shareholders		(194,885)	(142,043)
Dividends paid		(137,173)	(142,232)
Distribution after liquidation of a subsidiary		(5,206)	—
Settlement of remaining consideration on acquisition of an additional interest in a non-wholly owned subsidiary through acquisition of a subsidiary		—	(576,337)
Interest paid		(640,278)	(891,275)
Net cash used in financing activities		(794,216)	(1,031,695)

CONSOLIDATED STATEMENT OF CASH FLOWS

	2024 HK\$'000	2023 HK\$'000
Net (decrease) increase in cash and cash equivalents	(434,360)	1,566,912
Cash and cash equivalents at the beginning of the year	5,985,911	4,477,602
Effect of foreign exchange rate changes	(208,777)	(58,603)
Cash and cash equivalents represented by bank balances and cash at the end of the year	5,342,774	5,985,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is S.I. Smart Charmer Limited (a private limited company incorporated in the British Virgin Islands (“BVI”)), its intermediate holding company is SIHL (incorporated in Hong Kong and listed on the Stock Exchange) and its ultimate holding company is SIIC (a private limited company incorporated in Hong Kong). The addresses of the registered office and principal place of business of the Company are disclosed in the section of “Corporate Information” in the Company’s annual report.

The principal activities of the Group are residential and commercial properties development, property investment and hotel operations in the Chinese Mainland.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is different from the Company’s functional currency of Renminbi (“RMB”), as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

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

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)**New and amendments to HKFRSs in issue but not yet effective**

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

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

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

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

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

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments. The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

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

Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” (Continued)

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

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

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

3.1 Basis of preparation of consolidated financial statements

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)***Basis of consolidation (Continued)*

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

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

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

3.2 Material accounting policy information (Continued)

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

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

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

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting” (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 “Provision, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)*****Business combinations or asset acquisitions (Continued)****Business combinations (Continued)*

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Tax” (“HKAS 12”) and HKAS 19 “Employee Benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held-for-sale in accordance with HKFRS 5 “Non-current Assets Held-for-Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 “Leases”) as if the acquired leases were new leases at the acquisition date, except for leases for which the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If, after re-assessment, the net amount 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 at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

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

3.2 Material accounting policy information (Continued)

Merger accounting for business combination involving businesses under common control

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

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

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

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

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

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Change in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)*****Investments in associates and joint ventures (Continued)***

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

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

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

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers (including satisfaction of performance obligation and consideration received prior to delivering goods and services) are provided in Notes 5 and 31 respectively.

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

3.2 Material accounting policy information (Continued)

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Leases of low-value assets

The Group applies the recognition exemption for lease of low-value assets. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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

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

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

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

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

The Group as a lessor

Classification and measurement of leases

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Classification and measurement of leases (Continued)

When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

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

Refundable rental deposits

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

Lease modification

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

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

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

Investment properties

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

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

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

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

3.2 Material accounting policy information (Continued)

Investment properties (Continued)

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

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

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

Property, plant and equipment

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)*****Property, plant and equipment (Continued)***

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

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

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any of 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 amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

3.2 Material accounting policy information (Continued)

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

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

Bank balances and cash

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

- (a) cash, which comprises 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 (i) short-term (generally with original maturity of three months or less) and highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and (ii) restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)*****Inventories***

Inventories of the Group comprise inventories used in hotel operations and properties under development for sale and properties held-for-sale.

Properties under development for sale and properties held-for-sale

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

Properties under development for sale are transferred to properties held-for-sale upon completion.

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) 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 fair value through profit or loss 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.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

Debt instruments 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 the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

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

The Group performs impairment assessment under ECL model on financial assets (including certain trade and other receivables, amounts due from related companies, bank balances and restricted and pledged bank deposits) and other items (including lease receivables and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances.

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk

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;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)*****Financial instruments (Continued)****Financial assets (Continued)*

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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 loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and lease receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item in the consolidated statement of profit or loss and other comprehensive income as part of the net foreign exchange gains/(losses).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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 "investment revaluation reserve" is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

Financial liabilities, including certain trade and other payables, amounts due to related companies, dividends payable, and bank and other borrowings, are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Foreign exchange gains and losses

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

Derecognition of financial liabilities

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

Retirement benefit costs

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

Short-term benefits

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

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

Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)*****Taxation (Continued)***

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

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

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Borrowing costs

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (Continued)*****Foreign currencies (Continued)***

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in OCI and accumulated in "exchange reserve". Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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.

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

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

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgment in applying accounting policies

The following is the critical judgment that the management of the Group has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purpose of measuring deferred taxation arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment property portfolios and concluded that certain of the Group's investment properties are held under a business model which objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. Therefore, in measuring the Group's deferred taxation on these investment properties, the management of the Group has determined the presumption that the carrying amount of these investment properties are recovered entirely through sale is rebutted. As at 31 December 2024, the carrying amount of these investment properties is HK\$14,624,322,000 (2023: HK\$15,382,048,000). For the investment properties on which the 'sale' presumption is not rebutted, the Group has further recognised deferred taxes on the PRC's land appreciation tax in respect of the changes in their fair values, which is the additional tax to be charged if a property in the PRC is recovered through sale. As at 31 December 2024, the carrying amount of these investment properties is HK\$6,021,052,000 (2023: HK\$6,055,639,000).

Details about the Group's investment properties and deferred taxation in respect of changes in fair value of investment properties are set out in Notes 16 and 34 respectively.

Key sources of estimation uncertainty

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

Net realisable value of properties held-for-sale and properties under development for sale

The Group's properties held-for-sale and properties under development for sale are stated at the lower of cost and net realisable value. If there is a decrease in net realisable value, this may result in write-down of properties held-for-sale and properties under development for sale. Such write-down requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying amount and write-down of properties in the period in which such estimate is changed will be adjusted accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**Key sources of estimation uncertainty (Continued)*****Net realisable value of properties held-for-sale and properties under development for sale (Continued)***

The Group's properties held-for-sale and properties under development for sale are located in various cities, including first-tier cities such as Beijing and Shanghai, in the PRC. The properties held-for-sale and properties under development for sale located in cities other than the first-tier cities in the PRC are more sensitive to change in economic conditions and local government policy in the PRC. As at 31 December 2024, the carrying amount of properties held-for-sale is HK\$6,983,461,000 (2023: HK\$5,054,159,000) and properties under development for sale is HK\$7,594,981,000 (2023: HK\$17,561,217,000), of which an amount of HK\$2,981,955,000 (2023: HK\$1,541,627,000) related to properties held-for-sale and an amount of HK\$2,088,262,000 (2023: HK\$7,335,729,000) related to properties under development for sale are properties located in cities other than first-tier cities in the PRC and have no pre-sale agreements entered into by the Group. Details about the Group's properties held-for-sale and properties under development for sale are set out in Note 26. During the year ended 31 December 2024, the Group recognised an impairment loss of HK\$744,998,000 (2023: HK\$171,067,000) on properties under development for sale located in cities other than first-tier cities in the PRC. During the year ended 31 December 2023, the Group also recognised an impairment loss of HK\$37,954,000 on properties held-for-sale located in cities other than first-tier cities in the PRC.

Estimation of fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent professional qualified valuer not connected to the Group. The determination of the fair value is dependent on certain significant unobservable inputs that involve judgment and estimation made by the management of the Group together with the valuer. Details of these are set out in Note 16.

The valuation of investment properties is arrived at by reference to comparable sales transactions available in the relevant market and, where appropriate, using investment approach which capitalises the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the investment properties.

For investment properties whereby fair value is assessed by reference to comparable sales transactions, the fair value is determined based on the current prices in an active market for similar properties. If the current prices in an active market for similar properties are not available for the purpose of estimation of fair value of investment properties, the Group considers information from a variety of sources, including:

- (a) Current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and
- (b) Recent transaction prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

For investment properties whereby the fair value is assessed by adopting investment approach, which are mainly those investment properties that are held for earning rental income from its existing lease contracts, the fair value is determined based on reliable estimates of future cash flows supported by the terms of any existing lease and, when possible, by external evidence such as current market rates for similar properties in the same location and condition, and using reversionary yield that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimation of fair value of investment properties (Continued)

In relying on the valuation reports prepared by the valuer, the management of the Group has exercised the judgment and is satisfied that the method of valuation is reflective of the current market conditions. Changes to underlying assumptions of the valuation of the Group's investment properties, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of changes in macroeconomic environment and policy direction of the PRC's government and increased complexity in international trade tensions and geopolitics, would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The carrying amount of investment properties as at 31 December 2024 is HK\$20,645,374,000 (2023: HK\$21,437,687,000). The fair value of these investment properties may be higher or lower depending on the future market conditions.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers:

	2024 HK\$'000	2023 HK\$'000
Types of goods or services		
Sales of properties	11,351,331	6,870,636
Hotel operations	281,986	299,672
Property management	13,208	10,267
Total	11,646,525	7,180,575
Timing of revenue recognition		
A point in time	11,351,331	6,870,636
Over time	295,194	309,939
	11,646,525	7,180,575

All the revenue of the Group generated from contracts with customers are originated in the Chinese Mainland.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (CONTINUED)**(ii) Performance obligations for contracts with customers*****Revenue from sales of properties***

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Based on the opinion from the management of the Group, taking into consideration of the relevant contract terms, legal environment and relevant legal precedent, the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised when the respective properties have been completed and delivered to the customers which is a point in time when customers have the ability to direct the use of the properties and obtain substantially all of the remaining benefits of the properties and, at this point of time, the Group has present right to payment and collection of the consideration is probable.

Deposits received from customers, which represent certain percentage of the contract value when they sign the sale and purchase agreement, prior to meeting the revenue recognition criteria under HKFRS 15 are contract liabilities and included under current liabilities as pre-sale proceeds received on sales of properties in the consolidated statement of financial position. The management of the Group considers the advance payment schemes do not contain any significant financing component and, thus, no consideration is adjusted for the effects of time value of money.

The Group applied the practical expedient under HKFRS 15 of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Sales-related warranties associated with properties held-for-sale cannot be purchased separately and they serve as an assurance that the properties sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 and the management of the Group considers that the impact of the after-sale warranties is insignificant with reference to the historical record.

Revenue from hotel operations

Revenue from hotel operations includes room rental, food and beverage sales and other ancillary services. The Group's performance obligations in relation to the hotel operations are considered to be granting customers a right to access hotel's facilities, products and services. The customers simultaneously receive and consume the benefits provided by the Group in running the hotels. Accordingly, the revenue from hotel operations is recognised over time.

Service income from property management

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (CONTINUED)

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

The Group has elected to apply the practical expedient under HKFRS 15 for not disclosing the information of remaining performance obligations which are part of a contract that has an original expected duration of one year or less; or from satisfaction of which the Group recognises revenue in the amount, which the Group has the right to invoice, that corresponds directly with the value to the customers of the Group's performance completed to date. The transaction price allocated to the remaining performance obligations where the aforementioned practical expedients are not applicable as at 31 December 2024 is HK\$2,394,874,000 (2023: HK\$9,392,097,000), which relates to contracted sales of properties. This amount represents the revenue expected to be recognised by the Group in the future when it satisfies the remaining performance obligations and around 98.9% (2023: 78.9%) of this balance is expected to be recognised as revenue within one year.

(iv) Leases

	2024 HK\$'000	2023 HK\$'000
Total revenue arising from operating leases:		
Lease payments that are fixed	793,844	773,021

6. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and performance assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

The Group's operations are located in the PRC. All revenue and non-current assets, except for certain property and equipment, of the Group are generated from and located in the PRC. No revenue from a single customer contributing over 10% of the total revenue of the Group for the years ended 31 December 2024 and 2023.

7. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income on bank deposits	34,134	53,746
Rental income from property, plant and equipment	2,850	2,664
Income from marketing and exhibition activities	8,860	10,094
Government grants	17,100	29,929
Management service income	30,455	29,104
Others	16,297	10,593
	109,696	136,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER EXPENSES, GAINS AND LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Foreign exchange loss, net (note (i))	(31,552)	(46,024)
Fair value changes of financial assets at FVTPL, net	—	(721)
Gain on disposal of property, plant and equipment, net	352	189
Gain on disposal of interest in a joint venture (Note 22(iii))	183	—
Impairment loss recognised on interest in an associate (note (ii))	—	(166,406)
Impairment loss recognised on interest in a joint venture (note (iii))	(117,641)	—
(Recognition) reversal of ECL allowance for financial assets at amortised cost and a financial guarantee contract, net (note (iv))	(289,189)	42
Compensation from settlement of a legal case (note (v))	100,028	—
Others	36,441	(10,098)
	(301,378)	(223,018)

Notes:

- (i) Net foreign exchange loss mainly comprises realised and unrealised foreign exchange gain (loss) arising on remeasurement of foreign currency denominated monetary assets and liabilities.
- (ii) In view of deterioration credit quality of customers of an associate and increase of its business and operational risks, the management of the Group performed an impairment review on this associate and concluded that the carrying amount of the Group's interest in this associate was fully impaired as at 31 December 2023. Accordingly, an impairment loss of HK\$166,406,000 was recognised in profit or loss during the year ended 31 December 2023.
- (iii) In view of significant deterioration of the real estate market in Wuhan in the PRC, where the property development project of the joint venture locates, which might adversely affect the operating results as well as loan repayment capability of this joint venture in the foreseeable future, an impairment loss of interest in this joint venture of HK\$117,641,000, ECL allowance for the amount due from this joint venture of HK\$106,830,000 (Note 30(ii)) and financial guarantee contract related to bank borrowing of this joint venture of HK\$50,767,000 (Note 29(iv)) were recognised during the year ended 31 December 2024.
- (iv) The amount for the year ended 31 December 2024 represents ECL allowances of HK\$157,597,000 related to a joint venture and details of which are set out in note (iii) above and ECL allowance of HK\$131,592,000 for the receivable from a former subsidiary and details of which are set of in Note 27(iv).
- (v) During the year ended 31 December 2024, the Group, as a plaintiff, completed and obtained a favourable position in a legal case. After entering into a settlement agreement with the defendant, the Group received a compensation of HK\$100,028,000.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interests on bank and other borrowings	628,573	885,728
Interests on amounts due to related companies	24,850	25,340
Interests on lease liabilities	5,740	4,872
Total finance costs	659,163	915,940
Less: Amounts capitalised into properties under development for sale	(109,890)	(228,165)
	549,273	687,775

Borrowing costs capitalised arising on the pool of general borrowings were calculated by applying an applicable capitalisation rate to expenditure on qualifying assets.

10. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK\$'000	2023 HK\$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	348,750	625,479
PRC Land Appreciation Tax ("LAT")	340,434	773,188
PRC withholding tax on dividend income	13,333	67,340
	702,517	1,466,007
Under-provision in prior years:		
PRC EIT	8,408	27
Deferred tax (Note 34)	(122,999)	(101,492)
Income tax for the year	587,926	1,364,542

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX (CONTINUED)

Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in, nor derived from, Hong Kong.

Pursuant to the rules and regulations of Bermuda and the BVI, the Group is not subject to any income tax in these jurisdictions in respect of both years.

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

	2024 HK\$'000	2023 HK\$'000
Profit before tax	215,098	1,855,255
Tax at PRC EIT rate of 25%	53,775	463,814
Tax effect of share of results of associates and joint ventures	(30,145)	8,895
Tax effect of expenses not deductible for tax purposes	96,709	98,693
Tax effect of income not taxable for tax purposes	(12,582)	(4,893)
Tax effect of tax losses not recognised	248,538	217,422
Utilisation of tax losses previously not recognised	(26,020)	(22,098)
Provision for PRC LAT for the year	340,434	773,188
Tax effect of PRC LAT deductible for PRC EIT	(85,109)	(193,297)
Under-provision of PRC EIT in prior years	8,408	27
Effect of different tax rates of subsidiaries operating in Hong Kong	5,631	5,354
Deferred tax on PRC LAT in respect of investment properties	(21,434)	8,283
Deferred tax on PRC withholding tax in respect of dividend income	(1,524)	(56,386)
PRC withholding tax on dividend income	13,333	67,340
Others	(2,088)	(1,800)
Income tax for the year	587,926	1,364,542



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. (LOSS) PROFIT FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	124,752	124,971
Less: Depreciation capitalised into properties under development for sale	—	(1,187)
	124,752	123,784
Depreciation of right-of-use assets	32,107	22,196
	156,859	145,980
Total depreciation and amortisation	(793,844)	(773,021)
Gross rental income from investment properties		
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	178,733	183,416
	(615,111)	(589,605)
Directors' remuneration (Note 12)	4,328	5,146
Other staff costs		
Salaries, wages and other benefits	251,594	253,217
Retirement benefit scheme contributions	36,039	35,882
	291,961	294,245
Total staff costs	(38,915)	(20,409)
Less: Staff costs capitalised into properties under development for sale		
	253,046	273,836
Auditors' remuneration	4,657	5,277
Cost of properties held-for-sale recognised as an expense	8,879,228	3,741,613
Impairment loss recognised on properties held-for-sale and properties under development for sale (included in cost of sales)	744,998	209,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the ten (2023: eight) directors of the Company, including the chief executive, are disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance as follows:

For the year ended 31 December 2024

	Other emoluments			Total emoluments HK\$'000
	Fees	Salaries and other allowances	Retirement benefit scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	
Executive directors:				
Mr. Huang Haiping (note (i))	—	—	—	—
Mr. Tang Jun	—	1,559	—	1,559
Mr. Lou Jun (notes (i) and (iv))	—	—	—	—
Mr. Ye Weiqi (note (ii))	—	1,275	—	1,275
Ms. Zhou Yadong (notes (i) and (v))	—	—	—	—
Independent non-executive directors:				
Mr. Doo Wai Hoi, William	430	—	—	430
Dr. Fan Ren Da, Anthony	430	—	—	430
Mr. Li Kai Fai, David	430	—	—	430
Dr. Chan Ho Wah, Terence (note (vi))	199	—	—	199
Mr. Qiao Zhigang (note (iii))	5	—	—	5
Total	1,494	2,834	—	4,328



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)**For the year ended 31 December 2023**

	Other emoluments			Total emoluments HK\$'000
	Fees HK\$'000	Salaries and other allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	
Executive directors:				
Mr. Huang Haiping (note (i))	—	—	—	—
Mr. Tang Jun	—	1,764	—	1,764
Mr. Lou Jun (note (i))	—	—	—	—
Mr. Ye Weiqi	—	1,662	—	1,662
Independent non-executive directors:				
Mr. Doo Wai Hoi, William	430	—	—	430
Dr. Fan Ren Da, Anthony	430	—	—	430
Mr. Li Kai Fai, David	430	—	—	430
Mr. Qiao Zhigang	430	—	—	430
Total	1,720	3,426	—	5,146

Notes:

- (i) The emoluments for Mr. Huang Haiping, Mr. Lou Jun and Ms. Zhou Yadong for both years were borne by SIIC.
- (ii) Mr. Ye Weiqi retired as an executive director, the vice president and a member of the remuneration committee of the Company with effect from 31 January 2024.
- (iii) Mr. Qiao Zhigang resigned as an independent non-executive director and a member of the investment appraisal committee of the Company with effect from 5 January 2024.
- (iv) Mr. Lou Jun resigned as an executive director of the Company with effect from 15 July 2024.
- (v) Ms. Zhou Yadong was appointed as an executive director of the Company with effect from 15 July 2024.
- (vi) Dr. Chan Ho Wah, Terence was appointed as an independent non-executive director of the Company with effect from 15 July 2024.

The executive directors' emoluments shown above are for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

During the years ended 31 December 2024 and 2023, Mr. Huang Haiping was also the chief executive of the Company. The emoluments disclosed above include those for services rendered by him as the chief executive.

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

13. FIVE-HIGHEST PAID EMPLOYEES

For the year ended 31 December 2024, of the five individuals with the highest emoluments in the Group, there are no directors of the Company (2023: two are directors of the Company whose emoluments are included in the disclosure in Note 12). The emoluments of the five (2023: remaining three) individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other allowances	9,293	5,018

The emoluments of those individuals are within the following band:

	2024	2023
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	4	2
HK\$2,000,001 to HK\$2,500,000	1	—
Total	5	3

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund (“MPF”) Scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

The employees of the Group’s subsidiaries in the mainland China are members of a state-managed retirement benefit scheme operated by the local governments of the PRC. The subsidiaries are required to contribute a particular percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of HK\$36,039,000 (2023: HK\$35,882,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

The management of the Group has assessed that the impact of the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 to the Group is insignificant as the Group has only limited number of employees working in Hong Kong.

15. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	2024 HK\$'000	2023 HK\$'000
(Loss) earnings		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share:		
(Loss) profit for the year attributable to owners of the Company	(331,190)	494,570
	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	4,780,660	4,791,508

No diluted (loss) earnings per share for 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES

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

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

	2024 HK\$'000	2023 HK\$'000
FAIR VALUE		
At 1 January	21,437,687	21,232,971
Subsequent expenditure	366,474	542,361
Fair value loss on investment properties, net	(703,073)	(39,830)
Transfer from property, plant and equipment (note (i))	234,990	—
Transfer from properties held-for-sale (note (ii))	11,846	272,263
Exchange realignment	(702,550)	(570,078)
At 31 December	20,645,374	21,437,687
Unrealised loss on revaluation of investment properties included in profit or loss for the year	(703,073)	(39,830)

Notes:

- (i) During the year ended 31 December 2024, the management of the Group changed the intention from occupying properties for own use to lease them out for rentals. Accordingly, the owner-occupied properties included in property, plant and equipment with fair value of HK\$234,990,000 were transferred to investment properties upon the date of change of use. The excess of fair value of the owner-occupied properties over their carrying amounts was recognised in equity under the heading of "properties revaluation reserve".
- (ii) During the year ended 31 December 2024, the management of the Group changed the intention from selling the commercial units of several residential property projects to lease them out for rentals. Accordingly, properties held-for-sale with carrying amount of HK\$11,846,000 (2023: HK\$272,263,000) was transferred to investment properties upon inception of lease agreements with the tenants. No significant fair value gain or loss in respect of these properties is recognised in profit or loss during both years.

16. INVESTMENT PROPERTIES (CONTINUED)

The investment properties of the Group comprise of completed properties and properties under development.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 December 2024 and 2023 have been arrived at on the basis of valuation carried out on the respective dates by Cushman & Wakefield Limited ("CWL"), an independent qualified professional valuer not connected to the Group. CWL has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The address of CWL is 27th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong. The Group's investment properties are valued individually on market value basis, which conforms to RICS Valuation – Global Standards 2022 published by the Royal Institution of Chartered Surveyors. The fair value is arrived at by reference to comparable sales transactions available in the relevant markets and, where appropriate, using investment approach which capitalises the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the properties.

In estimating the fair value of the investment properties, the management of the Group has considered that the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

All of the Group's investment properties are located in the PRC and classified as Level 3 in the fair value hierarchy for both years.

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

At the end of the reporting period, the management of the Group works closely with CWL to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES (CONTINUED)**Information about fair value measurements using key unobservable inputs (Level 3)**

The following table shows the valuation techniques used in the determination of fair values for investment properties and the key unobservable inputs used in the valuation models.

Description	Fair value as at		Valuation techniques	Key unobservable inputs	Range of key unobservable inputs	Relationship of key unobservable inputs to fair value
	31 December 2024 HK\$'000	31 December 2023 HK\$'000				
Commercial — offices and related car park units in various locations	5,670,769	6,060,447	Investment approach	For offices: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: 3.75% to 6.75% 2023: 3.75% to 6.75%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	For car park units: Price per unit	2024: RMB191,667 to RMB366,000 per unit 2023: RMB191,667 to RMB366,000 per unit	The higher the price per unit, the higher the fair value
Commercial — shopping malls, stores, mart and related car park units in various locations	10,732,016	8,898,559	Investment approach	For shopping malls, stores and mart: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: 3.50% to 7.75% 2023: 3.50% to 7.75%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	For car park units: Price per unit	2024: RMB60,000 to RMB185,500 per unit 2023: RMB70,000 to RMB187,000 per unit	The higher the price per unit, the higher the fair value
Commercial — exhibition hall in Shanghai	216,049	243,124	Investment approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: 5.25% 2023: 5.25%	The higher the reversionary yield, the lower the fair value
Commercial — building complex with offices, shopping malls and related car park units in Chongqing	2,864,214	3,004,420	Investment approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: 5.00% 2023: 5.00%	The higher the reversionary yield, the lower the fair value
Residential — a detached villa, and service/long-term rental apartments in various locations	1,084,142	1,078,704	Investment approach	For a detached villa: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: 3.50% 2023: 3.50%	The higher the reversionary yield, the lower the fair value
			Investment approach	For service/long-term rental apartments: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: 5.50% to 6% 2023: 3.50% to 5.50%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	For car park units: Price per unit	2024: RMB220,000 per unit 2023: RMB220,000 per unit	The higher the price per unit, the higher the fair value
Commercial and residential properties held for rentals under construction in Shanghai	78,184	2,152,433	Investment approach	For commercial properties under construction: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: 3.50% to 4.50% 2023: 3.50% to 4.50%	The higher the reversionary yield, the lower the fair value
			Investment approach	For service apartments/long-term rental under construction: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2024: N/A 2023: 5%	The higher the reversionary yield, the lower the fair value
	20,645,374	21,437,687				

As at 31 December 2024, certain of the investment properties of the Group with carrying amount of HK\$10,008,751,000 (2023: HK\$9,917,090,000) are pledged as collaterals for bank borrowings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings and improvements HK\$'000	Hotel furniture and equipment HK\$'000	Other buildings HK\$'000	Leasehold improvements HK\$'000	Other furniture and equipment HK\$'000	Motor vehicles HK\$'000	Office premises HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST									
At 1 January 2023	2,209,963	157,496	423,015	49,727	85,375	37,248	249,746	223,046	3,435,616
Additions	48,006	33	79	1,801	5,143	1,516	—	174,752	231,330
Disposals	(3,507)	(833)	—	(40)	(1,323)	(4,452)	—	—	(10,155)
Exchange realignment	(59,106)	(4,296)	(16,123)	(1,637)	(2,357)	(1,065)	(4,015)	(5,785)	(94,384)
At 31 December 2023	2,195,356	152,400	406,971	49,851	86,838	33,247	245,731	392,013	3,562,407
Additions	6,583	774	—	7,886	6,562	669	459	119,972	142,905
Transfer to investment properties (Note 16)	—	—	—	—	—	—	(242,953)	—	(242,953)
Transfer	452,750	15,733	—	—	34,770	—	—	(503,253)	—
Disposals	(640)	(1,423)	—	(278)	(3,871)	(6,486)	—	—	(12,698)
Exchange realignment	(72,929)	(5,391)	(13,437)	(2,020)	(3,536)	(1,096)	(2,778)	(8,732)	(109,919)
At 31 December 2024	2,581,120	162,093	393,534	55,439	120,763	26,334	459	—	3,339,742
ACCUMULATED DEPRECIATION									
At 1 January 2023	956,156	96,924	62,235	47,956	83,951	34,944	16,873	—	1,299,039
Provided for the year	93,883	4,057	10,189	3,162	5,232	1,850	6,598	—	124,971
Eliminated on disposals	(3,332)	(772)	—	(31)	(1,212)	(3,985)	—	—	(9,332)
Exchange realignment	(24,045)	(2,593)	(2,084)	(1,712)	(1,968)	(931)	(481)	—	(33,814)
At 31 December 2023	1,022,662	97,616	70,340	49,375	86,003	31,878	22,990	—	1,380,864
Provided for the year	73,816	10,852	17,839	5,712	14,992	1,541	—	—	124,752
Transfer to investment properties (Note 16)	—	—	—	—	—	—	(22,018)	—	(22,018)
Eliminated on disposals	(620)	(1,278)	—	(193)	(3,694)	(6,113)	—	—	(11,898)
Exchange realignment	(32,980)	(3,354)	(3,086)	(2,028)	(2,650)	(972)	(972)	—	(46,042)
At 31 December 2024	1,062,878	103,836	85,093	52,866	94,651	26,334	—	—	1,425,658
CARRYING AMOUNTS									
At 31 December 2024	1,518,242	58,257	308,441	2,573	26,112	—	459	—	1,914,084
At 31 December 2023	1,172,694	54,784	336,631	476	835	1,369	222,741	392,013	2,181,543

The above property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of their estimated residual value, over the following years:

Hotel buildings and improvements	20–40 years
Hotel furniture and equipment	5–15 years
Other buildings	Over the term of the lease
Leasehold improvements	5 years
Other furniture and equipment	3–10 years
Motor vehicles	5–10 years
Office premises	30 years

As at 31 December 2024, certain of the property, plant and equipment of the Group with carrying amount of HK\$528,395,000 (2023: HK\$576,431,000) are pledged as collaterals for bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased properties (note (i)) HK\$'000	Total HK\$'000
At 31 December 2024			
Carrying amounts	387,100	154,427	541,527
At 31 December 2023			
Carrying amounts	409,687	42,612	452,299
For the year ended 31 December 2024			
Depreciation charge	9,415	22,692	32,107
For the year ended 31 December 2023			
Depreciation charge	6,777	15,419	22,196
		2024 HK\$'000	2023 HK\$'000
Total cash outflow for leases (note (ii))		47,939	52,446
Additions to right-of-use assets (note (iii))		142,064	12,919

Notes:

- (i) The leased properties include office premises and apartment units.
- (ii) Total cash outflow for leases included the repayment of lease liabilities and interest paid. Details are set out in Note 42.
- (iii) During the year ended 31 December 2024 and 2023, additions to right-of-use assets also included prepaid rental.

As at 31 December 2024, certain of the leasehold land of the Group with carrying amount of HK\$49,090,000 (2023: HK\$52,961,000) are pledged as collaterals for bank borrowings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. GOODWILL

HK\$'000

COST

At 1 January 2023, 31 December 2023 and 31 December 2024

23,604

The goodwill arose from the acquisition of Chelsea Securities Limited (“CSL”) and to which the Group owns 80% interest in CSL after the acquisition.

For the purpose of impairment testing, goodwill set out above has been allocated to the individual cash-generating unit (“CGU”) which refers to CSL. During the years ended 31 December 2024 and 2023, the management of the Group determined that there was no impairment of the CGU containing the goodwill by reference to the recoverable amount of CGU, which had been determined based on fair value less cost of disposal.

On 31 August 2021, CSL entered into a subscription agreement with the subscribers, pursuant to which the subscribers conditionally agreed to pay HK\$118,161,000 in aggregate for the subscription of 166,666 subscription shares, representing 62.5% of the enlarged issued share capital of CSL. After the subscription, the interests of the Group in CSL will be diluted from 80% to 30% and it will result in a deemed disposal of CSL. Based on the subscription price, the management of the Group was in the opinion that there was no impairment of the goodwill. The assets and liabilities of CSL were not reclassified as assets and liabilities held for disposal in the consolidated statement of financial position because certain condition precedents in respect of the subscription had not been fulfilled as at 31 December 2024 and 2023. Details of this subscription are set out in the Company’s announcement dated 31 August 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. INTANGIBLE ASSETS

	Trademark HK\$'000
<hr/>	
COST	
At 1 January 2023	57,834
Exchange realignment	(1,528)
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At 31 December 2023	56,306
Exchange realignment	(1,828)
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At 31 December 2024	54,478
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Intangible assets of the Group represent trademarks acquired, which have legal life of 10 years from September 2001 to September 2011 but are renewable upon expiry. During the year ended 31 December 2023, the trademarks were renewed for 10 years to September 2031. The directors of the Company are of the opinion that the Group will renew the trademarks continuously and has the ability to do so at minimal cost. Various studies including product life cycle studies, market competitive and environment trends, and brand extension opportunities had been performed by the management of the Group, which supported that the trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group. As a result, the trademarks are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead, they are tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing, trademarks with indefinite useful life set out above have been allocated to the individual CGU which refers to SUD. During the year ended 31 December 2024, the management of the Group determines that there is no impairment (2023: nil) of the CGU containing trademarks by reference to the recoverable amount of CGU, which has been determined based on the value in use calculation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Unlisted shares, at cost	1,634,296	1,689,312
Share of post-acquisition results, net of dividends received	147,566	53,930
Impairment loss recognised	(160,172)	(166,406)
	1,621,690	1,576,836

As at 31 December 2024 and 2023, the Group has interests in the following associates:

Name of associates	Form of entity	Place of incorporation/ registration and operation	Issued and fully paid share capital		The Group's effective interest		Held by a subsidiary		Principal activities
			2024	2023	2024	2023	2024	2023	
上海城開房地產經紀有限公司	Sino-foreign joint venture	The PRC	RMB20,000,000	RMB20,000,000	28.9%	28.9%	49%	49%	Provision of property agency services
上海莘天置業有限公司 (“Shanghai Shentian”)	Sino-foreign joint venture	The PRC	RMB2,850,000,000	RMB2,850,000,000	20.7%	20.7%	35%	35%	Property development
上海地產北部投資發展有限公司	Limited liability company	The PRC	RMB250,000,000	RMB250,000,000	20.7%	20.7%	35%	35%	Property development
上海上實醫療美容醫院有限公司	Limited liability company	The PRC	RMB150,000,000	RMB150,000,000	19%	19%	19%	19%	Medical and healthcare consultation services
上實融資租賃有限公司	Limited liability company	The PRC	RMB1,873,873,875	RMB1,873,873,875	20%	20%	20%	20%	Provision of financial leasing, operating leasing, entrusted leasing, joint financial leasing, leased asset management and financial leasing consultation services

Summarised financial information of the material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of the Group's associates are accounted for using the equity method in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN ASSOCIATES (CONTINUED)**Summarised financial information of the material associate (Continued)****Shanghai Shentian**

	2024 HK\$'000	2023 HK\$'000
Non-current assets	621,946	21,315
Current assets (note)	6,783,901	7,020,847
Current liabilities	(1,446,499)	(1,461,609)
Non-current liabilities	(1,724,871)	(1,485,654)
Net assets	4,234,477	4,094,899
Revenue	1,316,094	4,412
Profit (loss) for the year	277,997	(27,028)
Other comprehensive expense for the year	(138,419)	(112,119)
Total comprehensive income (expense) for the year	139,578	(139,147)
The Group's share of results	97,299	(9,460)

Note: The balance mainly comprises land and construction costs relating to properties under development for sale and properties held-for-sale located at Shanghai in the PRC. Completed properties of this project has been delivered by phase in recent years and are expected to complete entirely in coming few years.

Reconciliation of the above summarised financial information to the carrying amount of interests in associates recognised in the consolidated financial statements:

	2024 HK\$'000	2023 HK\$'000
Net assets of Shanghai Shentian	4,234,477	4,094,899
Proportion of the Group's ownership interest in Shanghai Shentian	35%	35%
Carrying amount of the Group's interest in Shanghai Shentian	1,482,067	1,433,215



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2024 HK\$'000	2023 HK\$'000
The Group's share of results	685	3,539
Dividends received from an associate during the year	—	975
Aggregate carrying amount of the Group's interests in these associates	139,623	143,621

22. INTERESTS IN JOINT VENTURES

	2024 HK\$'000	2023 HK\$'000
Unlisted shares, at cost	2,530,799	2,619,296
Share of post-acquisition results	(26,470)	(50,602)
Impairment loss recognised	(115,780)	—
	2,388,549	2,568,694

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of joint ventures	Form of entity	Place of incorporation/ registration and operation	Proportion of ownership interest								Principal activity
			Issued and fully paid share capital		The Group's effective interest		Held by a subsidiary		Held by a joint venture (note (i))		
			2024	2023	2024	2023	2024	2023	2024	2023	
上海莘至城置業有限公司 ("Shenzhicheng")	Limited liability company	The PRC	RMB1,100,000,000	RMB1,100,000,000	29.5%	29.5%	50%	50%	—	—	Property development, property investment and property management
上海諾卓企業管理有限公司 ("Shanghai Nuozhuo")	Limited liability company	The PRC	RMB2,640,000,000	RMB2,640,000,000	29.5%	29.5%	50%	50%	—	—	Integrated management service
上海天宇寰宏企業發展有限公司 ("Shanghai Tianyu")	Limited liability company	The PRC	RMB4,800,000,000	RMB4,800,000,000	21.2%	21.2%	5%	5%	55%	55%	Property development
武漢庚城置業有限公司 ("Wuhan Gengcheng")	Limited liability company	The PRC	RMB300,000,000	RMB300,000,000	28.9%	28.9%	49%	49%	—	—	Property development
上海城之輝商務諮詢有限公司	Limited liability company	The PRC	— (registered capital: RMB1,000,000)	— (registered capital: RMB1,000,000)	30%	30%	51%	51%	—	—	Information consultancy, marketing and project planning services
上海城之信企業管理有限公司	Limited liability company	The PRC	—	RMB13,043,000	— (note (iii))	23% (note (ii))	— (note (iii))	23% (note (ii))	—	—	Information consultancy, marketing and project planning services
上海卓美商務諮詢有限公司	Limited liability company	The PRC	— (registered capital: RMB1,000,000)	— (registered capital: RMB1,000,000)	49%	49%	49%	49%	—	—	Information consultancy, marketing and project planning services
上海上實東濠療養院有限公司 (note (iv))	Limited liability company	The PRC	RMB300,000,000	RMB300,000,000	40%	40%	40%	40%	—	—	Provision of care services for the elderly and disabled individuals

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTERESTS IN JOINT VENTURES (CONTINUED)

Notes:

- (i) The joint venture is Shanghai Nuozhuo.
- (ii) During the year ended 31 December 2023, two new investors contributed RMB7,043,000 in total to the entity and the shareholding of the Group on this entity reduced from 50% to 23%. As the decisions in respect of the relevant activities of this entity requires unanimous consent of all shareholders, the entity is jointly controlled by all the shareholders.
- (iii) During the year ended 31 December 2024, the Group, among others (including the joint venture partners), entered into a capital reduction agreement with 上海城之信企業管理有限公司 whereby the Group agreed to exit the joint venture by way of capital reduction. The joint venture paid the Group RMB3,151,000 (equivalent to HK\$3,447,000) as refund of the joint venture's share capital held by the Group and it results in a gain on disposal of interest in a joint venture of HK\$183,000.
- (iv) During the year ended 31 December 2024, 上海東頤置業有限公司 has changed its company name to 上海上實東灘療養院有限公司, and altered its principal activities from property development and property management to provision of care services for the elderly and disabled individuals.

On 25 December 2020, SUD entered into a cooperation agreement (the "Cooperation Agreement") with Zhonggeng Property Group Co., Ltd. 中庚置業集團有限公司 ("Zhonggeng Group"), Wuhan Zhonggeng Shencheng Industrial Co., Ltd. 武漢中庚申城實業有限公司 ("Wuhan Zhonggeng"), a wholly-owned subsidiary of Zhonggeng Group, and Wuhan Gengcheng, being the project company, for the formation of the joint venture to acquire the land use rights of and to develop the Wuhan site located at Yangluo Economic Development Zone in Wuhan in the PRC 中國武漢市陽邏經濟開發區. The project company succeeded in the bidding of such land use rights at a consideration of RMB1,329 million. Pursuant to the terms of the Cooperation Agreement and subsequent amendment on Wuhan Gengcheng's article of association, the project company is owned as to 49% by SUD, 48% by Wuhan Zhonggeng and 3% by an unrelated entity and all matters of the project company are required unanimous approval from its shareholders and board of directors. SUD was committed to invest a total sum of RMB434,582,000 (equivalent to HK\$462,518,000). As at 31 December 2024, an amount of RMB393,377,000 (equivalent to HK\$418,664,000) (2023: RMB393,377,000 (equivalent to HK\$432,758,000)) was made by SUD, in form of capital injection and a shareholder loan to Wuhan Gengcheng. As at 31 December 2024, the amount of this shareholder loan to Wuhan Gengcheng, net of ECL allowance, is HK\$157,329,000 (2023: HK\$271,041,000). Details of this shareholder loan to Wuhan Gengcheng are set out in Note 30. During the year ended 31 December 2021, the Group, as guarantor, entered into a guarantee agreement in favour of a bank, pursuant to which the Group has agreed to provide guarantee for the due performance of the repayment obligations of Wuhan Gengcheng to a bank under the fixed asset loan agreement dated 22 November 2021 which was entered into between Wuhan Gengcheng and the bank in relation to the grant of a loan up to a maximum principal amount of RMB400,000,000 by the bank to Wuhan Gengcheng for a term of not more than 2 years commencing from 22 November 2021 to 8 November 2023. In November 2023, the aforementioned loan and the guarantee provided by the Group were extended to 8 November 2025. The guarantee provided by the Group to Wuhan Gengcheng will end in three years after the expiry of the term of the loan agreement. Details of this guarantee provided to Wuhan Gengcheng are set out in the Company's announcement dated 22 November 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTERESTS IN JOINT VENTURES (CONTINUED)**Summarised financial information of material joint ventures**

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

All of the Group's joint ventures are accounted for using the equity method in the consolidated financial statements.

Shenzhicheng

	2024 HK\$'000	2023 HK\$'000
Non-current assets (note)	2,464,386	2,481,240
Current assets	170,974	108,277
Current liabilities	(308,044)	(285,417)
Non-current liabilities	(1,116,374)	(1,104,978)
Net assets	1,210,942	1,199,122

Note: The balance mainly comprises residential properties held for rental located at Shanghai in the PRC.

	2024 HK\$'000	2023 HK\$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	98,633	24,464
Non-current financial liabilities (excluding trade and other payables and provisions)	1,039,075	1,096,758
Current financial liabilities (excluding trade and other payables and provisions)	—	8,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTERESTS IN JOINT VENTURES (CONTINUED)**Summarised financial information of material joint ventures (Continued)*****Shenzhicheng (Continued)***

	2024 HK\$'000	2023 HK\$'000
Revenue (expense)	145,286	(75,382)
Profit (loss) for the year	51,815	(6,802)
Other comprehensive expense for the year	(39,995)	(32,807)
Total comprehensive income (expense) for the year	11,820	(39,609)
The Group's share of results	25,908	(3,401)

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

	2024 HK\$'000	2023 HK\$'000
Net assets of Shenzhicheng	1,210,942	1,199,122
Proportion of the Group's ownership interest in Shenzhicheng	50%	50%
Carrying amount of the Group's interest in Shenzhicheng	605,471	599,561



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTERESTS IN JOINT VENTURES (CONTINUED)**Summarised financial information of material joint ventures (Continued)***Shanghai Nuozhuo*

	2024 HK\$'000	2023 HK\$'000
Non-current assets (note)	2,809,706	2,893,250
Current assets	68	77
Current liabilities	(447)	(462)
Net assets	2,809,327	2,892,865

Note: The balance mainly comprises investment cost in Shanghai Tianyu.

	2024 HK\$'000	2023 HK\$'000
The above amounts of assets include the following:		
Cash and cash equivalents	68	77

	2024 HK\$'000	2023 HK\$'000
Expense	—	—
Loss for the year	(6)	(6)
Other comprehensive expense for the year	(83,531)	(78,786)
Total comprehensive expense for the year	(83,537)	(78,792)
The Group's share of results	(3)	(3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTERESTS IN JOINT VENTURES (CONTINUED)**Summarised financial information of material joint ventures (Continued)****Shanghai Nuozhuo (Continued)**

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

	2024 HK\$'000	2023 HK\$'000
Net assets of Shanghai Nuozhuo	2,809,327	2,892,865
Proportion of the Group's ownership interest in Shanghai Nuozhuo	50%	50%
Carrying amount of the Group's interest in Shanghai Nuozhuo	1,404,664	1,446,433

Wuhan Gengcheng

	2024 HK\$'000	2023 HK\$'000
Non-current assets	249	606
Current assets (note)	1,688,015	1,986,309
Current liabilities	(1,451,979)	(1,555,458)
Non-current liabilities	—	(178,218)
Net assets	236,285	253,239

Note: The balance mainly comprises land and construction costs relating to properties under development for sale and properties held-for-sale located at Wuhan in the PRC.

	2024 HK\$'000	2023 HK\$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	3,841	9,016
Non-current financial liabilities (exclude trade and other payables and provisions)	—	178,218
Current financial liabilities (exclude trade and other payables and provisions)	213,814	55,006



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTERESTS IN JOINT VENTURES (CONTINUED)**Summarised financial information of material joint ventures (Continued)****Wuhan Gengcheng (Continued)**

	2024 HK\$'000	2023 HK\$'000
Revenue (expense)	4,896	(153,298)
Loss for the year	(8,868)	(49,813)
Other comprehensive expense for the year	(8,086)	(7,994)
Total comprehensive expense for the year	(16,954)	(57,807)
The Group's share of results	(4,345)	(24,408)

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

	2024 HK\$'000	2023 HK\$'000
Net assets of Wuhan Gengcheng	236,285	253,239
Proportion of the Group's ownership interest in Wuhan Gengcheng	49%	49%
Share of net assets of Wuhan Gengcheng	115,780	124,087
Impairment loss recognised	(115,780)	—
Carrying amount of the Group's interest in Wuhan Gengcheng	—	124,087

Aggregate information of joint ventures that are not individually material

	2024 HK\$'000	2023 HK\$'000
The Group's share of results	1,035	(1,845)
Aggregate carrying amount of the Group's interests in these joint ventures	378,414	398,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$'000	2023 HK\$'000
Equity securities:		
— Listed in the PRC (note (i))	19,195	39,020
— Unlisted (note (ii))	3,405	4,545
	22,600	43,565

Notes:

- (i) The above listed equity investments represent the Group's equity interest in an entity listed in the PRC. These investments are not held-for-trading. Instead, they are held for long-term strategic purpose. The management of the Group elected to designate these investments as equity instruments at FVTOCI as they believe that recognising short-term fluctuations in fair value of these investments in profit or loss is not consistent with the Group's strategy of holding these investments for long-term strategic purpose and realising their performance potential in the long run.
- (ii) The above unlisted equity investments represent the Group's equity interest in several private entities established in the PRC. The management of the Group elected to designate these investments at FVTOCI as they believe that these investments will benefit the Group in long run through realisation or receiving steady dividends. The management of the Group considers the financial impact of these unlisted equity investments are not significant to the Group. Details of the valuation for these investments are set out in Note 38.

24. RESTRICTED AND PLEDGED BANK DEPOSITS**Restricted bank deposits**

The restricted bank deposits of HK\$45,501,000 (2023: HK\$11,909,000), of which an amount of HK\$18,961,000 (2023: HK\$3,037,000) is expected to be released within twelve months, represents a frozen portion of pre-sale proceeds received on sales of affordable housings to the public under the instruction of the local government in Shanghai in the PRC. The amount is calculated based on a pre-agreed percentage on the pre-sale proceeds received and required to transfer to the escrow account regularly.

Pledged bank deposits

The Group has entered into agreements with certain banks with respect to mortgage loans provided for buyers of the Group's property units and has made deposits as security to and given guarantees on mortgage loans provided for the buyers by these banks under the agreements. Pursuant to the terms of agreements, upon default in payments of mortgage loans by these buyers, the Group is liable to repay the banks the outstanding mortgage loans together with any accrued interest and penalty thereon, after netting off the pledged bank deposits, and the Group is entitled to take over the legal title and possession of the related properties. These pledged bank deposits of HK\$8,192,000 (2023: HK\$32,899,000), and the related guarantees, will be released when the property title deeds of the buyers are pledged to banks as security for respective mortgage loans. As at 31 December 2024, deposits of HK\$8,192,000 (2023: HK\$16,396,000), which are expected to be released within twelve months, are classified as current assets. The remaining balances of HK\$16,503,000 as at 31 December 2023, which were expected to be released more than one year after the property title deeds are passed to the buyers, were classified as non-current assets. These pledged bank deposits carry a variable interest rate at 0.10% (2023: 0.25%) per annum as at 31 December 2024. Details of the mortgage guarantees are set out in Note 41.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. RESTRICTED AND PLEDGED BANK DEPOSITS (CONTINUED)**Pledged bank deposits (Continued)**

Pledged bank deposits also included deposits pledged to banks to secure bank borrowings granted to the Group. As at 31 December 2024, deposits of HK\$31,400,000 (2023: nil) had been pledged to secure long-term borrowings and were classified as non-current assets. These pledged bank deposits carried interest at fixed interest rates ranging from 0.10% to 1.05% per annum.

Details of impairment assessment of restricted and pledged bank deposits are set out in Note 37(b).

25. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Hotel operations		
Finished goods — food and beverage and others	1,214	1,001

26. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD-FOR-SALE

	2024 HK\$'000	2023 HK\$'000
Property development		
Properties under development for sale	7,594,981	17,561,217
Properties held-for-sale	6,983,461	5,054,159
	14,578,442	22,615,376

All of the properties under development for sale and properties held-for-sale are located in the Chinese Mainland.

Included in the properties held-for-sale as at 31 December 2024, an amount of HK\$3,528,016,000 (2023: HK\$3,352,943,000) is properties located in first-tier cities, such as Beijing and Shanghai, in the PRC and an amount of HK\$3,455,445,000 (2023: HK\$1,701,216,000) is properties located in cities other than first-tier cities in the PRC, of which an amount of HK\$2,981,955,000 (2023: HK\$1,541,627,000) has no pre-sale agreements entered into by the Group.

Included in the properties under development for sale as at 31 December 2024, an amount of HK\$5,472,866,000 (2023: HK\$7,898,606,000) is properties located in first-tier cities, such as Beijing and Shanghai, in the PRC and an amount of HK\$2,122,115,000 (2023: HK\$9,662,611,000) is properties located in cities other than first-tier cities in the PRC, of which an amount of HK\$2,088,262,000 (2023: HK\$7,335,729,000) has no pre-sale agreements entered into by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD-FOR-SALE (CONTINUED)

The net realisable value of the Group's properties held-for-sale and properties under development for sale, which are not located in first-tier cities in the PRC and have no pre-sale agreements entered into by the Group, as at 31 December 2024 has been arrived at on the basis of valuation carried out by CWL. CWL has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. These properties held-for-sale and properties under development for sale are valued individually on market value basis, which conforms to RICS Valuation — Global Standards 2022 published by the Royal Institution of Chartered Surveyors. The net realisable value of these properties is arrived at by reference to comparable sales transactions available in the relevant markets with adjustments according to nature of each property, its location and the prevailing market prices and, for properties under development for sale, CWL has also taken into account the construction cost expended and the estimated construction cost to complete the development.

During the year ended 31 December 2024, due to continuous deterioration of property market in the PRC, especially on cities other than first-tier cities, net realisable value of certain properties of the Group located in these areas falls below their cost and, thus, an impairment loss of HK\$744,998,000 (2023: HK\$171,067,000) was recognised on properties under development for sale. During the year ended 31 December 2023, an impairment loss of HK\$37,954,000 was also recognised on properties held-for-sale.

As at 31 December 2024, properties held-for-sale of HK\$1,326,155,000 (2023: HK\$1,390,933,000) are carried at net realisable value and an accumulated impairment loss of HK\$224,071,000 (2023: HK\$282,642,000) is included in the balance.

As at 31 December 2024, properties under development for sale of HK\$2,127,108,000 (2023: HK\$3,303,180,000) are carried at net realisable value and an accumulated impairment loss of HK\$896,755,000 (2023: HK\$171,067,000) is included in the balance.

As at 31 December 2024, properties under development for sale of HK\$3,706,001,000 (2023: HK\$7,636,436,000) are not expected to be realised within one year.

As at 31 December 2024, properties under development for sale of HK\$7,167,473,000 (2023: HK\$12,924,145,000) and properties held-for-sale of HK\$91,394,000 (2023: HK\$129,973,000) are pledged as collaterals for bank borrowings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables		
— Contracts with customers		
Sales of properties (note (i))	243,062	250,494
Hotel operations and others	7,168	971
— Lease receivables	13,635	14,223
	263,865	265,688
Less: ECL allowance	(224)	(232)
	263,641	265,456
Other receivables (note (ii))	242,581	285,595
Secured deposits held by Shanghai government department (note (iii))	276,799	246,018
Receivable from a former subsidiary (note (iv))	—	133,547
Advance payments to contractors	23,881	32,132
Prepaid other taxes (note (v))	209,261	260,328
Deposits and prepayments	2,384	2,469
	1,018,547	1,225,545

Notes:

- (i) The balance represents a trade receivable from Shanghai government department in respect of the sales of affordable housings and it will be settled once the project clearance process completes.
- (ii) Other receivables mainly comprise various warranty deposits placed with the relevant government bodies in respect of properties under development for sale, properties held-for-sale and properties being sold.
- (iii) The balance represents deposit paid to Shanghai government department in respect of two affordable housing projects in Shanghai in the PRC. The deposit was paid according to a pre-determined percentage on the pre-sale proceed received from the sales of affordable housings and it will be refunded to the Group once the properties delivery and projects clearance process complete.
- (iv) The balance represents an amount due from a former subsidiary of the Group, net of ECL allowance, which may be settled upon completion of the liquidation process of 昆山城開錦亭置業有限公司 (“昆山錦亭”). The movement of the balance for the year ended 31 December 2024 is a result of additional ECL provided due to the decrease in the fair value of the investment property held by 昆山錦亭 which is the major asset subject to the realisation in the liquidation process. Details of the liquidation of 昆山錦亭 are set out in Note 37 to the Group's consolidated financial statements for the year ended 31 December 2023.
- (v) Prepaid other taxes comprise prepayments for urban real estate tax, city maintenance and construction tax, business tax and value-added tax.

The Group allows an average credit period of 90 days to its corporate hotel customers and generally grants no credit period to property buyers and tenants unless it is specifically approved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an ageing analysis of trade receivables, net of ECL allowance, presented based on the date of billing at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Within 90 days	19,693	11,868
Within 91–180 days	61	—
Over 180 days	243,887	253,588
	263,641	265,456

Ageing of trade receivables which are past due

	2024 HK\$'000	2023 HK\$'000
Within 91–180 days	61	—
Over 180 days	243,887	253,588
	243,948	253,588

The management of the Group considers that the impact of ECL for these past due trade receivables is insignificant.

Movement in ECL allowance for trade receivables

	2024 HK\$'000	2023 HK\$'000
At 1 January	232	274
Exchange realignment	(8)	(42)
At 31 December	224	232

As at 31 December 2024, certain lease receivables with carrying amount of HK\$10,995,000 (2023: HK\$11,832,000) are pledged as collaterals for bank borrowings.

Details of impairment assessment of trade and other receivables are set out in Note 37(b).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. BANK BALANCES AND CASH

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments.

The Group's bank balances comprise saving deposits and fixed deposits with maturity less than three months. These bank balances carry interest at market rates ranging from 1.3% to 4% (2023: 1.25% to 4%) per annum.

Included in the bank balances there is an amount of HK\$1,003,968,000 (2023: HK\$1,217,949,000) that can only be applied in the designated property development projects and is required to place in restricted bank accounts in accordance with the applicable government regulations and contractual restrictions, if applicable. These bank balances are held for meeting short-term cash commitments and are, thus, included in cash and cash equivalents.

Included in the bank balances, there are amounts of HK\$6,442,000 (2023: HK\$4,054,000) and HK\$60,309,000 (2023: HK\$64,323,000) that are denominated in United States Dollar ("US\$") and HK\$ respectively which are foreign currency of respective companies of the Group.

Details of impairment assessment of bank balances are set out in Note 37(b).

29. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE

	2024 HK\$'000	2023 HK\$'000
Trade and other payables recognised as current liabilities		
Trade payables	1,783,306	1,007,357
Accrued expenditure on properties under development for sale	3,365,403	3,979,465
Amounts due to former shareholders of the Company's former subsidiaries (note (i))	151,740	155,712
Rental deposits and receipt in advance from tenants	102,735	179,082
Interest payable	84,404	90,369
Payables to the Shanghai government department (note (ii))	148,876	153,888
Accrued charges and other payables	391,097	412,839
Other taxes payables (note (iii))	321,785	744,147
Other financial liability (note (iv))	49,843	—
	6,399,189	6,722,859
Deferred revenue recognised as non-current liabilities		
Deferred revenue (note (v))	25,456	37,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE (CONTINUED)

Notes:

- (i) The amounts are non-trade in nature, interest-free and repayable on demand.
- (ii) The amount represents the receipts of HK\$1,008,830,000 (2023: HK\$1,042,791,000) from the purchasers of affordable housings which were collected on behalf of the Shanghai government department, net of receivables of HK\$859,954,000 (2023: HK\$888,903,000) from Shanghai government department for the construction and other related costs and the agreed profit margin of the affordable housings. The amount is repayable on demand. During the years ended 31 December 2024 and 2023, no payment was repaid to Shanghai government department.
- (iii) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable, business tax payable and value-added tax payable.
- (iv) As at 31 December 2024, the amount of outstanding financial guarantee issued to a bank in respect of a banking facility granted to a joint venture that the Group could be required to be paid amounted to RMB196,000,000 (equivalent to HK\$208,599,000) if the guarantee were called upon in entirety. RMB98,441,000 (equivalent to HK\$104,769,000) of the outstanding financial guarantee has been utilised by the joint venture. The management of the Group performed impairment assessment, and concluded that there had been credit-impaired for the financial guarantee contract and an ECL allowance of HK\$50,767,000 was recognised in profit or loss. Details of the loss allowance for the financial guarantee contract related to this joint venture are set out in Note 41(a).
- (v) The balance mainly represents the deferred portion of the government's subsidies in relation to the development residential properties held for rentals in the PRC.

The following is an ageing analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	969,465	402,857
Within 31–180 days	64,555	12,144
Within 181–365 days	197,676	73,760
Over 365 days	551,610	518,596
	1,783,306	1,007,357

Included in trade and other payables, there is an amount of HK\$10,126,000 (2023: HK\$15,897,000) denominated in HK\$ which is the foreign currency of respective companies of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The Group had the following balances with related parties:

	Notes	2024 HK\$'000	2023 HK\$'000
Amount due from a related company recognised as non-current assets:			
— A joint venture	(ii)	157,329	271,041
Amounts due from related companies recognised as current assets:			
— A joint venture	(ii)	223	231
— An entity controlled by Xuhui SASAC	(i)	1,395	1,652
		1,618	1,883
Amounts due to related companies recognised as current liabilities:			
— Xuhui SASAC and entities controlled by Xuhui SASAC	(i)	44,506	44,342
— Non-controlling shareholders	(iii)	597,146	317,032
— SIHL	(iv)	25,218	26,067
— An associate	(v)	9,051	4,817
		675,921	392,258
Amount due to a related company recognised as non-current liabilities:			
— A non-controlling shareholder	(iii)	—	388,626

Notes:

- (i) The entire amounts due from (to) Xuhui SASAC and entities controlled by Xuhui SASAC are non-trade in nature, interest-free, unsecured and repayable on demand.
- (ii) The entire amounts due from joint ventures are non-trade in nature and unsecured.

The amount due from a joint venture as at 31 December 2024 of RMB147,826,000 (equivalent to HK\$157,329,000) (2023: RMB246,377,000 (equivalent to HK\$271,041,000)) represents funds advanced by the Group at a guaranteed return of 8% per annum to a joint venture for its acquisition of parcels of land and subsequent construction expenditure in respect of a property development project located at Wuhan in the PRC. In the opinion of the management of the Group, the amount will not be repaid in 12 months from the end of the reporting period. During the year ended 31 December 2024, an amount of ECL of HK\$106,830,000 (2023: nil) was recognised in profit or loss due to significant deterioration of the real estate market in Wuhan in the PRC where the property development project of the joint venture locates which might adversely effects the operating results of this joint venture in the foreseeable future.

The remaining balance is interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. AMOUNTS DUE FROM (TO) RELATED COMPANIES (CONTINUED)

Notes: (Continued)

- (iii) The amounts due to non-controlling shareholders of the Group's subsidiaries are non-trade in nature and unsecured.

Included in the balances as at 31 December 2024 there were amounts of RMB173,125,000 (equivalent to HK\$184,254,000) and RMB322,114,000 (equivalent to HK\$342,820,000) (2023: RMB287,055,000 (equivalent to HK\$315,792,000) and RMB298,072,000 (equivalent to HK\$327,912,000)) which represent loans advanced from a non-controlling shareholder of a subsidiary of the Group at the fixed interest rates of 4.75% per annum and 7% per annum respectively. The first loan and the second loan would mature on 4 October 2024 and 15 June 2025 respectively. As at 31 December 2024, the first loan remained outstanding and the Group was in the process of communication with the non-controlling shareholder for extension of this loan. Up to the date of these consolidated financial statements are authorised for issue, the loan extension has been completed. Such loans were obtained for the purpose of a property development project located at Shanghai in the PRC.

The remaining balance is interest-free and repayable on demand.

- (iv) The amounts are due to the Group's intermediate holding company (i.e. SIHL) and are non-trade in nature, interest-free and repayable on demand.
- (v) The amounts are trade in nature, unsecured and interest-free. The Group is granted an average credit period of 30 days for the outstanding balance.

31. PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES

Pre-sale proceeds received on sales of properties in respect of sale and purchase agreements entered into with property buyers are contract liabilities and they are the only contract liabilities of the Group. These proceeds are advance payments received from property buyers on sales of property units and recognised as liabilities throughout the property construction period until the Group satisfies its performance obligation by transferring the control of the properties to property buyers, at which time the liabilities are recognised as revenue. The Group normally receives 30% to 100% of the contract value as pre-sale proceeds from property buyers when they sign the sale and purchase agreements. The following table shows how much of the revenue recognised in the current year relates to brought-forward contract liabilities.

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the balance of "pre-sale proceeds received on sales of properties" at the beginning of the year	8,181,041	6,774,481

For properties under development for sale, the Group typically provides guarantees to banks in connection with the property buyers' mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the related properties. If a property buyer defaults on the repayment of the loan during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding balance of the loan and any accrued interest and penalty thereon. Under such circumstance, the Group is entitled to forfeit the property buyer's deposits, take over the legal title and possession of the related property and re-sell it to other interested buyers to recover any amounts paid or payable by the Group to the bank. For every property development project planned for carrying out pre-sale activity, the selling price of the property units determined by the management of the Group is made reference to the latest market price of other property projects in the same location. Unless there is significant drop in the market price to the extent below the selling price of the related properties which is however considered as remote by the management of the Group, the Group would not be in a significant loss position in re-selling the related properties.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. BANK AND OTHER BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank borrowings	11,117,313	10,937,791
Other borrowings (note (ii))	6,685,914	7,064,625
	17,803,227	18,002,416
Analysed as:		
Secured bank borrowings (note (i))	5,186,491	4,843,732
Unsecured bank and other borrowings	12,616,736	13,158,684
	17,803,227	18,002,416
The carrying amounts of the borrowings are repayable:		
Within one year	6,254,196	3,588,828
Within a period of more than one year but not more than two years	3,954,771	5,436,968
Within a period of more than two years but not more than five years	2,523,482	6,359,760
Within a period of more than five years	2,837,211	2,616,860
	15,569,660	18,002,416
The carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	2,233,567	—
	17,803,227	18,002,416
Less: Amount due within one year shown under current liabilities	(8,487,763)	(3,588,828)
Amount due after one year (note (iii))	9,315,464	14,413,588
Floating rate (note (iv))		
— expiring within one year	5,956,834	2,445,462
— expiring beyond one year	5,637,979	9,384,766
Fixed rate		
— expiring within one year	2,530,929	1,143,366
— expiring beyond one year	3,677,485	5,028,822
	17,803,227	18,002,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (i) Assets that are pledged as collaterals to secure bank borrowings are as follows:

	2024 HK\$'000	2023 HK\$'000
Properties under development for sale	7,167,473	12,924,145
Properties held-for-sale	91,394	129,973
Investment properties	10,008,751	9,917,090
Hotel buildings and related right-of-use assets	577,485	629,392
Pledged bank deposits	31,400	—
Trade receivables	10,995	11,832
	17,887,498	23,612,432

- (ii) The Group's other borrowings are analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Domestic corporate bonds — 2022 (note (a))	1,222,259	1,261,409
Domestic corporate bonds — 2023 (note (b))	2,711,255	2,800,655
Medium term notes — 2021 (note (c))	—	967,349
Medium term notes — 2022 (note (d))	936,170	966,758
Medium term notes — 2024 (note (e))	966,230	—
Borrowings from SIHL Finance Limited (note (f))	—	1,068,454
Borrowings from SIIC Finance Limited (note (g))	850,000	—
	6,685,914	7,064,625

- (a) The domestic corporate bonds — 2022 represent bonds issued by SUD to public and are listed on the Shanghai Stock Exchange during the year ended 31 December 2022. The bonds are unsecured and have maturity of three years falling due on 2 November 2025. The bonds have principal amount of RMB1,150,000,000 and carry a fixed interest rate at 3.07% per annum. Transaction costs of RMB5,425,000 (equivalent to HK\$6,131,000) were directly deducted from the carrying amount of the bonds. The bonds, net of transaction costs, carry an effective interest rate at 3.24% per annum.
- (b) The domestic corporate bonds — 2023 represent bonds issued by SUD to public and are listed on the Shanghai Stock Exchange during the year ended 31 December 2023. The bonds are unsecured and have maturity of three years falling due in year ending 31 December 2026. One batch of bonds, which will mature on 9 January 2026, were issued at the principal amount of RMB750,000,000 and carry a fixed interest rate at 4.2% per annum (the "2023 Bond A"). Transaction costs of RMB2,310,000 (equivalent to HK\$2,465,000) were directly deducted from the carrying amount of the 2023 Bond A. The 2023 Bond A, net of transaction costs, carries an effective interest rate at 4.31% per annum. The other batch of bonds, which will mature on 11 September 2026, were issued at the principal amount of RMB1,800,000,000 and carry a fixed interest rate at 3.5% per annum (the "2023 Bond B"). Transaction costs of RMB3,180,000 (equivalent to HK\$3,516,000) were directly deducted from the carrying amount of the 2023 Bond B. The 2023 Bond B, net of transaction costs, carries an effective interest rate at 3.56% per annum.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

- (ii) (Continued)
- (c) The medium term notes — 2021 represent notes issued by SUD to financial institutions during the year ended 31 December 2021. The notes are unsecured and have maturity of three years falling due on 15 October 2024. The notes had principal amount of RMB880,000,000 and carried a fixed interest rate at 3.48% per annum. Transaction costs of RMB2,491,000 (equivalent to HK\$3,001,000) were directly deducted from the carrying amount of the notes. The notes, net of transactions costs, carried an effective interest rate at 3.58% per annum. During the year ended 31 December 2024, the Group repaid the notes in full upon maturity.
- (d) The medium term notes — 2022 represent notes issued by SUD to financial institutions during the year ended 31 December 2022. The notes are unsecured and have maturity of three years falling due on 8 June 2025. The notes have principal amount of RMB880,000,000 and carry a fixed interest rate at 2.85% per annum. Transaction costs of RMB2,491,000 (equivalent to HK\$2,918,000) were directly deducted from the carrying amount of the notes. The notes, net of transactions costs, carry an effective interest rate at 2.95% per annum.
- (e) The medium term notes — 2024 represents notes issued by SUD to financial institutions during the year ended 31 December 2024. The notes are unsecured and have maturity of three years falling due on 23 October 2027. The notes have principal amount of RMB910,000,000 and carry a fixed interest rate at 2.45% per annum. Transaction costs of RMB2,408,000 (equivalents to HK\$2,611,000) were directly deducted from the carrying amount of the notes. The notes, net of transaction costs, carry an effective interest rate at 2.54% per annum.
- (f) On 6 May 2019 and 12 August 2019, the Group entered into short-term loan agreements with SIHL Finance Limited, a subsidiary of SIHL, for two unsecured borrowings at the principal amounts of HK\$423,000,000 and HK\$740,000,000 respectively. These borrowings carried a variable interest rate at 3 months Hong Kong Interbank Offered Rate (“HIBOR”) plus a premium of 2.4% per annum. Upon the maturity dates, these borrowings of HK\$423,000,000 and HK\$740,000,000 were extended. During the year ended 31 December 2023, the borrowing at the principal amount of HK\$423,000,000 was further extended to 17 May 2024 with interest rates remained unchanged, while the borrowing with the principal amount of HK\$740,000,000 was repaid in full upon maturity. During the year ended 31 December 2024, the remaining balance of the borrowing was repaid in full upon maturity.
- (g) On 3 June 2024 and 5 August 2024, the Group entered into short-term loan agreements with SIIC Finance Company Limited, a subsidiary of SIIC, for two unsecured borrowings at the principal amounts of HK\$250,000,000 and HK\$600,000,000 respectively. These borrowings carried a variable interest rate at 3 months HIBOR plus a premium of 2.4% per annum and will be mature in a year after the date of drawn down of each of the borrowings (i.e. 11 June 2025 and 12 August 2025 respectively).
- (iii) As at 31 December 2024, included in the Group’s borrowings due after one year are amounts of other borrowings of HK\$3,677,485,000 (2023: HK\$5,028,822,000).
- (iv) The Group’s variable-rate borrowings carry interest at HIBOR, Loan Prime Rate (“LPR”) and People’s Bank of China Lending Rate (“PBOCLR”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. BANK AND OTHER BORROWINGS (CONTINUED)

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

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	2.45%–4.20%	2.80%–4.31%
Variable-rate borrowings	2.80%–6.77%	2.90%–7.67%

Included in bank and other borrowings, there is an amount of HK\$850,000,000 (2023: HK\$1,068,454,000) denominated in HK\$ which is the foreign currency of respective companies of the Group.

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

33. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities payable:		
Within one year	21,215	20,821
Within a period of more than one year but not more than two years	18,631	30,921
Within a period of more than two years but not more than five years	46,326	—
Within a period of more than five years	62,278	—
	148,450	51,742
Less: Amount due for settlement within twelve months shown under current liabilities	(21,215)	(20,821)
Amount due for settlement after twelve months under non-current liabilities	127,235	30,921



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. LEASE LIABILITIES (CONTINUED)

The lease liabilities are denominated in currency other than the functional currency of the relevant group entity are set out below:

	HK\$ against RMB HK\$'000
As at 31 December 2024	11,696
As at 31 December 2023	9,170

34. DEFERRED TAXATION

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

	Fair value adjustment on properties under development for sale and properties held-for-sale HK\$'000	Revaluation of investment properties HK\$'000	Fair value adjustment on hotel properties HK\$'000	Accrued expenses HK\$'000	LAT deferred tax HK\$'000	Leases HK\$'000	Undistributed earnings of the PRC entities HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	(371,334)	(2,148,898)	(17,842)	(9,058)	(15,132)	(3,771)	(205,881)	58,773	(2,713,143)
Credit (charge) to profit or loss for the year	12,926	1,673	199	(12,228)	1,551	929	56,386	40,056	101,492
Credit to OCI upon fair value changes of equity instruments at FVTOCI	—	—	—	—	—	—	—	974	974
Credit to OCI upon disposal of equity instruments at FVTOCI	—	—	—	—	—	—	—	1,376	1,376
Exchange realignment	8,918	52,467	473	299	394	96	5,174	(1,619)	66,202
At 31 December 2023	(349,490)	(2,094,758)	(17,170)	(20,987)	(13,187)	(2,746)	(144,321)	99,560	(2,543,099)
Credit (charge) to profit or loss for the year	9,858	192,065	195	(9,467)	1,363	3,104	1,524	(75,643)	122,999
Credit to OCI upon fair value changes of equity instruments at FVTOCI	—	—	—	—	—	—	—	54	54
Credit to OCI upon disposal of equity instruments at FVTOCI	—	—	—	—	—	—	—	2,308	2,308
Charge to OCI upon transfer of property, plant and equipment to investment properties	—	—	—	—	—	—	—	(3,514)	(3,514)
Exchange realignment	11,386	64,380	556	856	405	33	5,316	(1,981)	80,951
At 31 December 2024	(328,246)	(1,838,313)	(16,419)	(29,598)	(11,419)	391	(137,481)	20,784	(2,340,301)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. DEFERRED TAXATION (CONTINUED)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	105,535	136,686
Deferred tax liabilities	(2,445,836)	(2,679,785)
	(2,340,301)	(2,543,099)

As at 31 December 2024, the Group has unused tax losses of HK\$5,175,875,000 (2023: HK\$4,473,652,000) available for offset against future profits, which are subject to the confirmation from Hong Kong Inland Revenue Department and the respective PRC tax authorities. No deferred tax asset was recognised in respect of such losses due to the unpredictability of future profit streams of respective group entities. During the year ended 31 December 2024, tax losses of HK\$187,849,000 (2023: HK\$234,821,000) were expired. Included in unrecognised tax losses, there are losses of HK\$4,295,629,000 (2023: HK\$4,139,883,000) that will expire in various dates in the next five years. Other losses may be carried forward indefinitely.

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation was provided in the consolidated financial statements in respect of temporary differences of HK\$8,201,655,000 (2023: HK\$8,453,953,000) which arises from the undistributed profits of certain PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		
— Ordinary shares of HK\$0.04 each	10,000,000	400,000
Issued and fully paid:		
At 1 January 2023	4,793,677	191,747
Shares repurchased and cancelled	(2,194)	(88)
At 31 December 2023	4,791,483	191,659
Shares repurchased and cancelled	(11,068)	(442)
At 31 December 2024	4,780,415	191,217

During the year ended 31 December 2024, the Company cancelled its own ordinary shares after repurchase through the Stock Exchange as follows:

Date of repurchase	Number of ordinary shares of HK\$0.04 each '000	Price per share		Aggregate consideration paid (excluding transaction costs) HK\$'000	Transaction costs HK\$'000
		Highest HK\$	Lowest HK\$		
29 December 2023	1,700	0.35	0.35	595	3
2 January 2024	1,250	0.36	0.36	447	1
3 January 2024	320	0.37	0.37	117	—*
4 January 2024	1,144	0.38	0.37	418	—*
5 January 2024	902	0.37	0.36	328	1
8 January 2024	264	0.36	0.36	94	—*
9 January 2024	352	0.36	0.35	123	—*
10 January 2024	592	0.35	0.33	199	—*
11 January 2024	438	0.34	0.33	146	—*
12 January 2024	1,148	0.36	0.35	401	1
15 January 2024	706	0.37	0.35	252	1
16 January 2024	1,612	0.37	0.35	577	1
17 January 2024	640	0.35	0.34	217	1
	11,068			3,914	9

* The amount is less than HK\$1,000.

The above ordinary shares were cancelled on 26 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. SHARE CAPITAL (CONTINUED)

During the year ended 31 December 2023, the Company cancelled its own ordinary shares after repurchase through the Stock Exchange as follows:

Date of repurchase	Number of ordinary shares of HK\$0.04 each '000	Price per share		Aggregate consideration paid (excluding transaction costs) HK\$'000	Transaction costs HK\$'000
		Highest HK\$	Lowest HK\$		
16 December 2022	200	0.58	0.58	116	—*
20 December 2022	300	0.6	0.59	178	1
21 December 2022	300	0.61	0.61	183	1
22 December 2022	200	0.59	0.59	118	—*
5 January 2023	150	0.62	0.62	93	—*
11 January 2023	900	0.61	0.61	549	1
12 January 2023	144	0.59	0.59	84	—*
	2,194			1,321	3

* The amount is less than HK\$1,000.

The above ordinary shares were cancelled on 27 February 2023.

During the year ended 31 December 2023, the Company repurchased its own ordinary shares through the Stock Exchange but not yet cancelled as follows:

Date of repurchase	Number of ordinary shares of HK\$0.04 each '000	Price per share		Aggregate consideration paid (excluding transaction costs) HK\$'000	Transaction costs HK\$'000
		Highest HK\$	Lowest HK\$		
29 December 2023	1,700	0.35	0.35	595	3

* The amount is less than HK\$1,000.

Save as disclosed above, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. 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. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group actively and regularly reviews the capital structure. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of not more than 100% determined as the proportion net debt, which includes bank and other borrowings less bank balances and cash and restricted and pledged bank deposits to equity. As at 31 December 2024, the gearing ratio of the Group is 64.8% (2023: 58.4%). Based on recommendations of the management of the Group, the Group will balance its overall capital structure through new shares issue, and share buy-backs as well as the issue of new debt or the redemption of existing debts.

37. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Equity instruments at FVTOCI	22,600	43,565
Financial assets at amortised cost	6,369,835	7,208,884
Financial liabilities		
Amortised cost	20,749,053	20,364,343
Financial guarantee contract	49,843	—

b. Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, restricted and pledged bank deposits, bank balances and cash, certain trade and other receivables, amounts due from related companies, certain trade and other payables, amounts due to related companies, dividends payable and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group actively and regularly reviews and manages its capital structure to strictly control the debt level. The Group maintains a strategy on acquiring land only if development of the projects can commence within a short period of time so as to minimise the time period between acquisition and development of the acquired land, thus the Group's capital can be efficiently deployed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)**b. Financial risk management objectives and policies (Continued)****Market risk***(i) Currency risk*

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results. The Group did not hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, excluding intercompany balances, at the reporting date are as follows:

	Assets		Liabilities	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
US\$	6,442	4,054	—	—
HK\$	60,309	64,323	895,463	1,115,703

Sensitivity analysis

The Group is mainly exposed to the currency of US\$ and HK\$ against RMB, the functional currency of relevant group entities.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive number below indicates a decrease in post-tax loss where RMB strengthen 5% (2023: an increase in post-tax profit where RMB strengthen 5%) against US\$ and HK\$ respectively. For a 5% (2023: 5%) weakening of RMB against US\$ and HK\$ respectively, there would be an equal and opposite impact on the result.

	US\$ (i)		HK\$ (ii)	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Impact for post-tax loss for the year (2023: impact for post-tax profit for the year)	(322)	(203)	41,758	52,569

(i) This is mainly attributable to the exposure to certain bank balances denominated in US\$.

(ii) This is mainly attributable to the exposure to certain bank balances, certain other borrowings and certain trade and other payables denominated in HK\$.

37. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see Note 32), pledged bank deposits and bank balances. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate other borrowings, amounts due to a non-controlling shareholder, amount due from a joint venture (see Note 30), bank balances and restricted and pledged bank deposits. The Group currently does not enter into any hedging instrument for fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the PBOCLR, LPR and HIBOR arising from the Group's RMB and HK\$ denominated bank and other borrowings respectively.

Sensitivity analysis

The Group does not anticipate there is any significant impact on its interest-bearing assets resulting from the changes in interest rates as the interest rate of bank deposits are not expected to change significantly.

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank and other borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 (2023: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2023: 100) basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 would have increased/decreased by HK\$57,940,000 (2023: post-tax profit for the year ended 31 December 2023 would have decreased/increased by HK\$78,238,000) assuming interest of HK\$40,403,000 (2023: HK\$21,851,000) are capitalised into qualifying assets.

(iii) Other price risk

The Group is exposed to equity price risk arising from changes in the fair value of its equity instruments at FVTOCI (both listed and unlisted).

No sensitivity analysis on other price risk is presented for unlisted equity instruments at FVTOCI as the management of the Group considers a reasonable possible change to the fair value of these financial instruments will not have a significant effect to the Group's investment revaluation reserve.

The sensitivity analysis below has been determined assuming that the change in prices had occurred at the end of the reporting period and had been applied to the exposure to price risk for the Group's listed equity instrument at FVTOCI at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)**b. Financial risk management objectives and policies (Continued)****Market risk (Continued)***(iii) Other price risk (Continued)*

A 10% (2023: 10%) change in equity prices represents the management's assessment of the reasonably possible changes in prices. 10% is used in current year as a result of the volatile financial market.

As at 31 December 2024, if the price of the listed equity instruments at FVTOCI had been 10% higher/lower and all other variables were held constant, the Group's investment revaluation reserve, net of tax, would have increased/decreased by HK\$1,440,000 (2023: HK\$2,926,000) as a result of the changes in fair value of listed equity instruments at FVTOCI.

Credit risk and impairment assessment

As at 31 December 2024, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the liabilities in relation to financial guarantees provided by the Group as disclosed in Note 41(a). The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related companies, restricted and pledged bank deposits and bank balances and a financial guarantee contract.

With respect to the credit risk of the Group's treasury operations, the management of the Group has established internal procedures to monitor the Group's bank balances to be placed and securities investments and entered into with financial institution of good reputation. These internal procedures also impose limitation on the amount outstanding and to manage the credit ratings on equity investments to be held, so as to minimise the Group's credit risk exposure.

The credit risk on bank balances and restricted and pledged bank deposits is limited because the counterparties are banks with good reputation and having high credit ratings assigned by international credit rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

In order to minimise the credit risk on trade and other receivables and amounts due from related companies, the management of the Group implements monitoring procedures to ensure that follow-up action is taken to recover overdue debts and reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts on trade and other receivables (including lease receivables) and amounts due from related companies. In this regard, the management of the Group considers that the credit risk on these balances are significantly reduced. The Group applies simplified approach on trade receivables and lease receivables and 12m ECL on other receivables and amounts due from related companies to assess for lifetime ECL prescribed by HKFRS 9. To measure the ECL on these balances, they are assessed individually on the recoverability based on historical settlement records, past experience, and also the available and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in these outstanding balances.

37. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group has significant concentration of credit risk on the receivable from a former subsidiary of the Group. The gross amount of this receivable amounting to HK\$401,498,000 (2023: HK\$415,014,000), after netting of ECL allowance of HK\$401,498,000 (2023: HK\$281,467,000), is included in other receivables. Considered the former subsidiary of the Group was in liquidation process, the management of the Group made an assessment on the recoverability of this balance at the end of the reporting period based on the expected proceeds to be received by the Group from realisation of assets held by the former subsidiary and the assets distribution arrangement after the liquidation process to determine whether adequate ECL was recognised. The primary asset of that former subsidiary refers to investment properties located at Kunshan in the PRC. Details of the liquidation of this subsidiary are set out in Note 37 to the Group's consolidated financial statements for the year ended 31 December 2023.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which account for 100% (2023: 100%) of the total trade and other receivables (including lease receivables) and amounts due from related companies as at 31 December 2024. The management of the Group closely monitors the subsequent settlement of these balances and financial positions of related companies and debtors to which the Group made advancements. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In relation to the guarantees provided by the Group to secure obligations of the buyers of the property units for the repayment of their mortgage loans, if there is a default on repayment of mortgage loans by these buyers, the Group is responsible for repaying the banks the outstanding mortgage loans together with any accrued interests and penalties thereon. Under such circumstance, the Group is entitled to forfeit the property buyer's deposits, take over the legal title and possession of the related properties and re-sell them to other interested buyers to recover any amounts paid or payable by the Group to banks. In this regard, the management of the Group considers that the Group's credit risk on such guarantees is significantly reduced. Details disclosure of these guarantees are set out in Note 41(a).

The Group's exposure to credit risk is mainly influenced by the characteristics of each individual non-governmental customer rather than the industry or country in which the customers operate. Therefore, significant concentration of credit risk arises when the Group has significant exposure to any individual non-governmental customer. At the end of the reporting period, the Group has no significant concentration of credit risk in its business including property development, property investment, hotel operations and property management.

The Group's credit risk position on other receivables are closely monitored by the management of the Group.

For financial guarantee contracts, the aggregate utilised amount of outstanding financial guarantees issued to banks in respect of bank facilities granted to a joint venture and property buyers of the Group that the Group could be required to pay at the end of the reporting period are set out in Note 41(a). The fair value of these financial guarantees, at dates of initial recognition, were considered insignificant. At the end of the reporting period, the management of the Group has performed impairment assessment, and details are set out in Note 41(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)**b. Financial risk management objectives and policies (Continued)****Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2024, the Group had available unutilised banking facilities of HK\$4,950,469,000 (2023: HK\$7,568,303,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. 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. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	On demand or less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount as at 31 December 2024 HK\$'000
2024							
Non-derivative financial liabilities							
Trade and other payables	N/A	2,246,264	—	—	—	2,246,264	2,246,264
Amounts due to related companies	4.92	675,921	—	—	—	675,921	675,921
Bank and other borrowings	3.38	9,010,734	4,245,708	2,689,660	2,910,004	18,856,106	17,803,227
Dividends payable	N/A	23,641	—	—	—	23,641	23,641
Financial guarantee contracts issued Maximum amount guaranteed (Note 41(a))	N/A	480,290	—	—	—	480,290	49,843
		12,436,850	4,245,708	2,689,660	2,910,004	22,282,222	20,798,896
Lease liabilities	3.95	26,316	23,972	60,156	67,432	177,876	148,450
2023							
Non-derivative financial liabilities							
Trade and other payables	N/A	1,558,861	—	—	—	1,558,861	1,558,861
Amounts due to related companies	5.90	392,258	388,626	—	—	780,884	780,884
Bank and other borrowings	3.53	5,241,127	5,954,624	6,608,778	3,296,403	21,100,932	18,002,416
Dividends payable	N/A	22,182	—	—	—	22,182	22,182
Financial guarantee contracts issued Maximum amount guaranteed (Note 41(a))	N/A	1,497,844	—	—	—	1,497,844	—
		8,712,272	6,343,250	6,608,778	3,296,403	24,960,703	20,364,343
Lease liabilities	4.75	20,821	33,806	—	—	54,627	51,742

37. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the financial guarantee arrangement if the counterparty to the guarantee claims the amount. Based on expectations made by the management of the Group, at the end of the reporting period, it is not likely an amount is payable under the arrangement. However, this estimate is subject to change as it depends on the probability of the counterparty to guarantee who exercises the right to claim. It is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for non-derivative financial liabilities with variable interest rate are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the management of the Group considers the financial impact of these instruments to the Group is not significant.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's equity instruments at FVTOCI are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	2024	Fair value 2023	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs
Equity instruments at FVTOCI	Listed equity securities in the PRC — HK\$19,195,000	Listed equity securities in the PRC — HK\$39,020,000	Level 1	Quoted bid prices in an active market	N/A
	Unlisted equity securities in the PRC — HK\$3,405,000	Unlisted equity securities in the PRC — HK\$4,545,000	Level 3	Adjusted net asset value method under cost approach	Discount factor of 5% (2023: 5%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**(ii) Reconciliation of Level 3 fair value measurement**

	Unlisted equity securities classified as equity instruments at FVTOCI
	HK\$'000
At 1 January 2023	13,092
Change in fair value recognised in OCI	(8,240)
Exchange realignment	(307)
At 31 December 2023	4,545
Disposal	(1,011)
Exchange realignment	(129)
At 31 December 2024	3,405

In the opinion of the management of the Group, there were no material change in fair value of unlisted equity instruments at FVTOCI during the years ended 31 December 2024 and 2023. Besides, no material impact on the fair value of these instruments is expected if there is 5% increase or decrease of the discount factor. Therefore, no sensitivity analysis for these level 3 instruments are presented.

There were no transfer between instruments in Level 1, 2 and 3 in both years.

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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 management of the Group considers that the carrying amounts of other financial assets and financial liabilities carried at amortised cost approximate their respective fair values.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. CAPITAL COMMITMENTS

	The Group	
	2024	2023
	HK\$'000	HK\$'000
Expenditure contracted for but not provided for in the consolidated financial statements		
— additions in properties under development for sale	2,236,994	7,085,216
— capital contribution into a joint venture	43,854	45,330
	2,280,848	7,130,546

40. OPERATING LEASES

The Group as lessor

Property rental income earned during the year is HK\$793,844,000 (2023: HK\$773,021,000). Certain of the Group's investment properties have committed tenants for the next two to ten years with an option to renew the lease after that date, at which time all terms are renegotiated.

Undiscounted lease payments receivable on lease are as follows:

	2024	2023
	HK\$'000	HK\$'000
Within one year	586,910	459,325
In the second year	430,363	304,019
In the third year	317,858	232,612
In the fourth year	257,057	184,860
In the fifth year	200,515	140,569
After five years	352,184	198,059
	2,144,887	1,519,444

41. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

(a) Financial guarantee contracts

	2024	2023
	HK\$'000	HK\$'000
Guarantees given to banks in respect of banking facilities utilised by:		
— property buyers	395,823	1,475,737
— a joint venture	104,769	114,279
	500,592	1,590,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES (CONTINUED)**(a) Financial guarantee contracts (Continued)*****Guarantees given to banks in respect of banking facilities utilised by property buyers***

The Group entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and made deposits as security to and gave guarantees on mortgage loans provided to the buyers by these banks under the agreements. The management of the Group considers that the possibility of default of repayment of the mortgage loans by the relevant buyers is remote and, in case of the default, the net realisable value of the related properties withheld by the Group can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Accordingly, no ECL under HKFRS 9 has been made in the consolidated financial statements for these guarantees.

Guarantee given to a bank in respect of banking facilities utilised by a joint venture of the Group

The Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to a joint venture of the Group. As at 31 December 2024, the maximum liability of the Group under such guarantee was the outstanding amount of the bank borrowing to the joint venture of RMB98,441,000 (equivalent to HK\$104,769,000) (2023: RMB103,880,000 (equivalent to HK\$114,279,000)) which represents the Group's portion of the outstanding amount of the bank borrowing to the joint venture.

In the opinion of the management of the Group, the fair values of the aforementioned financial guarantee contracts of the Group are insignificant at initial recognition. As at 31 December 2024, the management of the Group performed impairment assessment, and concluded that there had been credit-impaired for the financial guarantee contract because an installment of the bank borrowings of the joint venture was overdue for repayment. It may be due to significant deterioration of the real estate market in Wuhan in the PRC where the property development project of the joint venture locates which might adversely effects the operating results as well as loan repayment capability of this joint venture in the foreseeable future. Accordingly, an ECL allowance of HK\$50,767,000 in respect of this financial guarantee contract was recognised in profit or loss during the year ended 31 December 2024.

(b) Contingent liabilities

In the opinion of the management of the Group, there were no material contingent liabilities of the Group which required a separate disclosure in the consolidated financial statements for both years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. 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.

	Dividends payable HK\$'000	Interest payable HK\$'000 (Note 29)	Bank and other borrowings HK\$'000 (Note 32)	Amounts due to related companies HK\$'000 (Note 30)	Lease liabilities HK\$'000 (Note 33)	Total HK\$'000
At 1 January 2023	20,670	91,044	17,658,754	759,706	88,427	18,618,601
Financing cash flows (note)	(142,232)	—	(128,661)	11,348	(52,446)	(311,991)
Finance costs recognised (Note 9)	—	—	885,728	25,340	4,872	915,940
New leases entered	—	—	—	—	12,683	12,683
Transfer	—	(675)	675	—	—	—
Dividends declared	143,744	—	—	—	—	143,744
Foreign exchange translation	—	—	(414,080)	(20,327)	(1,794)	(436,201)
At 31 December 2023	22,182	90,369	18,002,416	776,067	51,742	18,942,776
Financing cash flows (note)	(137,173)	—	(281,588)	(123,502)	(47,939)	(590,202)
Finance costs recognised (Note 9)	—	—	628,573	24,850	5,740	659,163
New leases entered	—	—	—	—	142,010	142,010
Transfer	—	(5,965)	5,965	—	—	—
Dividends declared	138,632	—	—	—	—	138,632
Foreign exchange translation	—	—	(552,139)	(10,545)	(3,103)	(565,787)
At 31 December 2024	23,641	84,404	17,803,227	666,870	148,450	18,726,592

Note: The financing cash flows represented the net amount of proceeds from bank and other borrowings, advances from related companies, payments of transaction costs for issue of domestic corporate bonds and medium term notes, payments of finance costs, repayments of bank and other borrowings, repayments to related companies, repayment of lease liabilities and payments of dividends.

43. RELATED PARTY TRANSACTIONS**(a) Transactions with key management personnel**

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in Note 12, is as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	4,328	5,146

Total remuneration is included in "total staff costs" (Note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. RELATED PARTY TRANSACTIONS (CONTINUED)**(b) Transactions and balances with related parties**

Saved as disclosed in elsewhere in the consolidated financial statements, the Group has following transactions and balances with related parties:

Name of related companies	Nature of balances/ transactions	As at/For the year ended	
		31 December 2024	2023
		HK\$'000	HK\$'000
Entities controlled by SIIC	Management service income	17,015	11,933
	Interest expense	(25,089)	—
Entities controlled by SIHL	Management fee	(17,697)	(16,070)
	Property charges	(3,314)	(1,659)
	Rental income	2,707	2,325
	Interest expense	(30,821)	(118,544)
Associates	Property agency fee	(49)	(146)
	Management income	—	175
Entities controlled by Xuhui SASAC	Management service income	14,791	16,734
	Interest expense on lease liabilities	(3,849)	—
	Lease liabilities (note)	127,391	—
Non-controlling shareholders	Interest expense	(24,850)	(25,340)

Note: The Group entered into a property leasing agreement with Shanghai Huanyu Urban Investment and Development Co., Ltd., which is a company established in the PRC and wholly owned by Xuhui SASAC for the lease of a property and certain car park units parking spaces where the Group as a lessee for a term of five years ending 30 April 2029. The Group has the right to extend the term for a further five years upon expiry. The Group has recognised an addition of right-of-use assets and lease liabilities of HK\$135,457,000 and HK\$135,457,000 respectively during the year ended 31 December 2024.

Details of the balances with related parties as at 31 December 2024 and 2023 are set out in Note 30.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Government-related entities

The Group itself is part of a larger group of companies under SIIC (SIIC and its subsidiaries are referred to as the “SIIC Group”) which is controlled by the PRC government. The management of the Group considers that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government (“PRC Government Related Entities”). Apart from the transactions with the SIIC Group and Xuhui SASAC which have been disclosed above and in other notes to the consolidated financial statements, the Group also conducts businesses with other PRC Government Related Entities in the ordinary course of business. The Group’s saving deposits, borrowings and other general banking facilities are placed or entered into with certain banks which are PRC Government Related Entities in its ordinary course of business. In view of the nature of the aforementioned financing transactions, the management of the Group is of the opinion that separate disclosures would not be meaningful.

In addition, the Group entered into various transactions, including sales, purchases and other operating expenses with other PRC Government Related Entities. In the opinion of the management of the Group, these transactions are considered as individually and collectively insignificant to the operation of the Group during the years ended 31 December 2024 and 2023.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued and paid-up share capital/registered capital held				Principal activities
			2024		2023		
			Directly	Indirectly	Directly	Indirectly	
深圳鳳凰置業有限公司 (note (i))	The PRC	US\$10,000,000	—	82%	—	82%	Property investment
中置(北京)企業管理有限公司 (note (ii))	The PRC	HK\$200,000,000	—	100%	—	100%	Investment holding
北京新松房地產開發有限公司 (note (i))	The PRC	RMB190,000,000	—	100%	—	100%	Property development and property investment
北京市御水苑房地產開發有限責任公司 (note (iii))	The PRC	RMB20,000,000	—	97.5%	—	97.5%	Property development
北京新松置地投資顧問有限公司 (note (iii))	The PRC	RMB30,000,000	—	100%	—	100%	Investment holding
西安中新灤灑歐亞酒店發展有限公司 (note (iii))	The PRC	RMB50,000,000	—	100%	—	100%	Hotel operations
西安中新永佳房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	—	100%	—	100%	Property development
西安中新沁園房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	—	100%	—	100%	Property development
西安中新華勝房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	—	100%	—	100%	Property development, property investment and hotel operations
西安中新榮景房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	—	100%	—	100%	Property development
西安中新永景房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	—	100%	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY
(CONTINUED)

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued and paid-up share capital/registered capital held				Principal activities
			2024		2023		
			Directly	Indirectly	Directly	Indirectly	
西安城開新源置業有限公司 (note (iii))	The PRC	RMB1,000,000,000	—	100%	—	100%	Property development
重慶中華企業房地產發展有限公司 (note (iii))	The PRC	RMB200,000,000	—	100%	—	100%	Property development and property investment
天津中新濱海房地產開發有限公司 (note (iii))	The PRC	HK\$100,000,000	—	100%	—	100%	Property development
天津中新華安房地產開發有限公司 (note (iii))	The PRC	RMB240,000,000	—	100%	—	100%	Property development
天津中新華城房地產開發有限公司 (note (iii))	The PRC	RMB80,000,000	—	100%	—	100%	Property investment
天津中新嘉業房地產開發有限公司 (note (iii))	The PRC	RMB120,000,000	—	100%	—	100%	Property investment
天津中新信捷房地產開發有限公司 (note (iii))	The PRC	RMB240,000,000	—	100%	—	100%	Property development
天津凱津房地產開發有限公司 (note (iii))	The PRC	RMB210,000,000	—	100%	—	100%	Property development
天津卓城房地產開發有限公司 (note (iii))	The PRC	RMB1,500,000,000	—	100%	—	100%	Property development
上海九久廣場投資開發有限公司 (note (iii))	The PRC	RMB226,160,000	—	100%	—	100%	Property investment
上海啟耀房地產開發有限公司 (note (iii))	The PRC	US\$12,000,000	—	100%	—	100%	Property development and property investment
上海海輝房地產有限公司 (note (iii))	The PRC	RMB12,000,000	—	100%	—	100%	Property development
上海海輝物業管理有限公司 (note (iii))	The PRC	RMB500,000	—	100%	—	100%	Property management
上海城浩置業有限公司 (note (iii))	The PRC	RMB2,400,000,000	—	80%	—	80%	Property development
煙台卓實房地產開發有限公司 (note (iii))	The PRC	US\$90,000,000	—	100%	—	100%	Property development
瀋陽向明 (note (i))	The PRC	US\$63,750,000	—	100%	—	100%	Property development and property investment
上海城開(集團)有限公司 SUD (note (i))	The PRC	RMB3,200,000,000	—	59%	—	59%	Investment holding and property development
上海萬源房地產開發有限公司 (note (iii))	The PRC	RMB300,000,000	—	53%	—	53%	Property development and property investment
上海城開(集團)無錫置業有限公司 (note (iii))	The PRC	RMB500,000,000	—	59%	—	59%	Property development and hotel operations
上海城開集團晶實置業有限公司 (note (iii))	The PRC	RMB300,000,000	—	59%	—	59%	Property development



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued and paid-up share capital/registered capital held				Principal activities
			2024		2023		
			Directly	Indirectly	Directly	Indirectly	
上海城開晶享置業有限公司 (note (iii))	The PRC	RMB480,600,000	—	59%	—	59%	Property development and property investment
上海城瀟置業有限公司 (note (iii))	The PRC	RMB400,000,000	—	59%	—	59%	Property development and property investment
Advantage World Investment Limited ("AWI") (note (iv))	The BVI	US\$100	—	51%	—	51%	Investment holding
上海世界貿易商城有限公司 (note (iii))	The PRC	US\$100,000,000	—	51%	—	51%	Property investment
上海城寰企業管理諮詢有限公司 (note (iii))	The PRC	RMB100,000	—	100%	—	100%	Investment holding
上海市上投房地產投資有限公司 Shanghai Shangtou Real Estate (note (iii))	The PRC	RMB770,000,000	—	100%	—	100%	Investment holding
上海上投寶旭置業有限公司 (notes (iii) and (vi))	The PRC	RMB100,000,000	—	71.3%	—	71.3%	Property development
上海上投新虹投資有限公司 (note (iii))	The PRC	RMB50,000,000	—	90%	—	90%	Property development and property investment
上海上投閱覽置業有限公司 (note (iii))	The PRC	RMB250,000,000	—	90%	—	90%	Property development
上海城開宜浩房地產開發有限公司 (notes (iii) and (v))	The PRC	RMB200,000,000	—	47.2%	—	47.2%	Property development
上海城開青新房地產開發有限公司 (note (iii))	The PRC	RMB100,000,000	—	59%	—	59%	Property development

Notes:

- (i) This company was established in the PRC in the form of sino-foreign equity joint venture.
- (ii) This company was established in the PRC in the form of wholly-owned foreign enterprise.
- (iii) This company was established in the PRC in the form of limited liability company.
- (iv) This company was established in the BVI in the form of limited liability company.
- (v) 80% of the interest of this company was held by SUD.
- (vi) 70% of the interest of this company was held by SUD and the remaining 30% was held indirectly by the Company through other wholly owned subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

The above table only includes those subsidiaries which, in the opinion of the management of the Group, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the management of the Group, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year except SUD which has outstanding issued advanced bonds, domestic corporate bonds and medium term notes as set out in Note 32(ii) in which the Group has no interest.

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SUD and its subsidiaries	Incorporated and operating in the PRC — Shanghai	41%	41%	63,195	(78,897)	3,630,267	3,883,893
AWI and its subsidiaries	Incorporated in the BVI and the PRC and operating in the PRC — Shanghai	49%	49%	18,889	79,766	2,300,995	2,397,532
Individually immaterial subsidiaries with non-controlling interests				(123,722)	(4,726)	150,356	216,100
				(41,638)	(3,857)	6,081,618	6,497,525

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The summarised financial information below represents amounts shown in SUD's consolidated financial statements prepared in accordance with HKFRSs and before intragroup eliminations.

SUD and its subsidiaries

	2024 HK\$'000	2023 HK\$'000
Non-current assets	16,109,804	14,622,968
Current assets	7,628,059	12,831,462
Current liabilities	(7,804,142)	(8,764,878)
Non-current liabilities	(7,778,645)	(9,983,229)
Equity attributable to owners of the Company	4,524,809	4,822,430
Non-controlling interests of SUD	3,144,358	3,351,180
Non-controlling interests of SUD's subsidiaries	485,909	532,713
Revenue	4,739,161	898,295
Expenses	(4,473,465)	(1,042,645)
Profit (loss) before tax	265,696	(144,350)
Profit (loss) for the year	103,430	(199,144)
Profit (loss) attributable to owners of the Company	40,235	(120,247)
Profit (loss) attributable to the non-controlling interests of SUD	27,960	(83,562)
Profit attributable to the non-controlling interests of SUD's subsidiaries	35,235	4,665
Profit (loss) for the year	103,430	(199,144)
Other comprehensive expense attributable to owners of the Company	(196,899)	(150,056)
Other comprehensive (expense) income attributable to the non-controlling interests of SUD	(141,450)	14,319
Other comprehensive expense attributable to the non-controlling interests of SUD's subsidiaries	(16,803)	(14,404)
Other comprehensive expense for the year	(355,152)	(150,141)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)
SUD and its subsidiaries (Continued)

	2024 HK\$'000	2023 HK\$'000
Total comprehensive expense attributable to owners of the Company	(156,664)	(270,303)
Total comprehensive expense attributable to the non-controlling interests of SUD	(113,490)	(69,243)
Total comprehensive income (expense) attributable to the non-controlling interests of SUD's subsidiaries	18,432	(9,739)
Total comprehensive expense for the year	(251,722)	(349,285)
	2024 HK\$'000	2023 HK\$'000
Dividends paid to non-controlling interests of SUD	93,333	112,761
Dividend paid to non controlling interests of SUD's subsidiaries	65,236	—
Net cash generated from operating activities	3,171,708	3,235,184
Net cash used in investing activities	(349,928)	(356,931)
Net cash used in financing activities	(1,280,541)	(1,306,169)
Net cash inflow	1,541,239	1,572,084



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The summarised financial information below represents amounts shown in AWI's consolidated financial statements prepared in accordance with HKFRSs and before intragroup eliminations.

AWI and its subsidiaries

	2024 HK\$'000	2023 HK\$'000
Non-current assets	5,936,465	6,285,315
Current assets	170,604	113,410
Current liabilities	(128,888)	(143,449)
Non-current liabilities	(1,282,273)	(1,362,355)
Equity attributable to owners of the Company	2,394,913	2,495,389
Non-controlling interests of AWI	2,300,995	2,397,532
Revenue	330,936	335,610
Expenses	(289,616)	(141,071)
Profit before tax	41,320	194,539
Profit for the year	38,549	162,788
Profit attributable to owners of the Company	19,660	83,022
Profit attributable to the non-controlling interests of AWI	18,889	79,766
Profit for the year	38,549	162,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)**AWI and its subsidiaries (Continued)**

	2024 HK\$'000	2023 HK\$'000
Other comprehensive expense attributable to owners of the Company	(82,339)	(65,803)
Other comprehensive expense attributable to the non-controlling interests of AWI	(79,110)	(63,223)
Other comprehensive expense for the year	(161,449)	(129,026)
Total comprehensive (expense) income attributable to owners of the Company	(62,679)	17,219
Total comprehensive (expense) income attributable to the non-controlling interests of AWI	(60,221)	16,543
Total comprehensive (expense) income for the year	(122,900)	33,762
Dividends paid to non-controlling interests of AWI	36,316	28,708
Net cash generated from operating activities	140,531	174,482
Net cash inflow from investing activities	1,036	1,224
Net cash used in financing activities	(84,213)	(182,805)
Net cash inflow (outflow)	57,354	(7,099)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investments in subsidiaries	2,405,964	2,405,964
Property and equipment	52	627
Right-of-use assets	9,175	3,670
Amounts due from subsidiaries	8,622,644	8,622,803
	11,037,835	11,033,064
Current assets		
Amounts due from subsidiaries	8,484,441	8,759,065
Deposit and prepayment	1,690	1,690
Bank balances and cash	107,345	54,597
Loan receivable from a subsidiary	20,362	20,418
	8,613,838	8,835,770
Current liabilities		
Other payables and accruals	8,058	10,122
Amount due to intermediate holding company	78,819	78,819
Amounts due to subsidiaries	4,115,410	5,062,847
Bank and other borrowings	4,341,911	1,552,502
Lease liabilities	2,915	3,845
Dividends payable	23,641	22,182
	8,570,754	6,730,317
Net current assets	43,084	2,105,453
Total assets less current liabilities	11,080,919	13,138,517
Non-current liabilities		
Bank borrowings	210,728	2,992,299
Lease liabilities	6,260	—
	216,988	2,992,299
Total assets less total liabilities	10,863,931	10,146,218
Capital and reserves		
Share capital	191,217	191,659
Reserves	10,672,714	9,954,559
	10,863,931	10,146,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Shareholders' contribution HK\$'000 (note)	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2023	191,747	8,903,528	49,070	289,842	2,475,111	(1,567,932)	10,341,366
Profit for the year	—	—	—	—	—	165,343	165,343
Exchange difference on translation from functional currency to presentation currency	—	—	—	(215,423)	—	—	(215,423)
Total comprehensive (expense) income for the year	—	—	—	(215,423)	—	165,343	(50,080)
Transfer to distributable reserve	—	(600,000)	600,000	—	—	—	—
Repurchase of ordinary shares (Note 35)	—	(1,321)	—	—	—	—	(1,321)
Cancellation of ordinary shares (Note 35)	(88)	88	—	—	—	—	—
Transaction costs attributable to repurchase of ordinary shares (Note 35)	—	(3)	—	—	—	—	(3)
Dividends recognised as distributions (Note 48)	—	—	(143,744)	—	—	—	(143,744)
As at 31 December 2023	191,659	8,302,292	505,326	74,419	2,475,111	(1,402,589)	10,146,218
Profit for the year	—	—	—	—	—	1,131,379	1,131,379
Exchange difference on translation from functional currency to presentation currency	—	—	—	(271,111)	—	—	(271,111)
Total comprehensive (expense) income for the year	—	—	—	(271,111)	—	1,131,379	860,268
Repurchase of ordinary shares (Note 35)	—	(3,914)	—	—	—	—	(3,914)
Cancellation of ordinary shares (Note 35)	(442)	442	—	—	—	—	—
Transaction costs attributable to repurchase of ordinary shares (Note 35)	—	(9)	—	—	—	—	(9)
Dividends recognised as distributions (Note 48)	—	—	(138,632)	—	—	—	(138,632)
As at 31 December 2024	191,217	8,298,811	366,694	(196,692)	2,475,111	(271,210)	10,863,931

Note: The shareholders' contribution represents contribution from SIHL arising from combination under common control during the year ended 31 December 2011.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. DIVIDENDS

Dividends recognised as distribution during the year:

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
2023 final dividend declared — HK2.1 cents (2023: HK2.1 cents for year 2022)	100,389	100,621
2023 special dividend declared — HK0.8 cent (2023: HK0.9 cent for year 2022)	38,243	43,123
	138,632	143,744

A final dividend and a special dividend of HK2.1 cents (2023: HK2.1 cents) per ordinary share and HK0.8 cent (2023: HK0.9 cent) per ordinary share respectively, in an aggregate amount of HK\$138,632,000 (2023: HK\$143,744,000), in respect of the year ended 31 December 2023, were declared and an amount of HK\$137,173,000 (2023: HK\$142,232,000) was paid during the year ended 31 December 2024.

The directors of the Company do not recommend the payment of any final dividend or special dividend for the year ended 31 December 2024.

FINANCIAL SUMMARY

	Year ended 31 December				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
Revenue	6,356,732	11,015,088	11,022,496	7,953,596	12,440,369
Profit before tax	1,856,397	3,661,442	1,153,599	1,855,255	215,098
Income tax	(1,115,433)	(2,762,758)	(848,598)	(1,364,542)	(587,926)
Profit (loss) for the year	740,964	898,684	305,001	490,713	(372,828)
Attributable to:					
Owners of the Company	521,765	572,328	406,823	494,570	(331,190)
Non-controlling interests	219,199	326,356	(101,822)	(3,857)	(41,638)
	740,964	898,684	305,001	490,713	(372,828)

	As at 31 December				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
Assets and liabilities					
Total assets	67,425,918	71,874,828	57,446,787	59,016,220	48,984,760
Total liabilities	(41,912,456)	(49,163,406)	(36,615,513)	(38,507,726)	(29,874,756)
	25,513,462	22,711,422	20,831,274	20,508,494	19,110,004
Equity contributable to:					
Owners of the Company	14,366,331	15,213,886	14,560,271	14,010,969	13,028,386
Non-controlling interests	11,147,131	7,497,536	6,271,003	6,497,525	6,081,618
	25,513,462	22,711,422	20,831,274	20,508,494	19,110,004

GLOSSARY OF TERMS

Term used	Brief description
“2024 ESG Report”	the environmental, social and governance report of the Company for the year ended 31 December 2024
“2025 AGM”	the forthcoming annual general meeting of the Company, which is scheduled to be held on Thursday, 22 May 2025
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Bye-laws”	the Bye-laws of the Company, as amended from time to time
“Company” or “SIUD”	Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Company Secretary”	the company secretary of the Company
“Director(s)”	the director(s) of the Company
“ESG Working Group”	the working group in respect of the environmental, social and governance of the Company
“G50 Expressway (Shanghai Section)”	G50 Huyu Expressway (Shanghai Section) (G50滬渝高速公路(上海段))
“Group”	the Company and its subsidiaries from time to time
“HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Investment Appraisal Committee”	the investment appraisal committee of the Company
“Joint Venture”	Shanghai Chengzhixin Enterprise Management Co., Ltd. (上海城之信企業管理有限公司), a company incorporated in the PRC with limited liability

GLOSSARY OF TERMS

Term used	Brief description
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules of the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“Other JV Parties”	Hainan Xizhi Nuohan Enterprise Management Co., Ltd. (海南曦智諾安企業管理有限公司) and Shanghai Bawei Real Estate Co., Ltd (上海八威房地產有限公司), companies incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China
“Project”	the widening and alteration construction of G50 Expressway (Shanghai Section) of which runs from Jiamin Elevated Road (嘉閔高架路) in the east to Lianxi Highway (練西公路) in the west and is of length of approximately 35.5 kilometers, and implementation of the expansion and improvement works at the Dianshan Lake Service Area (澱山湖服務區), the reconstruction of horizontal overpass bridges and the reconstruction of horizontal roads, involving the road engineering, bridge engineering, structural engineering, drainage engineering, smart expressway and ancillary engineering works such as illumination, signs and markings and greening
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time



GLOSSARY OF TERMS

Term used	Brief description
“Shanghai Huanyu”	上海寰宇城市投資發展有限公司 (Shanghai Huanyu Urban Investment and Development Co., Ltd.), a company established in the PRC and wholly-owned by Xuhui SASAC
“Shanghai Shen-Yu”	Shanghai Shen-Yu Development Co., Ltd. (上海申渝公路建設發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of SIHL
“Shareholder(s)”	holder(s) of share(s) of the Company
“SIHL”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 363), and a controlling and substantial shareholder of the Company
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, and a controlling and substantial shareholder of the Company
“SIIC Shanghai”	SIIC Shanghai Holdings Co., Ltd. (上海上實(集團)有限公司), a company established in the PRC with limited liability and which is controlled by SIIC as the authorised representative exercising state-owned shareholder’s right over it
“SIUD Shanghai Construction”	Shanghai Industrial Urban Development (Shanghai) Urban Construction and Management Co., Ltd. (上實城開(上海)城市建設管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

GLOSSARY OF TERMS

Term used	Brief description
“SIUD Shanghai Enterprise Management”	Shanghai Industrial Urban Development (Shanghai) Enterprise Management Co., Ltd. (上實城開(上海)企業管理有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUD”	Shanghai Urban Development (Holdings) Co., Ltd. (上海城開(集團)有限公司), a company incorporated in the PRC with limited liability and equity of which is indirectly owned by the Company as to 59% and by Xuhui SASAC as to 41%
“Tianjin Trust”	Tianjin Trust Co., Ltd. (天津信託有限責任公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC
“Transactions”	The sale and purchase of the sale share and the shareholder's loan pursuant to the sale and purchase agreement dated 14 April 2011 entered into between SIUD and SIHL and the assignment of the dividend receivable pursuant to the deed of assignment dated 14 April 2011 entered into between SIUD and SIHL
“Xuhui SASAC”	State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District (上海市徐匯區國有資產監督管理委員會), a government authority authorised by and established directly under Shanghai Xuhui District People's Government for supervising and managing state-owned assets in the possession of Xuhui District, including but not limited to, exercising state-owned shareholders' right over SUD, and a shareholder holding 41% of the equity interest in SUD





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