

# Sinochem Hong Kong (Group) Company Limited

Report of the Directors and  
Consolidated Financial Statements

31 December 2024

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## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2024.

### Principal activities and business review

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

### Dividends

No dividends were declared during the year.

### Share capital, share options, warrants and convertible bonds

There were no movements in the Company's share capital during the year.

### Directors

The directors of the Company during the year were:

Li Fuli

Chen Shumin

Li Guoqi (appointed on 25 June 2024)

Guo Ting (resigned on 25 June 2024)

In accordance with the Company's Articles of Association, all the remaining directors shall retire and, being eligible, offer themselves for re-election.

### Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of the Company's holding companies, subsidiaries or fellow subsidiaries was a party during the year.

### Events after the reporting period

Details of the significant events of the Group after the reporting period are set out in note 49 to the financial statements.

### Auditors

During the year, KPMG resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. A resolution for the reappointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

Sinochem Hong Kong (Group) Company Limited

REPORT OF THE DIRECTORS (continued)

ON BEHALF OF THE BOARD

  
Li Fuli  
Director

Hong Kong  
4 July 2025



Ernst & Young  
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## Independent auditor's report

### To the members of Sinochem Hong Kong (Group) Company Limited

(Incorporated in Hong Kong with limited liability)

#### Opinion

We have audited the consolidated financial statements of Sinochem Hong Kong (Group) Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 10 to 109, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

#### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

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



**Independent auditor's report** (continued)  
**To the members of Sinochem Hong Kong (Group) Company Limited**  
(Incorporated in Hong Kong with limited liability)

**Key audit matters (continued)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Assessment of carrying values of properties for sale held by the Group, its associates and joint ventures</b>	
<p>As at 31 December 2024, the total carrying value of the Group's properties for sale, including properties under development and properties held for sale, amounted to HK\$160,584,144,000.</p> <p>Besides, as at 31 December 2024, the total carrying values of investments in associates and joint ventures, and the amounts due from associates and joint ventures amounted to RMB88,241,543,000. Given the properties for sale represented the majority of the total assets of these associates and joint ventures, management's assessment on carrying values for the investments in and amounts due from these companies would take into account the carrying values of the properties for sale held by these companies.</p> <p>The assessment of the carrying values of the properties for sale is complex because it involves significant management judgements and estimates regarding, among others, the net realisable value (the "NRV") of the properties for sale and anticipated construction costs to be incurred to complete the properties under development based on existing plans.</p> <p>Relevant disclosures are included in notes 2.4, 6, 7, 12, 14, 19, 20 and 26 to the consolidated financial statements.</p>	<p><b>For properties for sale held by the Group</b></p> <p>We understood and assessed the Group's assessment of the carrying values of properties for sale.</p> <p>In assessing the NRV of the properties for sale, we evaluated, on a sample basis, the reasonableness of their forecasted selling price based on the current market price of properties of comparable locations and conditions, and on our knowledge of the Group's business and the current market development in the real estate industry, where appropriate.</p> <p>For construction costs to be incurred to complete properties under development, we obtained an understanding of the management's process in estimating the future costs to completion for the properties under development and assessed the reasonableness of the budgeted construction costs, on a sample basis, by comparing to the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents.</p> <p>We re-calculated the carrying values of the properties for sale based on management's methodology at the year end.</p>



**Independent auditor's report** (continued)  
**To the members of Sinochem Hong Kong (Group) Company Limited**  
(Incorporated in Hong Kong with limited liability)

**Key audit matters (continued)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Assessment of carrying values of properties for sale held by the Group, its associates and joint ventures (continued)</i></p>	<p><b>For properties for sale held by the Group's associates and joint ventures</b></p> <p>We understood and assessed the Group's assessment of the carrying values of the properties for sale held by its significant associates and joint ventures.</p> <p>In assessing the NRV of the properties for sale held by its significant associates and joint ventures, we evaluated, on a sample basis, the reasonableness of their forecasted gross profit margins based on the current market price of comparable locations and conditions and unit cost of properties, and based on our knowledge of the business of the significant associates and joint ventures and the current market development in the real estate industry, where appropriate.</p> <p>We re-calculated the carrying values of the properties for sale held by the Group's significant associates and joint ventures based on management's methodology at the year end.</p>



**Independent auditor's report** (continued)  
**To the members of Sinochem Hong Kong (Group) Company Limited**  
(Incorporated in Hong Kong with limited liability)

**Key audit matters** (continued)

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Valuation of investment properties</b>	
<p>The Group adopted the fair value model for its investment properties in accordance with HKAS 40 Investment Property. Changes in fair values were recognised in profit or loss. The valuations on the investment properties of the Group as at 31 December 2024 were determined by management or independent appraisers engaged by management. Different valuation techniques were applied to these investment properties. As both the year-end balance of HK\$40,487,970,000 and the changes in fair value of HK\$433,517,000 were significant, and the valuation involved management judgement and estimates based on a projection of future rental income, growth rate, vacancy rate, discount rate and reversionary yield, we considered the revaluation of investment properties a key audit matter of our audit.</p> <p>Relevant disclosures are included in notes 2.4 and 15 to the consolidated financial statements.</p>	<p>We considered the competence, capabilities and objectivity of the external appraisers. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing lease contracts and external market rents, expected vacancy rate against historical data maintained by the Group, and the discount rate, the growth rate and reversionary yield against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including the fair value hierarchy.</p>





**Independent auditor's report** (continued)  
**To the members of Sinochem Hong Kong (Group) Company Limited**  
(Incorporated in Hong Kong with limited liability)

**Key audit matters** (continued)

<i><b>Key audit matter</b></i>	<i><b>How our audit addressed the key audit matter</b></i>
<i><b>Impairment testing of goodwill</b></i>	
<p>As at 31 December 2024, the Group had a goodwill of approximately HK\$2,517,793,000 which was mainly arisen from the acquisitions of subsidiaries of the real estate business segment in prior year.</p> <p>In accordance with Hong Kong Accounting Standard 36 <i>Impairment of Assets</i>, the Group performs impairment testing annually for the cash-generating unit (the "CGU") to which the goodwill was allocated. Management's assessment on the impairment was complex and involved significant management judgements and estimates to determine the CGU's recoverable amount, such as the forecasted cash flow and discount rate, which are sensitive to expected future market conditions and the CGU's actual performance.</p> <p>Relevant disclosures are included in notes 2.4, 3 and 17 to the financial statements.</p>	<p>Our audit procedures included the evaluation of the methodologies and key assumptions used by the Group for the impairment testing of goodwill, with the assistance from our valuation specialists. We reviewed key assumptions relating to the forecasted cash flow such as revenue growth rate and discount rate for the CGU. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test was most sensitive, that was, those that had the most significant effect on the determination of the recoverable amount of goodwill.</p>



**Independent auditor's report** (continued)  
**To the members of Sinochem Hong Kong (Group) Company Limited**  
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**Other information included in the Annual Report**

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

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

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

**Responsibilities of the directors for the consolidated financial statements**

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

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

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



**Independent auditor's report** (continued)

**To the members of Sinochem Hong Kong (Group) Company Limited**

(Incorporated in Hong Kong with limited liability)

**Auditor's responsibilities for the audit of the consolidated financial statements** (continued)

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

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

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

From the matters communicated with the board of directors, 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 Wong Kwok Yin.

Certified Public Accountants

Hong Kong

4 July 2025

Sinochem Hong Kong (Group) Company Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (Restated)
REVENUE	4, 5	69,595,911	82,527,376
Cost of sales		<u>(55,339,902)</u>	<u>(70,415,456)</u>
Gross profit		14,256,009	12,111,920
Other income, gains and losses, net	6	1,619,726	(1,434,101)
Selling and distribution expenses		(2,510,612)	(3,293,429)
Administrative expenses		(3,243,890)	(4,345,784)
Finance costs	8	(5,198,822)	(4,452,827)
Share of profits and losses of:			
Joint ventures		1,084,091	(1,167,748)
Associates		<u>349,635</u>	<u>146,349</u>
PROFIT/(LOSS) BEFORE TAX	7	6,356,137	(2,435,620)
Income tax expense	10	<u>(2,647,427)</u>	<u>(2,374,744)</u>
PROFIT/(LOSS) FOR THE YEAR		3,708,710	(4,810,364)
Attributable to:			
Owners of the parent		1,742,206	(2,347,425)
Non-controlling interests		<u>1,966,504</u>	<u>(2,462,939)</u>
		<u>3,708,710</u>	<u>(4,810,364)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000 (Restated)
PROFIT/(LOSS) FOR THE YEAR	<u>3,708,710</u>	<u>(4,810,364)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of foreign operations	(3,389,589)	(2,689,135)
Cash flow hedges, net of tax	<u>(951,988)</u>	<u>(226,093)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(4,341,577)</u>	<u>(2,915,228)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation, net of tax	-	304,844
Changes in fair value of equity investments at fair value through other comprehensive income ("FVOCI"), net of tax	<u>(5,151)</u>	<u>(737,169)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>(5,151)</u>	<u>(432,325)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(4,346,728)</u>	<u>(3,347,553)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(638,018)</u>	<u>(8,157,917)</u>
Attributable to:		
Owners of the parent	(10,147,960)	(4,099,611)
Non-controlling interests	<u>9,509,942</u>	<u>(4,058,306)</u>
	<u>(638,018)</u>	<u>(8,157,917)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 HK\$'000	31 December 2023 HK\$'000 (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	14,705,733	13,987,957
Land under development	13	26,997,960	23,959,783
Properties under development	12	74,129,065	89,564,234
Investment properties	15	40,487,970	42,346,972
Right-of-use assets	16	1,378,815	1,644,990
Goodwill	17	2,517,793	2,274,476
Intangible assets	18	433,169	420,625
Investments in joint ventures	19	32,920,742	29,128,384
Investments in associates	20	25,096,781	24,820,532
Equity investments designated at fair value through other comprehensive income	21	1,272,646	1,306,676
Amounts due from related parties	26	24,497,833	29,020,211
Deferred tax assets	35	3,336,736	3,477,341
Amounts due from non-controlling shareholders	27	1,607,721	2,324,527
Trade and bills receivables	23	2,882,667	2,701,732
Other non-current assets	28	6,484,636	6,787,375
<b>Total non-current assets</b>		<b>258,750,267</b>	<b>273,765,815</b>
<b>CURRENT ASSETS</b>			
Inventories	22	632,338	749,280
Land under development	13	3,176,982	4,791,914
Properties under development	12	44,068,010	54,697,472
Properties held for sale	14	42,387,069	29,828,570
Trade and bills receivables	23	2,299,048	2,166,593
Contract assets	25	1,448,652	466,945
Prepayments, other receivables and other assets	24	46,104,291	40,165,749
Amounts due from related parties	26	116,977,719	109,000,491
Prepaid tax		4,661,740	4,606,360
Derivative financial instruments	32	-	369,321
Restricted bank balances	29	4,374,401	7,631,788
Cash and cash equivalents	29	33,417,163	34,235,347
Other current assets	28	44	45
<b>Total current assets</b>		<b>299,547,457</b>	<b>288,709,875</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	30	24,684,715	34,531,609
Other payables and accruals	31	75,187,310	78,728,973
Derivative financial instruments	32	1,303,739	131,953
Interest-bearing bank and other borrowings	33	53,250,906	72,157,099
Lease liabilities	16	234,143	214,267
Amounts due to related parties	26	61,732,641	35,766,883
Tax payable		3,437,483	2,320,619
Provision for land appreciation tax		1,645,742	2,133,692
<b>Total current liabilities</b>		<b>221,476,679</b>	<b>225,985,095</b>

continued/...

## Sinochem Hong Kong (Group) Company Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

	Notes	31 December 2024 HK\$'000	31 December 2023 HK\$'000 (Restated)
NET CURRENT ASSETS		<u>78,070,778</u>	<u>62,724,780</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>336,821,045</u>	<u>336,490,595</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	125,493,993	138,768,670
Lease liabilities	16	975,028	1,015,373
Deferred tax liabilities	35	10,186,130	10,459,223
Amounts due to related parties	26	71,710,412	41,260,909
Other payables and accruals	31	<u>2,470,083</u>	<u>2,139,469</u>
Total non-current liabilities		<u>210,835,646</u>	<u>193,643,644</u>
Net assets		<u>125,985,399</u>	<u>142,846,951</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	36	24,468,400	24,468,400
Reserves		<u>875,144</u>	<u>11,215,247</u>
		25,343,544	35,683,647
Non-controlling interests		<u>100,641,855</u>	<u>107,163,304</u>
Total equity		<u>125,985,399</u>	<u>142,846,951</u>


Chen Shumin  
Director

Li Guoqi  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Notes	Attributable to owners of the parent										Non-controlling interests	Total equity
		Issued capital	Capital and other reserve	Asset revaluation reserve	Merger reserve	Statutory reserve	Fair value reserve	Translation reserve	Cashflow hedge reserve	Share option 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
At 1 January 2024 (Restated)		24,468,400	(1,447,663)	962,871	(4,097,269)	6,022,421	(876,120)	(4,611,944)	(89,925)	40,588	15,312,288	35,683,647	107,163,304
Profit for the year		-	-	-	-	-	-	-	-	-	1,742,206	1,742,206	1,966,504
Other comprehensive income for the period:													
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		-	-	-	-	-	(5,151)	-	-	-	-	(5,151)	(5,151)
Cash flow hedges, net of tax		-	-	-	-	-	-	-	(951,988)	-	-	(951,988)	(951,988)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(10,933,027)	-	-	-	(10,933,027)	(3,389,589)
Total comprehensive income for the year, net of tax		-	-	-	-	-	(5,151)	(10,933,027)	(951,988)	-	1,742,206	(10,147,960)	(9,509,942)
Capital contribution from non-controlling shareholders		-	12,407	-	-	-	-	-	-	-	-	12,407	5,202,284
Dividends declared by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,236,573)	(1,236,573)
Transfer from retained profits		-	-	-	-	23,217	-	-	-	-	(23,217)	-	-
Acquisition of subsidiaries	39	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on disposal of other equity instrument investments		-	-	-	-	-	24,631	-	-	-	(24,631)	-	845,830
Acquisition of non-controlling interests		-	(202,723)	-	-	-	-	-	-	-	-	(202,723)	(3,402,487)
Redemption of perpetual securities		-	-	-	-	-	-	-	-	-	-	(9,666,588)	(9,666,588)
Perpetual securities' distribution by a subsidiary		-	-	-	-	-	-	-	-	-	-	(677,755)	(677,755)
Repayment of capital to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(7,073,570)	(7,073,570)
De-registration of a subsidiary		-	189,400	-	-	-	-	-	-	-	(191,227)	(1,827)	(1,827)
Disposal of subsidiaries	40	-	-	-	-	-	-	-	-	-	-	-	(212,848)
At 31 December 2024		24,468,400	(1,448,579)*	962,871*	(4,097,269)*	6,045,638*	(856,640)*	(15,544,971)*	(1,041,913)*	40,588*	16,815,419*	25,343,544	100,641,855
													125,985,399

\* These reserve accounts comprise the consolidated reserves of HK\$875,144,000 (2023: HK\$11,215,247,000 (restated)) in the consolidated statement of financial position.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Attributable to owners of the parent										Non-controlling interests HK\$'000 (Restated)	Total equity HK\$'000
	Issued capital HK\$'000	Capital and other reserve HK\$'000	Asset revaluation reserve HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Fair value reserve HK\$'000	Translation reserve HK\$'000	Cashflow hedge reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000 (Restated)	Total HK\$'000 (Restated)	
At 1 January 2023	24,468,400	342,300	717,390	(4,097,269)	5,539,233	(138,951)	(3,566,096)	131,756	41,284	18,135,870	41,573,917	156,903,482
Profit for the year	-	-	-	-	-	-	-	-	-	(2,347,425)	(2,347,425)	(4,810,364)
Other comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges, net of tax	-	-	-	-	-	(737,169)	-	-	-	-	(737,169)	(737,169)
Gains on property revaluation, net of tax	-	-	252,512	-	-	-	-	(221,681)	-	-	(221,681)	(226,093)
Reclassification adjustments of exchange differences for foreign operations disposed of during the year	-	-	-	-	-	-	-	-	-	-	252,512	304,844
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(9,906)	-	-	-	(9,906)	(26,709)
	-	-	-	-	-	-	(1,035,942)	-	-	-	(1,035,942)	(2,662,426)
Total comprehensive income for the year, net of tax	-	-	252,512	-	-	(737,169)	(1,045,848)	(221,681)	-	(2,347,425)	(4,098,611)	(8,157,917)
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	5,589,916
Equity-settled share-based payments of subsidiaries	-	-	-	-	-	-	-	-	(696)	-	(696)	(1,877)
Acquisition of non-controlling interests	-	(150)	-	-	-	-	-	-	-	-	(150)	(332,403)
Transfer from retained profits	-	-	-	-	483,188	-	-	-	-	(483,188)	-	-
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,781,846)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	12,637,322
Acquisition of subsidiaries	-	23,619	-	-	-	-	-	-	-	-	23,619	12,660,941
Redemption of perpetual securities by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	3,928,289
Perpetual securities' distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(15,361,617)
Issue of shares as a result of scrip dividend by a subsidiary	-	(25,294)	-	-	-	-	-	-	-	-	(25,294)	(1,501,711)
Assumption of liabilities of related party at nil consideration	-	(1,715,285)	-	-	-	-	-	-	-	-	(1,715,285)	-
Repayment of capital to non-controlling shareholders	-	(72,853)	-	-	-	-	-	-	-	-	(72,853)	(6,582,044)
Disposal of investment properties	-	-	(7,031)	-	-	-	-	-	-	7,031	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(728,134)
At 31 December 2023	24,468,400	(1,447,663)	962,871	(4,097,269)	6,022,421	(876,120)	(4,611,944)	(89,925)	40,588	15,312,288	35,683,647	142,846,951

## CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		6,356,137	(2,435,620)
Adjustments for:			
Gain on disposal of items of property, plant and equipment	6	(18,384)	(4,919)
Gain on disposal of subsidiaries	6	(2,296,800)	(1,504,955)
Gain on disposal of investments in joint ventures and associates	6	(30,479)	(257)
Loss/(gain) on disposal of other financial assets	6	86	(15,324)
Gain on bargain purchase	6	(2,879)	(1,359)
Provision of impairment of trade receivables and other receivables	7	22,053	13,046
Impairment of amounts due from related parties	7	-	502,090
Impairment of properties under development	6	1,184,532	3,493,265
Impairment of properties held for sale	6	193,564	1,386,277
Impairment of land under development	6	149,230	-
Impairment of property, plant and equipment	6	56,170	-
Fair value losses on other financial assets	6	57,632	144,077
Fair value losses on derivative financial instruments	6	998,519	395,372
Fair value gains on the equity interest previously held as investments in joint ventures or associates	6	(164,359)	(351,114)
Change in fair value of trade receivables at fair value through profit or loss	6	(103,183)	(107,034)
Finance costs		5,197,449	4,452,827
Share of profits and losses of joint ventures	19	(1,084,091)	1,167,748
Share of profits and losses of associates	20	(349,635)	(146,349)
Interest and investment income		(6,177,716)	(3,634,534)
Effect of exchange rate changes, net		(1,151,521)	(1,025,344)
Fair value changes of investment properties	6, 15	433,517	274,019
Fair value gains on transfers from properties held for sale to investment properties	6	(1,531)	-
(Gain)/loss on revision of a lease term arising from a change in the non-cancellable period of a lease		(7,838)	3,203
Dividend income from equity investments at fair value through other comprehensive income/available-for-sale investments		(11,263)	-
Depreciation of property, plant and equipment	7	641,832	680,444
Depreciation of right-of-use assets	7	138,474	203,622
Amortization of intangible assets	7	46,724	239,560
Amortization of equity-settled share-based payment expense	7	-	(1,877)
		4,076,240	3,726,864

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## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Decrease/(increase) in inventories		100,509	(314,895)
Increase in land under development		(1,517,427)	(2,552,784)
Increase in properties under development		(44,080,010)	(37,753,552)
Decrease in properties held for sale		50,721,928	60,510,516
(Increase)/decrease in trade receivables		(264,034)	408,819
Increase in prepayments, other receivables and other assets		(8,714,775)	(3,719,955)
Decrease/(increase) in amounts due from related parties		555,923	(3,104,259)
(Increase)/decrease in contract assets		(991,688)	58,731
(Increase)/decrease in trade and bills payables		(6,992,625)	682,661
(Decrease)/increase in other payables and accruals		2,536,596	(14,372,052)
Increase in amounts due to related parties		950,995	785,962
Cash (used in)/generated from operations		(3,618,368)	4,356,056
Income tax paid		(834,746)	(1,991,444)
Land appreciation tax paid		(1,164,205)	(629,103)
Net cash flows (used in)/generated from operating activities		(5,617,319)	1,735,509
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		22,428,070	3,193,154
Dividends received from joint ventures and associates		363,324	301,446
Dividends received from equity investments designated at FVOCI		11,729	6,913
Purchase of property, plant and equipment		(760,929)	(875,223)
Proceeds from disposal of property, plant and equipment		105,922	15,069
Proceeds from disposal of intangible assets		165	888
Additions to investment properties		(38,929)	(44,202)
Cash paid for acquisition of non-controlling interests		(94,669)	-
Proceeds from disposal of financial assets at FVOCI		23,729	-
Disposal of subsidiaries	40	224,167	3,815,230
Increase in other assets and intangible assets		(67,945)	(122,594)
Acquisition of subsidiaries	39	(503,911)	1,565,927
Additional investments in joint ventures		(2,837,232)	(3,325,005)
Additional investments in associates		(329,511)	(62,155)
Decrease in restricted bank balances and long-term deposits		3,094,265	775,700
Decrease in other financial assets		236,662	105,133
Advance of investment from third parties		134,247	-
Increase in amounts due from related parties		(19,483,898)	(36,747,001)
Increase in loans to non-controlling interests		-	(1,040,440)
Increase/(decrease) in entrustment loans to non-controlling interests of a subsidiary		(9,302)	153,519
Prepaid investment cost		-	(475,038)
Payment for the acquisition of a subsidiary in prior year		-	(615,633)
Proceeds from disposal of investment properties		170,054	24,834
Net cash flows generated from/(used in) investing activities		2,666,008	(33,349,478)

continued/...

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution paid for perpetual securities		(592,788)	(1,501,711)
Issue of perpetual securities, net of issue expenses		-	5,589,916
New bank and other borrowings	41(b)	179,995,570	235,440,569
Repayment of bank and other borrowings	41(b)	(198,542,084)	(210,018,633)
Capital contribution from non-controlling interests		4,607,072	10,415,027
Dividends paid to non-controlling interests of subsidiaries	41(b)	(815,045)	(1,140,364)
Capital repayment of non-controlling interests		(467,674)	-
Repayment of loans from non-controlling interests	41(b)	(2,960,695)	(177,655)
Interest paid	41(b)	(10,181,664)	(9,368,213)
Advance/(repayment) of investments from/(to) third parties	41(b)	3,077,759	(2,050,200)
Increase in amounts due to related parties	41(b)	37,647,973	15,071,731
Redemption of perpetual securities		(9,544,550)	(15,361,617)
Acquisition of non-controlling interests		(2,184,299)	(332,403)
Capital element of lease rentals paid	41(b)	(114,123)	(154,142)
Interest element of lease rentals paid	41(b)	(53,285)	(57,082)
Capital repayment to non-controlling shareholders		-	(2,124,189)
Advance of loans from related parties	41(b)	2,599,208	-
Proceed from settlement of derivatives		834,884	172,973
Payment of settlement of derivatives		(216,427)	(176,785)
Loan from non-controlling interests	41(b)	108,713	153,815
Net cash flows generated from financing activities		<u>3,198,545</u>	<u>24,381,037</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		247,234	(7,232,932)
Cash and cash equivalents at beginning of year		34,235,347	42,105,731
Effect of foreign exchange rate changes, net		<u>(1,065,420)</u>	<u>(637,452)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>33,417,163</u>	<u>34,235,347</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	29	<u>33,417,163</u>	<u>34,235,347</u>
Cash and cash equivalents as stated in the statement of cash flows	29	<u>33,417,163</u>	<u>34,235,347</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION

Sinochem Hong Kong (Group) Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Room 4611, 46<sup>th</sup> Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

During the year, the Group was involved in the principal activity of city and property development, commercial leasing and retail operations, hotel operations and provision of property management, design and decoration services.

In the opinion of the directors, the Company's ultimate holding company is Sinochem Holdings Corporation Ltd. ("Sinochem Holdings"), and the Company's immediate holding company is Sinochem Corporation Co., Ltd. ("Sinochem Corporation"), both of which were established in the People's Republic of China ("the PRC").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of establishment and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Jinmao Holdings Group Limited	Hong Kong	HK\$13,505,971,218	38.38%	—	Property development and hotel management
Sinochem International Oil (Hong Kong) Company Limited	Hong Kong	HK\$20,000,000	100%	—	Investment holding
Sinochem Overseas Capital Company Limited	BVI	US\$1	100%	—	Financing vehicle for issuance of notes
Sinochem Offshore Capital Company Limited	BVI	US\$1	100%	—	Financing vehicle for issuance of notes
Sinochem Hong Kong Capital Management Co., Ltd.	Hong Kong	US\$1	100%	—	Internal capital management
Sinochem Investment (Singapore) Pte. LTD	Singapore	SGD 12,135,974 and US\$ 25,000,000	100%	—	Investment holding
Chongqing Xingqian Properties Development Co., Ltd.*	The PRC/Mainland	RMB2,884,540,000	—	28.02%	Property development
Nanjing Xingtuo Investment Co., Ltd.**	China	RMB3,000,000,000	—	30.70%	Land development
Beijing Xingmao Chemsunny Enterprise Management Co., Ltd.***	The PRC/Mainland	US\$102,400,000	—	38.38%	Property investment
China Jin Mao Group Co., Ltd.***	The PRC/Mainland	RMB2,635,000,000	—	38.38%	Hotel operation and property investment
Jin Mao Investment (Changsha) Co., Ltd.**	China	RMB3,000,000,000	—	30.70%	Land development
Changsha Jinmao City Construction Limited**	China	RMB2,962,500,000	—	38.38%	Land development
Jinmao Assets Management Limited Partnership	Cayman Islands/ Hong Kong	RMB23,343,018,000	—	38.38%	Investment holding
Jinmao Investment Management (Tianjin) Co., Ltd. **	The PRC/Mainland	—	—	38.38%	Investment management
Hangzhou Qinmao Property Development Co., Ltd.**	China	RMB4,000,000,000	—	23.03%	Property development
Wuhan Huazi Enterprise Management Consulting Co., Ltd.**	The PRC/Mainland	RMB6,520,000,000	—	38.38%	Investment holding
Beijing Fangxing Yicheng Property Co., Ltd.***	The PRC/Mainland	RMB6,000,000,000	—	38.38%	Property development
Qingdao Maochuang Technology Co., Ltd.***	China	US\$1,431,935,900	—	38.38%	Property development
Changshu Yumao Property Co., Ltd.**	China	RMB4,000,000,000	—	20.73%	Property development

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of establishment and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Xi'an Mingmao Property Co., Ltd.**	The PRC/Mainland China	RMB1,833,333,000	— 38.38%	Property development
Shanghai Taomao Property Co., Ltd.***	The PRC/Mainland China	RMB3,710,000,000	— 19.57%	Property development
Langfang Hongtai Industrial Town Investment Co., Ltd.**	The PRC/Mainland China	RMB150,000,000	— 34.58%	Investment holding
Nanjing Maocheng Real Estate Co., Ltd.**	The PRC/Mainland China	RMB4,800,000,000	— 9.60%	Property development
Suzhou Xinmao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB3,690,000,000	— 19.57%	Property development
Shanghai Zhenmao Real Estate Co., Ltd.*	The PRC/Mainland China	RMB4,000,000,000	— 19.57%	Property development
Wuhan Yumao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB800,000,000	— 38.38%	Property development
Shanghai Jinmao Investment Management Group Co., Ltd.*	The PRC/Mainland China	US\$10,000,000	— 38.38%	Investment management
Ningbo Yongmao Construction and Development Co., Ltd.**	The PRC/Mainland China	RMB1,500,000,000	— 30.70%	Property development
Tianjin Donghui Production and Innovation Co., Ltd.**	The PRC/Mainland China	RMB7,000,000,000	— 38.38%	Property development
Beijing Yunmao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB10,000,000	— 38.38%	Property development
Beijing Huimao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB10,000,000	— 38.38%	Property development
Jinhua Zhengmao Real Estate Development Co., Ltd.**	The PRC/Mainland China	RMB2,500,000,000	— 38.38%	Property development
Xi'an Chenmao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB1,140,000,000	— 38.38%	Property development
Chengdu Yuemao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB10,000,000	— 38.38%	Property development
Chengdu Junmao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB2,136,000,000	— 38.38%	Property development
Chengdu Zhimao Real Estate Co., Ltd.**	The PRC/Mainland China	RMB4,680,000,000	— 29.17%	Property development

\* Registered as Sino-foreign joint ventures under PRC law.

\*\* Registered as limited liability companies under PRC law.

\*\*\* Registered as wholly-foreign-owned entities under PRC law

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, certain financial assets and certain trade receivables which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial information relating to the year ended 31 December 2024 included in these consolidated financial statements are not the Company's statutory annual financial statements for the year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Company is a private company, the Company is not required to deliver its statutory financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on the financial statements for the year ended 31 December 2023. The auditor's report was unqualified; and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report. The Company's auditor has yet to report on the financial statements for the year ended 31 December 2024.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2.1 BASIS OF PREPARATION (continued)

Restatement of comparative financial statements

The management of the Group have restated the Group's consolidated financial statements for the year ended 31 December 2023 to amend the miscalculation of the Group's loss for the year attributable to owners of the parent and non-controlling interests in the consolidated statement of profit or loss for the year ended 31 December 2023. The effects of restatement on the comparative financial information are summarised as follows:

*Consolidated statement of profit or loss for the year ended 31 December 2023*

	As previously reported HK\$'000	Effect of restatement HK\$'000	As restated HK\$'000
(Loss)/profit for the year			
Attributable to:			
Owners of the parent	(11,987,217)	9,639,792	(2,347,425)
Non-controlling interests	7,176,853	(9,639,792)	(2,462,939)

*Consolidated statement of comprehensive income for the year ended 31 December 2023*

	As previously reported HK\$'000	Effect of restatement HK\$'000	As restated HK\$'000
Total comprehensive income/(loss) for the year			
Attributable to:			
Owners of the parent	(13,739,403)	9,639,792	(4,099,611)
Non-controlling interests	5,581,486	(9,639,792)	(4,058,306)

*Consolidated statement of financial position as at 31 December 2023*

	As previously reported HK\$'000	Effect of restatement HK\$'000	As restated HK\$'000
Equity attributable to owners of the parent			
Issued capital	24,468,400	-	24,468,400
Reserves	1,575,455	9,639,792	11,215,247
Total	26,043,855	9,639,792	35,683,647
Non-controlling interests	116,803,096	(9,639,792)	107,163,304



NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS accounting standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS accounting standards are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have a significant impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have a significant impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of the implementation of the amendments, the Group has provided additional disclosures about its supplier finance arrangements in notes 30 and 48 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following revised HKFRS accounting standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRS accounting standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRS accounting standards that are expected to be applicable to the Group is described below:

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

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS accounting standards. Earlier application is permitted. The Company is not eligible to elect to apply HKFRS 19, and some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

## NOTES TO FINANCIAL STATEMENTS

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## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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## 2.4 MATERIAL ACCOUNTING POLICIES

### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Fair value measurement

The Group measures its investment properties, certain trade receivables, certain financial assets, and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, properties under development, land under development, properties held for sale, deferred tax assets, financial assets, investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

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

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

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

or

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

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

## NOTES TO FINANCIAL STATEMENTS

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% to 9.5%
Buildings	2% to 5%
Leasehold improvements	9% to 50%
Furniture, fixtures and office equipment	20% to 33.3%
Motor vehicles	8.3% to 25%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.



## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

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

### Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### *Computer software*

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 1 to 10 years.

#### *Contractual right*

Contractual right is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated life of 12 years.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 70 years
Office properties, equipment and staff quarters	2 to 15 years

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

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Leases (continued)

#### *Group as a lessee* (continued)

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

### Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

### Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial asset (continued)

*Initial recognition and measurement* (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

*Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

*General approach* (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

*Simplified approach*

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

*Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

Offsetting of financial instruments

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



## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Derivative financial instruments and hedge accounting

#### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

*Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

*Hedges of a net investment*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

*Revenue from contracts with customers* (continued)

- (a) **Sale of completed properties**  
Revenue from the sale of completed properties is recognised at the point in time when control of the asset is transferred to the customer, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has obtained the right to payment and the collection of the consideration is probable;
- (b) **Land development**  
Revenue from land development is recognised at the point in time when control of the asset is transferred to the customers, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;
- (c) **Hotel operations**  
Hotel and other service income is recognised in the period in which such services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group;
- (d) **Property management services**  
Revenue from the rendering of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group. Value-added services provided to the customer is recognised over time, in the amount to which the Group has a right to invoice, when the customer simultaneously receives and consumes the benefits provided by the Group, otherwise, is recognised at the point in time when the services are rendered and accepted by the customer;
- (e) **Design, construction and decoration services**  
Revenue from the provision of design, construction and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the design, construction and decoration services.

*Revenue from other sources*

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

*Other income*

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as properties under development, land under development, inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Share-based payments (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### Other employee benefits

#### *Pension scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

#### *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 4.55% has been applied to the expenditure on the group level.

### Events after the reporting period

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, while the Company's functional currency is US dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the US dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into US dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US dollars at the weighted average exchange rates for the year.



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

*Classification between investment properties and properties held for sale*

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

*Consolidation of entities in which the Group holds less than a majority of voting rights*

The Group considers that it controls China Jinmao Holdings Group Limited ("China Jinmao") even though it owns less than 50% of the voting rights of China Jinmao as at 31 December 2024. This is because the Group is the single largest shareholder of China Jinmao with a 38.38% equity interest of China Jinmao as at 31 December 2024. The remaining 61.62% of the equity shares in China Jinmao are widely held by many other shareholders. There has been no history of the other shareholders collaborating to exercise their votes collectively to outvote the Group.

*Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of HK\$19,638,999,000 (2023: HK\$13,754,829,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by HK\$4,986,522,000 (2023: HK\$3,420,313,000). Further details on deferred taxes are disclosed in note 35 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

*Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was HK\$2,517,793,000 (2023: HK\$2,274,476,000). Further details are given in note 17.

*Fair value measurement of certain trade receivables at fair value through profit or loss*

Certain of the Group's trade receivables amounting to HK\$2,810,097,000 as at 31 December 2024 (2023: HK\$2,701,732,000) are classified as financial assets at fair value through profit or loss and measured at fair value, which was determined by management with the assistance of an independent qualified professional valuer. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant input thereof, mainly including estimated repayment periods. Further details are given in note 47 to the financial statements. Changes to these assumptions would result in changes in the fair values of these trade receivables and the corresponding adjustments to the amount of gain or loss reported in profit or loss.

*Provision for expected credit losses on trade receivables and contract assets*

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 23 and note 25 to the financial statements, respectively.

*Provision for expected credit losses on amounts due from joint ventures and associates*

The Group uses general approach to calculate ECLs on the amounts due from joint ventures and associates. For those associates and joint ventures undertaking property development projects, if applicable, the provision is measured at an amount equal to the lifetime ECL which would be calculated by taking into account the impairment losses of the properties under development and properties held for sale held by the associates and joint ventures. The ECLs reflect the current conditions and forecasts of future economic conditions, as appropriate. The assessment of the carrying value properties under development and properties held for sale held by the associates and joint ventures and ECLs is a significant estimate. Further details are disclosed in note 26 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

*Estimation of fair value of investment properties*

In the absence of current prices in an active market for similar 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;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2024 was HK\$40,487,970,000 (2023: HK\$42,346,972,000). Further details, including the key assumptions used for the fair value measurement, are given in note 15 to the financial statements.

*Measurement of properties under development*

The Group's properties under development is stated at the lower of cost and net realisable value. Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. An apportionment of these costs will be recognised in profit or loss upon recognition of the sale of properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of that phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years.

Based on the Group's recent experience and the nature of the subject project, the Group makes estimates of cost of properties under development, and its net realisable value, i.e., the revenue to be derived from the properties under development for sale, less costs to completion and the costs to be incurred in realising the revenue from the sale of properties under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of properties under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying amount and provision for properties under development in the period in which such estimate is changed will be adjusted accordingly. The carrying amount of properties under development at 31 December 2024 was HK\$118,197,075,000 (2023: HK\$144,261,706,000). Further details are given in note 12 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

*Measurement of land under development*

The Group's land under development is stated at the lower of cost and net realisable value. Cost of land under development during the construction stage, before the final settlement of the development cost, and other costs relating to the land under development are accrued by the Group based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying amount and provision for land under development in the period in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2024 was HK\$30,174,942,000 (2023: HK\$28,751,697,000). Further details are given in note 13 to the financial statements.

*Estimation of net realisable value of properties held for sale*

Properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of the reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amount of properties held for sale at 31 December 2024 was HK\$42,387,069,000 (2023: HK\$29,828,570,000). Further details are given in note 14 to the financial statements.

*Provision for impairment of properties held for sale*

Management reviews the market conditions of properties for sale held by the Group and associates and joint ventures at the end of each reporting period, and makes provision for impairment of properties for sale identified that the net realisable value is lower than cost. Management estimates the net realisable value for properties for sale based primarily on the latest selling prices and current market conditions. If the condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected. Further details are given in notes 12 and 14 to the financial statements.

*PRC corporate income tax*

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable at 31 December 2024 was HK\$3,437,483,000 (2023: HK\$2,320,619,000).

*PRC land appreciation tax ("LAT")*

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2024 was HK\$1,645,742,000 (2023: HK\$2,133,692,000). Further details are given in note 34 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group organises its business activities into two operating segments: real estate and others. The real estate operating segment's business activities mainly include city and property development; commercial leasing and retail operations; hotel operations and provision of property management, and design and decoration services. The others segment's business activities are mainly investment holding and intra-group treasury.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings (other than lease liabilities), an amount due to the ultimate holding company, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 4. OPERATING SEGMENT INFORMATION (continued)

	Real estate		Others		Total	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Revenue from external customers	64,769,279	80,433,174	4,826,632	2,094,202	69,595,911	82,527,376
Intersegment revenue	-	-	1,234,736	962,367	1,234,736	962,367
Total segment revenue	64,769,279	80,433,174	6,061,368	3,056,569	70,830,647	83,489,743
Reconciliation:						
Elimination of intersegment sales					(1,234,736)	(962,367)
Total revenue					69,595,911	82,527,376
Segment results	6,254,979	(2,154,767)	814,121	840,869	7,069,100	(1,313,898)
Reconciliation:						
Elimination of intersegment results					(1,605,802)	(1,640,087)
Interest income (note 6)					1,173,912	2,116,915
Other investment income (note 6)					218,542	268,300
Corporate and other unallocated expenses					4,699,207	2,585,977
Finance costs (other than interest on lease liabilities)					(5,198,822)	(4,452,827)
Profit/(loss) before tax					6,356,137	(2,435,620)
Segment assets	441,961,575	449,256,037	35,846,534	32,908,352	477,808,109	482,164,389
Reconciliation:						
Elimination of intersegment assets					(62,337,413)	(58,535,012)
Corporate and other unallocated assets					142,827,028	138,846,313
Total assets					558,297,724	562,475,690
Segment liabilities	325,030,039	328,050,780	35,740,356	32,343,135	360,770,395	360,393,915
Reconciliation:						
Elimination of intersegment liabilities					(37,200,202)	(46,114,682)
Corporate and other unallocated liabilities					108,742,132	105,349,506
Total liabilities					432,312,325	419,628,739
Other segment information:						
Share of profits/(losses) of joint ventures	1,084,091	(1,167,748)	-	-	1,084,091	(1,167,748)
Share of profits of associates	349,635	146,349	-	-	349,635	146,349
Depreciation and amortisation	830,243	1,042,072	(3,213)	81,554	827,030	1,123,626
Loss/(gain) on disposal of items of property, plant and equipment	(3,668)	(3,325)	(14,716)	(1,594)	(18,384)	(4,919)
Impairment losses recognised in the statement of profit or loss, net	1,605,549	5,394,724	-	-	1,605,549	5,394,724
Fair value gains/(losses) on investment properties	(369,602)	(262,690)	(63,915)	(11,329)	(433,517)	(274,019)
Investments in joint ventures	32,920,742	29,128,384	-	-	32,920,742	29,128,384
Investments in associates	25,096,781	24,820,532	-	-	25,096,781	24,820,532
Capital expenditure*	921,500	1,147,723	270,235	160,600	1,191,735	1,308,323

\* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisitions of subsidiaries.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

The Group principally operates in the PRC and its major operating assets are located in the PRC. The following table sets out information about the geographical locations of the Group's revenue from external customers. The geographical locations of customers are based on the locations at which the services were provided or the goods were delivered.

## a) Revenue from external customers:

	2024 HK\$'000	2023 HK\$'000
Mainland China	64,769,279	80,433,174
Hong Kong and other countries/regions	<u>4,826,632</u>	<u>2,094,202</u>
Total revenue	<u>69,595,911</u>	<u>82,527,376</u>

## b) Non-current assets:

	2024 HK\$'000	2023 HK\$'000
Mainland China	224,001,970	232,804,572
Hong Kong and other countries/regions	<u>23,999,496</u>	<u>29,724,654</u>
Total non-current assets	<u>248,001,466</u>	<u>262,529,226</u>

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue (2023: Nil).

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 5. REVENUE

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers</i>	62,984,967	78,496,816
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	9,593	17,902
Other lease payments, including fixed payments	1,803,251	1,931,954
Others	4,798,100	2,080,704
Subtotal	6,610,944	4,030,560
Total	69,595,911	82,527,376

Revenue from contracts with customers

## a) Disaggregated revenue information

Segments	Real estate		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<b>Types of goods or services</b>				
Sale of completed properties	53,468,478	69,633,924	53,468,478	69,633,924
Land development	486,919	92,237	486,919	92,237
Hotel operations	1,863,045	2,311,154	1,863,045	2,311,154
Property management	2,791,833	2,376,306	2,791,833	2,376,306
Others	4,374,692	4,083,195	4,374,692	4,083,195
Total	62,984,967	78,496,816	62,984,967	78,496,816
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	53,992,189	69,997,175	53,992,189	69,997,175
Services transferred over time	8,992,778	8,499,641	8,992,778	8,499,641
Total	62,984,967	78,496,816	62,984,967	78,496,816

All revenues from contracts with customers are generated in Mainland China.



31 December 2024

5. REVENUE (continued)

Revenue from contracts with customers (continued)

a) Disaggregated revenue information (continued)

The amount of remaining performance obligation of pre-completion sales contracts for properties under development is approximately the same as the balance of contract liabilities associated to sales of properties as of 31 December 2024 and 31 December 2023. The Group will recognise the expected revenue in future in relation to the properties under development when the properties are delivered to the customers, which is expected to occur over the next 36 months (2023: the next 36 months).

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales that had an original expected duration of one year or less or are billed based on performance completed.

b) Performance obligations

Information about the Group's performance obligations is summarised below:

*Sale of completed properties*

The performance obligation is satisfied upon delivery of the completed properties.

*Land development*

The performance obligation is satisfied when control of the asset is transferred to the customers.

*Hotel operations*

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the services.

*Property management services*

For property management services, the performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. The Group recognises property management services revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. For value-added services, the Group agrees the price and the performance obligation for each service with customers upfront and issues monthly or quarterly bills to customers which vary based on the actual level of service completed. When the performance obligation related to the value-added services, e.g., sales assistance services and construction consultancy services, is satisfied over time as services are rendered, the related revenue is recognised over time in the amount to which the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group. When the performance obligation related to the value-added services, e.g. real estate agency services and preliminary planning and design consultancy services, is satisfied at the time when the services are accepted by the customers, the related revenue is recognised at the point in time when the services are rendered and accepted by the customers.

*Design, construction and decoration services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 60 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 6. OTHER INCOME, GAINS AND LOSSES, NET

	Notes	2024 HK\$'000	2023 HK\$'000
<u>Other income</u>			
Interest income		1,173,912	2,116,915
Other investment income		218,542	268,300
Government grants		519,580	245,253
Default penalty income		51,349	55,416
Sundry income		4,188	194,782
Total other income		1,967,571	2,880,666
<u>Gains and losses, net</u>			
Gain on disposal of property, plant and equipment		18,384	4,919
Gain on disposal of subsidiaries	40	2,296,800	1,504,955
Gain on disposal of investment in joint ventures and associates		30,479	257
(Loss)/gain on disposal of other financial assets		(86)	15,324
Gain on bargain purchase	39	2,879	1,359
Impairment of properties under development, net		(1,184,532)	(3,493,265)
Impairment of properties held for sale, net		(193,564)	(1,386,277)
Impairment in land under development, net		(149,230)	-
Impairment of amounts due from related parties, net		-	(502,090)
Impairment of property, plant and equipment, net		(56,170)	-
Foreign exchange differences, net		(21,416)	(186,832)
Fair value loss on other financial assets		(57,632)	(144,077)
Fair value changes of investment properties	15	(433,517)	(274,019)
Fair value loss on other derivative financial instruments		(998,519)	(395,372)
Fair value gains on transfers from properties held for sale to investment properties		1,531	-
Change in fair value of trade receivables at fair value through profit or loss		103,183	107,034
Gain on the equity interest previously held as investments in joint venture		164,359	351,114
Loss on de-registration of subsidiaries		-	(303)
Others		129,206	82,506
Total gains and losses, net		(347,845)	(4,314,767)
Total other income, gains and losses, net		1,619,726	(1,434,101)

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2024 HK\$'000	2023 HK\$'000
Cost of properties sold		47,981,688	63,712,883
Cost of land development		246,221	16,556
Cost of services provided		7,111,993	6,686,017
Depreciation of property, plant and equipment	11	641,832	680,444
Depreciation of right-of-use assets	16(c)	138,474	203,622
Amortisation of intangible assets	18	46,724	239,560
Lease payments not included in the measurement of lease liabilities		85,038	129,201
Auditors' remuneration		11,534	13,367
Direct operating expenses arising from investment properties that generated rental income		347,454	328,393
Employee benefit expense:			
Wages and salaries		2,602,570	3,276,869
Equity-settled share-based payment credit		-	(1,877)
Contributions to retirement benefit schemes		233,303	242,719
Impairment losses on receivables:			
Trade receivables		22,053	13,046
Amounts due from related parties		-	502,090

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on interest bearing borrowings and others	9,913,874	10,097,370
Interest on lease liabilities	54,118	57,082
Less: interest expense capitalised	<u>(4,769,170)</u>	<u>(5,701,625)</u>
Total	<u>5,198,822</u>	<u>4,452,827</u>

## 9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	<u>1,840</u>	<u>1,840</u>
Other emoluments:		
Salaries, allowances and benefits in kind	10,846	12,429
Bonuses*	3,243	-
Equity-settled share option expense	-	239
Pension scheme contributions	<u>1,336</u>	<u>1,179</u>
Subtotal	<u>15,425</u>	<u>13,847</u>
Total fees and other emoluments	<u>17,265</u>	<u>15,687</u>

- \* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

## NOTES TO FINANCIAL STATEMENTS

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## 10. INCOME TAX

	2024 HK\$'000	2023 HK\$'000
Hong Kong profits tax:		
Current tax	193,812	98,835
PRC tax:		
Enterprise income tax ("EIT")	2,059,907	2,040,929
Land appreciation tax ("LAT")	370,633	53,293
Under-provision in prior years	115,369	24,193
	<u>2,545,909</u>	<u>2,118,415</u>
Other jurisdictions:		
Current tax	(1,324)	3,213
Deferred tax (note 35)	<u>(90,970)</u>	<u>154,281</u>
Total tax charge for the year	<u>2,647,427</u>	<u>2,374,744</u>

Except for certain Hong Kong subsidiaries which subject to a preferential income tax rate of 8.25%, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2023: 16.5%).

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for both years. Certain subsidiaries of the Group are qualified as high-tech enterprises in Chinese Mainland, or operated/located in western cities, and the relevant tax authorities have granted the subsidiaries a preferential corporate income tax rate of 15%.

Pursuant to the income tax rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to income tax in Bermuda and the BVI.

According to the requirements of the Provisional Regulations of the PRC on LAT (中华人民共和国土地增值税暂行条例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中华人民共和国土地增值税暂行条例实施细则) effective from 27 January 1995, all gains arising from a transfer of real estate property in Chinese Mainland effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including borrowing costs and all property development expenditure.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 10. INCOME TAX (continued)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax charge for the year is as follows:

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before tax	6,356,137	(2,435,620)
Tax at the statutory income tax rate	1,572,932	(608,905)
Lower tax rates for specific provinces or local authority	(314,220)	-
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	4,271	158,394
Adjustments in respect of current tax of previous periods	106,396	24,193
Profits and losses attributable to joint ventures and associates	(373,368)	255,350
Income not subject to tax	(374,386)	(313,841)
Expenses not deductible for tax	708,780	1,997,338
Tax losses utilised from previous periods	(408,423)	(964,592)
Tax effect of tax losses and deductible temporary difference not recognised	1,447,615	1,786,837
LAT (note 34)	370,633	53,293
Tax effect of LAT	(92,659)	(13,323)
Others	(144)	-
Tax charge for the year	<u>2,647,427</u>	<u>2,374,744</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 11. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK\$'000	Leasehold improvements HK\$'000	Buildings HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024							
At 1 January 2024:							
Cost	8,834,017	136,084	3,340,205	3,405,326	82,117	4,251,030	20,048,779
Accumulated depreciation and impairment	(2,844,964)	(80,678)	(1,143,817)	(1,918,766)	(72,597)	-	(6,060,822)
Net carrying amount	5,989,053	55,406	2,196,388	1,486,560	9,520	4,251,030	13,987,957
At 1 January 2024, net of accumulated depreciation and impairment	5,989,053	55,406	2,196,388	1,486,560	9,520	4,251,030	13,987,957
Additions	92,246	4,963	4,841	69,726	1,862	586,138	759,776
Disposals	(2,611)	(39)	(61,907)	(14,646)	(1,077)	(23,851)	(104,131)
Depreciation provided during the year	(129,880)	(52,219)	(265,310)	(190,992)	(3,431)	-	(641,832)
Acquisition of subsidiaries (note 39)	-	3	38,282	1,673	160	-	40,118
Disposal of subsidiaries	(328,105)	-	-	(8,017)	(317)	-	(336,439)
Impairment	(864)	-	(55,306)	-	-	-	(56,170)
Transfer from properties under development	-	-	1,327,477	-	-	-	1,327,477
Transfer from investment properties	-	-	15,660	-	-	-	15,660
Transfers	6,094	3,680	139,563	128,339	-	(287,418)	(9,742)
Exchange realignment	(121,002)	(338)	(35,770)	(28,816)	(153)	(90,862)	(276,941)
At 31 December 2024, net of accumulated depreciation and impairment	5,504,931	11,456	3,303,918	1,443,827	6,564	4,435,037	14,705,733
At 31 December 2024:							
Cost	8,154,811	141,792	4,621,905	3,336,173	62,037	4,435,037	20,751,755
Accumulated depreciation and impairment	(2,649,880)	(130,336)	(1,317,987)	(1,892,346)	(55,473)	-	(6,046,022)
Net carrying amount	5,504,931	11,456	3,303,918	1,443,827	6,564	4,435,037	14,705,733

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Hotel properties HK\$'000	Leasehold improve- ments HK\$'000	Buildings HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2023							
At 1 January 2023:							
Cost	10,356,982	76,541	3,169,349	3,538,717	96,993	3,718,425	20,957,007
Accumulated depreciation and impairment	(3,031,022)	(49,664)	(839,252)	(1,906,687)	(87,156)	-	(5,913,781)
Net carrying amount	<u>7,325,960</u>	<u>26,877</u>	<u>2,330,097</u>	<u>1,632,030</u>	<u>9,837</u>	<u>3,718,425</u>	<u>15,043,226</u>
At 1 January 2023, net of accumulated depreciation and impairment	7,325,960	26,877	2,330,097	1,632,030	9,837	3,718,425	15,043,226
Additions	78,355	51,113	288	88,588	6,247	693,760	918,351
Acquisition of subsidiaries	-	-	-	1,112	292	-	1,404
Disposal of a subsidiary (note 40)	(1,033,006)	-	-	(41,188)	(56)	(361)	(1,074,611)
Other disposals	(2,424)	(3)	(3,673)	(4,921)	(2,138)	(3,174)	(16,333)
Depreciation provided during the year	(297,121)	(31,924)	(102,238)	(244,627)	(4,534)	-	(680,444)
Transfers	13,080	9,886	-	77,913	-	(100,879)	-
Transfer from investment properties	-	-	126,312	-	-	-	126,312
Transfer to investment properties	-	-	(464,327)	-	-	-	(464,327)
Gains on property revaluation in relation to the transfers to investment properties	-	-	332,572	-	-	-	332,572
Exchange realignment	(95,791)	(543)	(22,643)	(22,347)	(128)	(56,741)	(198,193)
At 31 December 2023, net of accumulated depreciation and impairment	<u>5,989,053</u>	<u>55,406</u>	<u>2,196,388</u>	<u>1,486,560</u>	<u>9,520</u>	<u>4,251,030</u>	<u>13,987,957</u>
At 31 December 2023:							
Cost	8,834,017	136,084	3,340,205	3,405,326	82,117	4,251,030	20,048,779
Accumulated depreciation and impairment	(2,844,964)	(80,678)	(1,143,817)	(1,918,766)	(72,597)	-	(6,060,822)
Net carrying amount	<u>5,989,053</u>	<u>55,406</u>	<u>2,196,388</u>	<u>1,486,560</u>	<u>9,520</u>	<u>4,251,030</u>	<u>13,987,957</u>

At 31 December 2024, certain of the Group's hotel properties and buildings with a net carrying amount of approximately HK\$5,598,185,000 (2023: HK\$6,038,975,000) were pledged to secure general banking facilities granted to the Group (note 33).



## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 12. PROPERTIES UNDER DEVELOPMENT

The Group's properties under development are situated in Mainland China.

At 31 December 2024, certain of the Group's properties included in properties under development with a net carrying amount of approximately HK\$52,797,956,000 (2023: HK\$60,477,224,000) were pledged to secure bank and other borrowings granted to the Group (note 33).

## 13. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects (the "Projects") in Mainland China. Though the Group does not have the ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

## 14. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated in Mainland China.

At 31 December 2024, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately HK\$8,159,909,000 (2023: HK\$563,628,000) were pledged to secure bank and other borrowings granted to the Group (note 33).

## 15. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	42,346,972	42,484,995
Additions	40,171	113,129
Fair value changes recognised in profit or loss	(433,517)	(274,019)
Transfer from property, plant and equipment (note 11)	-	464,327
Transfer to property, plant and equipment (note 11)	(15,660)	(126,312)
Transfer from properties held for sale	583,153	505,519
Disposal of subsidiaries (note 40)	(1,084,233)	(137,337)
Disposals	(170,052)	(33,215)
Transfer to right-of-use assets (note 16)	(81,276)	(66,673)
Transfer from right-of-use assets (note 16)	186,029	20,172
Acquisition of subsidiaries (note 39)	15,262	-
Exchange adjustments	(898,879)	(603,614)
Carrying amount at 31 December	<u>40,487,970</u>	<u>42,346,972</u>

The Group's investment properties consist of commercial properties and right-of-use assets in Mainland China, Hong Kong and Singapore. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by Cushman & Wakefield Limited, Shanghai Cairui Real Estate Land Appraisal Co., Ltd., Beijing Zhongtianhua Asset Appraisal Co., Ltd, Beijing Renda Real Estate Land Asset Appraisal Co., Ltd and Beijing Zhuoxindahua Appraisal Co., Ltd., independent professionally qualified valuers. Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 15. INVESTMENT PROPERTIES (continued)

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

At 31 December 2024, certain of the Group's investment properties with a carrying value of HK\$29,377,690,000 (2023: HK\$24,236,187,000) were pledged to secure bank and other borrowings granted to the Group (note 33).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	<u>Fair value measurement as at 31 December 2024 using</u>			
	Quoted prices in	Significant	Significant	Total
	active markets	observable	unobservable	
	(Level 1)	inputs (Level 2)	inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement for:				
Commercial properties	-	404,410	40,083,560	40,487,970

	<u>Fair value measurement as at 31 December 2023 using</u>			
	Quoted prices in	Significant	Significant	Total
	active markets	observable	unobservable	
	(Level 1)	inputs (Level 2)	inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement for:				
Commercial properties	-	482,655	41,864,317	42,346,972

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK\$'000
Carrying amount at 1 January 2023	42,002,794
Additions (from acquisition)	113,129
Fair value changes recognised in profit or loss	(274,473)
Transfer from property, plant and equipment (note 11)	464,327
Transfer to property, plant and equipment (note 11)	(126,312)
Transfer from properties held for sale	505,519
Disposal of subsidiaries (note 40)	(137,337)
Transfer to right-of-use assets (note 16)	(66,673)
Transfer from right-of-use assets (note 16)	20,172
Exchange adjustments	(636,829)
Carrying amount at 31 December 2023 and 1 January 2024	41,864,317

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

	Commercial properties HK\$'000
Carrying amount at 31 December 2023 and 1 January 2024	41,864,317
Additions (from acquisition)	40,171
Fair value changes recognised in profit or loss	(355,272)
Transfer to property, plant and equipment (note 11)	(15,660)
Transfer from properties held for sale	583,153
Disposal of subsidiaries (note 40)	(1,084,233)
Transfer to right-of-use assets (note 16)	(81,276)
Transfer from right-of-use assets (note 16)	186,029
Exchange adjustments	(1,053,669)
Carrying amount at 31 December 2024	40,083,560

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2024	2023
Commercial properties	Term and reversion method	Term yield	2.00% to	2.00% to
			5.50%	6.00%
		Reversionary yield	2.00% to	2.00% to
			6.00%	6.50%
	Discounted cash flow method	Market rent (per square metre ( “sqm” )/lot per annum ( “p.a.” ))	HK\$369 to	HK\$344 to
			HK\$20,400	HK\$20,400
		Estimated rental value (per sq.m. and per month)	HK\$687 to	HK\$695 to
			HK\$1,910	HK\$2,222
		Rent growth (p.a.)	0.00% to	0.00% to
			9.67%	9.67%
		Long term vacancy rate	0.00% to	0.00% to
			20.00%	20.00%
		Discount rate	4.00% to	4.00% to
	7.00%	6.08%		
Market comparable method	Price per sqm	HK\$3,561 to	HK\$6,142 to	
		HK\$34,165	HK\$34,000	

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

## NOTES TO FINANCIAL STATEMENTS

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## 15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

## 16. LEASES

**The Group as a lessee**

The Group has lease contracts mainly for properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties, equipment and staff quarters generally have lease terms between 2 and 15 years.

## (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK\$'000	Office properties and staff quarters HK\$'000	Total HK\$'000
As at 1 January 2024	1,225,190	419,800	1,644,990
Additions	1,744	133,111	134,855
Acquisition of subsidiaries	-	18,050	18,050
Depreciation charge	(41,681)	(96,793)	(138,474)
Transferred from investment properties	-	81,276	81,276
Transferred to investment properties	-	(186,029)	(186,029)
Termination	-	(31,856)	(31,856)
Disposal of subsidiary	(108,284)	(3,017)	(111,301)
Exchange adjustments	(25,225)	(7,471)	(32,696)
As at 31 December 2024	1,051,744	327,071	1,378,815

At 31 December 2024, certain of the Group's right-of-use assets with an aggregate net carrying amount of approximately HK\$238,373,000 (2023: HK\$360,285,000) were pledged to secure bank and other borrowing granted to the Group (note 33).

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 16. LEASES (continued)

## (b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	1,229,640	1,260,558
New leases	150,270	138,387
Additions as a result of acquisition of subsidiaries (note 39)	18,050	1,726
Accretion of interest recognised during the year (note 8)	54,118	57,082
Payments	(167,408)	(209,817)
Disposal of subsidiaries	(2,566)	-
Termination	(39,573)	-
Exchange adjustments	(33,360)	(18,296)
Carrying amount at 31 December	<u>1,209,171</u>	<u>1,229,640</u>
Analysed into:		
Current portion	234,143	214,267
Non-current portion	<u>975,028</u>	<u>1,015,373</u>

The maturity analysis of lease liabilities is disclosed in note 48 to the financial statements.

## (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	54,118	57,082
Depreciation charge of right-of-use assets	138,474	203,622
Expense relating to short-term leases (included in cost of sales) and leases of low-value assets (included in administrative expenses)	83,729	129,201
Exchange adjustments	<u>(2,230)</u>	<u>-</u>
Total amount recognised in profit or loss	<u>274,091</u>	<u>389,905</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 16. LEASES (continued)

- (d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 41(c) and 44(b), respectively, to the financial statements.

**The Group as a lessor**

The Group leases its investment properties (note 15) consisting of commercial properties and right-of-use assets in Mainland China, Hong Kong and Singapore under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$1,812,844,000 (2023: HK\$1,949,856,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	892,352	1,530,639
After one year but within two years	910,989	1,246,078
After two years but within three years	340,622	449,718
After three years but within four years	274,283	291,087
After four years but within five years	176,073	237,814
After five years	<u>781,769</u>	<u>384,295</u>
Total	<u>3,376,089</u>	<u>4,139,631</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 17. GOODWILL

	HK\$'000
Cost at 1 January 2023	2,278,438
Exchange adjustments	<u>(3,962)</u>
At 31 December 2023	<u>2,274,476</u>
Cost at 1 January 2024, net of accumulated impairment	2,274,476
Acquisition of a subsidiary (note 39)	249,192
Exchange adjustments	<u>(5,875)</u>
Cost and net carrying amount at 31 December 2024	<u>2,517,793</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the real estate cash-generating unit (the "CGU") for impairment testing. The recoverable amounts of the real estate CGU have been determined on the basis of value in use calculations by estimating the future cash flows expected from the real estate CGU. The key assumptions for the value in use calculations are those regarding the discount rate and revenue growth rate used in the cash flow forecasts. Cash flow forecasts are based on past practices and expectations of future changes in the market.

Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific relating to the real estate CGU.

At the end of the reporting period, the recoverable amount of the real estate CGU was determined based on a value in use calculation using cash flow projections based on financial budget covering a five-year period. The pre-tax discount rate applied to the cash flow projection was 12.0% (2023: 12.0%). Cashflows were extrapolated using a steady growth rate of 2.0% (2023: 1.0%) beyond the five-year period.

The value in use calculated by using the discount rate is higher than the carrying amount of the real estate CGU, and therefore, there is no impairment of goodwill attributable to the real estate CGU.

## NOTES TO FINANCIAL STATEMENTS

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## 18. INTANGIBLE ASSETS

Computer software and  
others  
HK\$'000**31 December 2024**

Cost at 1 January 2024, net of accumulated	420,625
Additions	67,945
Disposal/Deemed disposal of subsidiaries	(253)
Acquisition of subsidiaries	13
Disposals	(165)
Amortisation provided during the year	(46,724)
Exchange realignment	(8,272)
At 31 December 2024	<u>433,169</u>
At 31 December 2024:	
Cost	757,029
Accumulated amortisation	<u>(323,860)</u>
Net carrying amount	<u>433,169</u>

**31 December 2023**

At 1 January 2023:	
Cost	671,285
Accumulated amortisation	<u>(125,661)</u>
Net carrying amount	<u>545,624</u>
Cost at 1 January 2023, net of accumulated	545,624
Additions	122,594
Amortisation provided during the year	(239,560)
Disposal of subsidiaries	(182)
Other disposals	(887)
Exchange adjustments	<u>(6,964)</u>
At 31 December 2023	<u>420,625</u>
At 31 December 2023 and at 1 January 2024:	
Cost	717,022
Accumulated amortisation	<u>(296,397)</u>
Net carrying amount	<u>420,625</u>



## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 19. INVESTMENTS IN JOINT VENTURES

	2024 HK\$'000	2023 HK\$'000
Share of net assets	30,817,578	25,942,373
Other investments in joint ventures	<u>2,103,164</u>	<u>3,186,011</u>
Total investments in joint ventures	<u>32,920,742</u>	<u>29,128,384</u>

Other investments in joint ventures represented the investments in perpetual capital instruments issued by joint ventures. In the opinion of the directors, these perpetual capital instruments are considered as part of the Group's investments in joint ventures.

The amounts due from and to joint ventures are disclosed in note 26 to the financial statements

All of the Group's investments in joint ventures are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of certain joint ventures because the share of loss of the joint ventures exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of joint ventures for the current year and cumulatively were HK\$1,949,000 (2023: HK\$221,713,000) and HK\$1,577,923,000 (2023: HK\$1,596,234,000), respectively.

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2024 HK\$'000	2023 HK\$'000
Share of the jointly-controlled entities' profit/(loss) for the year	1,084,091	(1,167,748)
Share of the joint ventures' total comprehensive income/(loss) for the year	1,084,091	(1,167,748)
Aggregate carrying amount of the Group's investments in the joint ventures	<u>32,920,742</u>	<u>29,128,384</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 20. INVESTMENTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Share of net assets	24,111,968	23,752,966
Other investments in associates	<u>984,813</u>	<u>1,067,566</u>
Total investments in associates	<u>25,096,781</u>	<u>24,820,532</u>

Other investments in associates represented the investments in perpetual capital instruments issued by associates. In the opinion of the directors, these perpetual capital instruments are considered as part of the Group's investments in the associates.

The amounts due from and to associates are disclosed in note 26 to the financial statements. The Group has discontinued the recognition of its share of loss of certain associates because the share of loss of the associates exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate for the current year and cumulatively were HK\$145,946,000 (2023: HK\$92,188,000) and HK\$1,621,505,000 (2023: HK\$1,494,528,000), respectively.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 HK\$'000	2023 HK\$'000
Share of the associates' profit for the year	349,635	146,349
Share of the associates' total comprehensive income for the year	349,635	146,349
Aggregate carrying amount of the Group's investments in the associates	<u>25,096,781</u>	<u>24,820,532</u>

At 31 December 2024, the Group's investment in an associate with an aggregate net carrying amount of approximately HK\$169,366,000 (2023: HK\$178,013,000) was pledged to secure bank and other borrowings granted to the Group (note 33).

## NOTES TO FINANCIAL STATEMENTS

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## 21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$'000	2023 HK\$'000
Listed equity investments, at fair value		
Sino-Ocean Group Holding Limited	-	27,036
China Resources Pharmaceutical Group Limited	245,295	221,924
Subtotal	<u>245,295</u>	<u>248,960</u>
Unlisted equity investments, at fair value		
China National Bluestar (Group) Company Limited	1,027,351	1,057,716
Subtotal	<u>1,027,351</u>	<u>1,057,716</u>
Total	<u>1,272,646</u>	<u>1,306,676</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

In October 2024, the Group sold its equity interest in Sino-Ocean Group Holding Limited as this investment no longer coincided with the Group's investment strategy. The fair value on the date of sale was HK\$20,463,000 and the accumulated loss recognized in other comprehensive income of HK\$24,631,000 was transferred to retained earnings. During the year ended 31 December 2024, the Company received dividends in the amount of HK\$11,206,000 from China Resources Pharmaceutical Group Limited (2023: HK\$6,913,000).

## 22. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials	616,934	731,344
Consumables	12,084	14,474
Finished goods	<u>3,320</u>	<u>3,462</u>
Total	<u>632,338</u>	<u>749,280</u>

## NOTES TO FINANCIAL STATEMENTS

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## 23. TRADE AND BILLS RECEIVABLES

## Trade and bills receivables

	2024 HK\$'000	2023 HK\$'000
-At amortised cost		
Trade receivables	2,444,620	2,219,002
Impairment	(73,002)	(52,409)
Total	2,371,618	2,166,593
-At fair value through profit or loss		
Trade receivables	2,810,097	2,701,732
Carrying amount at 31 December	5,181,715	4,868,325
Current portion	2,299,048	2,166,593
Non-current portion	2,882,667	2,701,732

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to six months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Groups trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

At 31 December 2024, certain of the Group's trade and bills receivables measured at amortised cost with a net carrying amount of approximately HK\$2,653,000 (2023: HK\$11,475,000) were pledged to secure bank and other borrowings granted to the Group (note 33).

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	218,302	233,357
1 to 3 months	486,705	516,320
3 to 6 months	371,278	231,472
6 months to 1 year	618,227	759,763
Over 1 year	677,106	425,681
Total	2,371,618	2,166,593

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 23. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	52,409	39,449
Impairment losses, net (note 6)	20,593	12,960
At end of year	73,002	52,409

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.06%	0.09%	0.93%	14.46%	2.99%
Gross carrying amount (HK\$'000)	1,785,221	149,620	14,143	495,611	2,444,620
Expected credit losses (HK\$'000)	1,070	135	131	71,666	73,002

As at 31 December 2023

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.09%	2.15%	-	22.38%	2.36%
Gross carrying amount (HK\$'000)	1,976,920	17,275	-	224,807	2,219,002
Expected credit losses (HK\$'000)	1,715	371	-	50,323	52,409

#### Trade receivables at fair value through profit or loss

Trade receivables at fair value through profit or loss represents the income arising from land development for which the transaction price is determined on a cost-plus basis. The Group entered into service agreements with the relevant local government authorities, according to which the Group provides construction services and is entitled to service consideration on a cost-plus basis. Based on the terms of the agreements, the relevant local government authorities have the right to defer payment under certain circumstances and the cash flows of the receivables could not pass the solely payments of principal and interest testing, thus, these were classified as fair value through profit or loss.

Included in the trade receivables at fair value through profit or loss from land development was an amount of HK\$2,293,967,000 (2023: HK\$2,050,813,000) which was bearing interest ranging from 4.68% to 10% (2023: 5.46% to 10%) per annum.

Details of fair value information of trade receivables - at fair value through profit or loss are set out in note 47.

## NOTES TO FINANCIAL STATEMENTS

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## 24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 HK\$'000	2023 HK\$'000
Prepayments	9,488,744	10,150,943
Deposits	6,232,935	1,733,899
Other receivables	9,251,148	10,465,615
Amounts due from non-controlling shareholders	21,141,508	17,825,420
Impairment allowance	(10,044)	(10,128)
Total	<u>46,104,291</u>	<u>40,165,749</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

The current balances of amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the principal amounts of HK\$8,647,967,000, in aggregate, which bear interest at rates from 1.83% to 6.00% per annum (2023: HK\$7,609,879,000, in aggregate, which bear interest at rates from 1.78% to 6.00% per annum).

## 25. CONTRACT ASSETS

	31 December 2024 HK\$'000	31 December 2023 HK\$'000	1 January 2023 HK\$'000
Contract assets arising from design, construction and decoration services and sale of properties	<u>1,448,652</u>	<u>466,945</u>	<u>476,017</u>

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	<u>1,448,652</u>	<u>466,945</u>

Contract assets are initially recognised from the design, construction and decoration services and sale of properties as the receipt of consideration is conditional on successful completion of contract requirements. Upon completion of contract requirements and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The change in contract assets in 2024 and 2023 was the result of the ongoing provision of design, construction and decoration services and sale of properties at the end of each of the years.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In determining the recoverability of contract assets, management has closely monitored the credit qualities and the collectability of the assets and considers that the expected credit risks of them are not significant in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. Accordingly, the provision of contract assets was insignificant at the end of the reporting period.

## NOTES TO FINANCIAL STATEMENTS

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## 26. BALANCES WITH RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	Notes	2024	2023
Current:			
Ultimate parent		-	309
Intermediate parent		302	-
Associates of the Group's ultimate holding company		513	237
Immediate holding company		203	253
Fellow subsidiaries	(iv)	91,228,475	82,049,389
Joint ventures	(i)	19,377,251	17,717,756
Associates	(ii)	7,502,796	10,970,808
Substantial shareholders of China Jinmao	(iii)	2,484,873	1,957,426
Subtotal		<u>120,594,413</u>	<u>112,696,178</u>
Less: impairments allowance		<u>(3,616,694)</u>	<u>(3,695,687)</u>
Total		<u>116,977,719</u>	<u>109,000,491</u>
Non-current:			
Joint ventures	(i)	1,439,810	1,352,650
Associates	(ii)	1,904,163	294,507
Substantial shareholders of China Jinmao	(iii)	288,212	866,720
Immediate holding company		20,865,648	21,009,864
Fellow subsidiaries		-	5,496,470
Total		<u>24,497,833</u>	<u>29,020,211</u>

The amounts due from related parties are unsecured, interest-free and are repayable on demand, except for the following interest-bearing balances:

(i) The current balances of amounts due from joint ventures as at 31 December 2024 included the amounts of HK\$11,240,930,000 which bear interest at rates ranging from 3.92% to 9.00% per annum (2023: HK\$8,193,948,000 which bear interest at rates ranging from 3.92% to 9.50% per annum).

The non-current balances of amounts due from joint ventures as at 31 December 2024 included the amounts of HK\$328,744,000 which bear interest at rate of 6.00% per annum (2023: HK\$55,175,000 which bear interest at rate of 7.00% per annum).

(ii) The current balance of receivables from the associates as at 31 December 2024 amounted to HK\$2,279,754,000 at the interest rates ranging from 5.35% to 8.00% (2023: HK\$2,095,434,000 at interest rates ranging from 5.35% to 10.00%) per annum.

The non-current balance of receivables from the associates as at 31 December 2024 amounted to HK\$288,168,000 at the interest rate of 8.00% (2023: HK\$294,507,000 at interest rate of 6.00%) per annum.

(iii) The current balances of amounts due from substantial shareholders of China Jinmao as at 31 December 2024 included the amounts of HK\$2,530,637,000 which bear interest at rates ranging from 2.18%-4.35% per annum (2023: HK\$730,542,000 which bear interest at a rate of 2.18% per annum).

The non-current balances of amounts due from substantial shareholders of China Jinmao as at 31 December 2024 was interest-free (2023: HK\$830,143,000 which bear interest at a rate of 2.75% per annum).

(iv) The current balances of amounts due from fellow subsidiaries as at 31 December 2024 included the amounts of HK\$7,347,418,000 which bear interest at rates ranging from Euro Interbank Offered Rate ("Euribor") +50 basis points or CME Term Secured Overnight Financing Rate ("SOFR")+0 basis points to CME Term SOFR+50 basis points or 4.35% (2023: HK\$79,694,422,000 which bear interest at rates ranging from Euribor+60 basis points to Euribor+95 Basis points or CME Term SOFR+60 basis points to CME Term SOFR+100 basis points).

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 26. BALANCES WITH RELATED PARTIES (continued)

An analysis of the amounts due to related parties is as follows:

	Notes	2024 HK\$'000	2023 HK\$'000
Current:			
Due to related parties:			
The ultimate holding company		450	2,410
The immediate holding company	(i)	22,517,658	147,803
Fellow subsidiaries		2,294,601	1,249,320
Associates	(ii)	20,434,220	19,425,253
Joint ventures		16,417,585	13,181,252
Associates of the Group's ultimate holding company		2,790	13,393
The substantial shareholder of China Jinmao		65,337	1,747,452
Total - current		61,732,641	35,766,883
Non-current:			
Due to related parties:			
Fellow subsidiaries		238,160	-
An intermediate holding company	(iii)	69,700,158	40,975,466
Associates		311,201	21,865
Joint ventures	(iv)	1,460,893	263,578
Total - non-current		71,710,412	41,260,909
Total		133,443,053	77,027,792

The amounts due to related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due to an intermediate holding company as at 31 December 2024 of HK\$7,204,558,000, which bears interest at rate of 1.50% per annum (2023: Nil).

(ii) The current balances of amounts due to associates as at 31 December 2024 of HK\$1,197,653,000 in aggregate, which bear interest at rates ranging from 2.00% to 4.75% per annum (2023: HK\$1,661,838,000 in aggregate, which bear interest at rates ranging from 2.18% to 4.75% per annum).

(iii) The non-current balances of amounts due to an intermediate holding company as at 31 December 2024 of HK\$62,453,162,000, which bears interest from 1.50% to 4.35% per annum (2023: HK\$37,347,150,000, which bears interest from 1.50% to 4.35% per annum).

(iv) The non-current balances of amounts due to a joint venture as at 31 December 2024 of HK\$270,827,000, which bear interest at a rate of 5.80% per annum (2023: HK\$227,001,000, which bear interest at a rate of 5.80% per annum).

## 27. DUE FROM NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders of HK\$21,141,508,000 as at 31 December 2024 (2023: HK\$17,825,420,000) represented loans (the "Loans") provided by certain non-wholly-owned subsidiaries of the Company (the "Lending Subsidiaries") to their non-controlling shareholders. The Loans were financed by the non-restricted cash from the Lending Subsidiaries' sale of properties generated in their ordinary course of business, and were provided to their shareholders in proportion to their shareholdings. The non-current balances of amounts due from non-controlling shareholders are unsecured, bear interest at rates ranging from 2.00% to 4.35% (2023: 1.85% to 4.55%) per annum and are not repayable within one year.



## NOTES TO FINANCIAL STATEMENTS

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## 28. OTHER FINANCIAL ASSETS

	Note	2024 HK\$'000	2023 HK\$'000
Other receivables		345,217	334,803
Other financial assets	(a)	<u>6,139,463</u>	<u>6,452,617</u>
At 31 December		<u>6,484,680</u>	<u>6,787,420</u>
Current portion		<u>(44)</u>	<u>(45)</u>
Non-current portion		<u>6,484,636</u>	<u>6,787,375</u>

(a) Set out below is the information about other financial assets:

	2024 HK\$'000	2023 HK\$'000
Non-current balances		
Unlisted equity investments, at fair value	113,391	115,868
Investment in a land development project, at fair value	5,848,028	6,148,224
Other unlisted investments, at fair value	<u>178,000</u>	<u>188,480</u>
Total-non-current	<u>6,139,419</u>	<u>6,452,572</u>
Current balances		
Other unlisted investments, at fair value	<u>44</u>	<u>45</u>
Total	<u>6,139,463</u>	<u>6,452,617</u>

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognize the fair value gain or loss through other comprehensive income.

Investment in a land development project as at 31 December 2024 represented the interest in Phase II of Changsha Meixi Lake Primary Development Project.

The other unlisted investments include wealth management products issued by financial institutions in Mainland China and investments in unlisted funds. These investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

## NOTES TO FINANCIAL STATEMENTS

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## 29. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	33,417,163	34,235,347
Time deposits	4,374,401	7,631,788
Subtotal	37,791,564	41,867,135
Less: Pledged time deposits:	(4,374,401)	(7,631,788)
Cash and cash equivalents	33,417,163	34,235,347

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$33,418,685,000 (2023: HK\$33,602,939,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Included in the Group's cash and cash equivalents are deposits of HK\$8,932,494,000 (2023: HK\$9,911,411,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.55% to 1.90% per annum (2023: 0.55% to 1.90%). Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 45 to the financial statements.

As at 31 December 2024, restricted bank balances mainly presented the regulated pre-sales proceeds of properties and guarantee deposits designated for certain property development projects.

## NOTES TO FINANCIAL STATEMENTS

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## 30. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	21,970,495	27,824,854
Over one year	<u>2,714,220</u>	<u>6,706,755</u>
Total	<u>24,684,715</u>	<u>34,531,609</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

The financial liabilities that are part of the Group's supplier finance arrangements included in trade payables are normally settled on 60-day terms and 180-day terms, respectively.

The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers in Mainland China. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payments, they pay a fee to the finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider.

All financial liabilities that are part of the supplier finance arrangements are included in trade and bills payables in the statement of financial position and within trade payables.

	2024 HK\$'000
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:	
Trade and bills payables	<u>1,044,643</u>
Of which suppliers have received payments	<u>1,031,151</u>

For financial liabilities that are part of the supplier finance arrangements included in trade and bills payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

## NOTES TO FINANCIAL STATEMENTS

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## 31. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK\$'000	2023 HK\$'000
Other payables	(a)	12,341,313	12,317,245
Receipts in advance		3,203,930	169,060
Contract liabilities	(b)	56,967,758	60,953,401
Accruals		646,959	655,371
Due to non-controlling shareholders	(c)	3,605,580	5,712,711
Deferred revenue		891,853	1,060,654
Carrying amount at 31 December		<u>77,657,393</u>	<u>80,868,442</u>
Current portion		75,187,310	78,728,973
Non-current portion		<u>2,470,083</u>	<u>2,139,469</u>

Notes:

(a) Other payables are non-interest-bearing with an average term of not more than one year. The value added taxes ("VAT") relating to pre-sale of properties and others are included in other payables as at 31 December 2024. VAT payable is recognised when or as the control of the properties is transferred to customers and revenue is recognised.

(b) Details of contract liabilities are as follows:

	31 December 2024 HK\$'000	31 December 2023 HK\$'000	1 January 2023 HK\$'000
<i>Short-term advances received from customers</i>			
Sale of properties	55,058,745	59,497,446	66,236,447
Hotel operations	51,638	54,885	61,248
Property management	698,417	512,640	386,204
Others	<u>1,158,958</u>	<u>888,430</u>	<u>645,255</u>
Total	<u>56,967,758</u>	<u>60,953,401</u>	<u>67,329,154</u>

Contract liabilities include short-term advances received to deliver completed properties and land development assets, render hotel operations, design and decoration services and management services. The decrease in contract liabilities in 2024 was mainly due to the recognition of revenue arising from contract liabilities in relation to short-term advances received from customers.

(c) The amounts due to non-controlling shareholders as at 31 December 2024 are unsecured and interest-free, except for the amounts of HK\$1,281,692,291 in aggregate, which bear interest at rates ranging from 3.45% to 8.00% per annum (2023: HK\$626,296,976 in aggregate, which bear interest at rates ranging from 4.75% to 8.00% per annum).

## NOTES TO FINANCIAL STATEMENTS

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## 32. DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Foreign exchange forward contract	-	1,303,739	369,321	131,953
Total	-	1,303,739	369,321	131,953

*Cash flow hedge – Foreign currency risk*

Foreign currency forward contracts are designated as hedging instruments for cash flow hedges of forecast borrowings denominated in Renminbi ("RMB") and forecast payments denominated in US dollars ("USD"). The positions of the foreign exchange forward contracts fluctuate with changes in forecast foreign currency transactions and foreign exchange forward rates.

As of 31 December 2024, the Group held foreign currency forward contracts with a notional amount of RMB43,400,000,000.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts match the terms of the expected highly probable forecasted cash flows and the bank loan (i.e., notional amount and expected payment date). The Group has established a hedge ratio for the hedging relationships as the underlying risks of the foreign exchange forward contracts are identical to the hedged risk components.

The Group holds the following foreign exchange forward contracts:

	Maturity					Total
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	
<u>As at 31 December 2024</u>						
Foreign exchange forward contract						
Notional amount (in RMB'000)	25,400,000	16,600,000	1,400,000	-	-	43,400,000
Average forward rate (USD/RMB)	7.14	7.09	7.11	-	-	

## NOTES TO FINANCIAL STATEMENTS

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## 33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Bank overdrafts, unsecured	-	2025	2,264,089			4,564,960
Bank loans, secured	2.29-8.00	2025	7,574,024	2.7-8.00	2024	2,897,325
Bank loans, unsecured	2.15-8.00	2025	27,422,718	2.40-8.50	2024	51,398,309
Other loans, secured	3.00-5.82	2025	185,872	3.00-5.82	2024	41,319
Bonds, unsecured	0.89-6.39	2025	15,804,203	0.89-6.39	2024	13,255,186
Total-current			53,250,906			72,157,099
<b>Non-Current</b>						
Bank loans, secured	2.44-7.50	2026- 2039	16,636,607	2.29-8.00	2025-2041	21,785,664
Bank loans, unsecured	2.15-8.00	2026- 2038	29,119,516	2.40-8.50	2025-2038	26,796,937
Other loans, secured	3.00-5.82	2026- 2041	24,859,830	3.60-5.82	2025-2041	7,158,405
Other loans, unsecured	4.60-5.30	2026- 2028	6,879,050	2.60-5.35	2025-2028	25,050,473
Bonds, unsecured	2.80-4.40	2026- 2029	47,998,990	3.20-4.40	2025-2029	57,977,191
Total – non-current			125,493,993			138,768,670
			2024 HK\$'000			2023 HK\$'000
<b>Analysed into:</b>						
Within one year or on demand			53,250,906			72,157,099
In the second year			49,955,255			30,606,879
In the third to fifth years, inclusive			46,220,782			72,896,228
Beyond five years			29,317,956			35,265,563
Total			178,744,899			210,925,769

NOTES TO FINANCIAL STATEMENTS

31 December 2024

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

Certain bank and other borrowings of the group are secured by:

- (i) certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of HK\$5,598,185,000 (2023: HK\$ 6,038,975,000);
- (ii) certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately HK\$52,797,956,000 (2023: HK\$60,477,224,000);
- (iii) certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of HK\$8,159,909,000 (2023: HK\$563,628,000);
- (iv) certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately HK\$29,377,690,000 (2023: HK\$24,236,187,000);
- (v) certain of the Group's trade and bills receivables, which had an aggregate net carrying value at the end of the reporting period of HK\$2,653,000 (2023: HK\$11,475,000);
- (vi) certain of the Group's right-of-use assets, which had an aggregate net carrying value at the end of the reporting period of HK\$238,373,000 (2023: HK\$360,285,000);
- (vii) the Group's investment in an associate with an aggregate net carrying value at the end of the reporting period of HK\$169,366,000 (2023: HK\$178,013,000);
- (viii) certain of the Group's restricted bank deposits, which had an aggregate net carrying value at the end of the reporting period of HK\$ nil (2023: HK\$4,414,000); and
- (ix) the revenue generated during the year by the Group's certain pledged investment properties and hotels with an aggregate amount of HK\$1,361,963,000 (2023: HK\$546,900,000).

34. PROVISION FOR LAND APPRECIATION TAX

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1.0% to 5.0% on the pre-sales and sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

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## 35. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024						
	Revaluation of properties HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Fair value adjustment arising from acquisition of subsidiaries HK\$'000	Withholding taxes HK\$'000	Accrued interest income HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	5,088,299	984,811	3,206,072	159,175	73,543	1,545,066	11,056,966
Acquisition of subsidiaries	-	-	340,620	-	-	-	340,620
Deferred tax charged/(credited) to the statement of profit or loss during the year	(121,357)	153,363	(353,646)	(35,482)	11,699	(130,203)	(475,626)
Deferred tax charged to asset revaluation reserve during the year	27,728	-	-	-	-	-	27,728
Disposal of subsidiaries	2,024	(7,634)	-	-	-	-	(5,610)
Exchange adjustments	(71,664)	(14,959)	(45,453)	(2,025)	(1,123)	(55,050)	(190,274)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	4,925,030	1,115,581	3,147,593	121,668	84,119	1,359,813	10,753,804
Acquisition of subsidiaries	-	-	91,456	-	-	-	91,456
Deferred tax charged/(credited) to the statement of profit or loss during the year	2,336	53,838	(214,497)	-	(1,761)	21,432	(138,652)
Disposal of subsidiaries	-	(2,401)	-	-	-	-	(2,401)
Exchange adjustments	(105,306)	(24,674)	(63,973)	(2,600)	(1,771)	(331,820)	(530,144)
Gross deferred tax liabilities at 31 December 2024	4,822,060	1,142,344	2,960,579	119,068	80,587	1,049,425	10,174,063

Deferred tax assets

	2024				
	Provision for LAT HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Unrealised profit arising from intra-group transactions HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	240,076	1,671,316	1,186,505	1,402,695	4,500,592
Acquisition of subsidiaries	-	40,155	-	-	40,155
Deferred tax credited/(charged) to the statement of profit or loss during the year	(26,934)	(258,412)	(155,749)	(188,812)	(629,907)
Disposal of subsidiaries	-	(42,282)	-	-	(42,282)
Exchange adjustments	(3,230)	(22,004)	(15,816)	(55,586)	(96,636)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	209,912	1,388,773	1,014,940	1,158,297	3,771,922
Acquisition of subsidiaries	-	9,857	-	-	9,857
Deferred tax credited/(charged) to the statement of profit or loss during the year	(19,703)	206,303	(198,505)	(35,777)	(47,682)
Disposal of subsidiaries	-	(28,701)	-	-	(28,701)
Exchange adjustments	(4,185)	(32,859)	(18,637)	(325,046)	(380,727)
Gross deferred tax assets at 31 December 2024	186,024	1,543,373	797,798	797,474	3,324,669



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## 35. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	3,336,736	3,477,341
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(10,186,130)</u>	<u>(10,459,223)</u>
Net deferred tax liabilities	<u>(6,849,394)</u>	<u>(6,981,882)</u>

The Group also has tax losses arising in Mainland China of HK\$19,638,999,000 (2023: HK\$13,754,829,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2024, the Group recognised deferred tax liabilities of approximately HK\$119,068,000 (2023: HK\$121,668,600) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, associates, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, associates, joint ventures and joint operations in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$28,945,366,000 at 31 December 2024 (2023: HK\$27,222,421,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## NOTES TO FINANCIAL STATEMENTS

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## 36. ISSUED CAPITAL

	2024 HK\$'000	2023 HK\$'000
Issued and fully paid:		
24,468,400 (2023: 24,468,400) ordinary shares	<u>24,468,400</u>	<u>24,468,400</u>

## 37. SHARE OPTION SCHEMES

**2007 Scheme**

China Jinmao adopted a share option scheme on 22 November 2007 (the "2007 Scheme"), which has expired on 21 November 2017. All the share options granted and yet to be exercised under the 2007 Scheme were expired and lapsed on 16 October 2023. Accordingly, there were no outstanding share options granted and yet to be exercised under the 2007 Scheme as at 31 December 2024.

**New Scheme**

On 29 January 2019, a new share option scheme (the "New Scheme") was adopted by China Jinmao to enhance China Jinmao's continuous commitment to eligible participants and enhance them to pursue the objectives of China Jinmao. On 8 February 2019, an aggregate of 265,950,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK\$3.99 per share. One-third of the share options granted will be vested in two years from 8 February 2019, one-third of the share options granted will be vested in three years from 8 February 2019 and one-third of the options granted will be vested in four years from 8 February 2019. Once the share options are vested, they are exercisable until 7 February 2026.

On 9 September 2019, an aggregate of 9,000,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK\$4.58 per share. One-third of the share options granted will be vested in two years from 9 September 2019, one-third of the share options granted will be vested in three years from 9 September 2019 and one-third of the options granted will be vested in four years from 9 September 2019. Once the share options are vested, they are exercisable until 8 September 2026.

According to the terms of the New Scheme, the board of directors shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the adoption date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive directors of China Jinmao.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of China Jinmao shall not in aggregate exceed 10% of the then issued share capital of China Jinmao.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding options) granted under the New Scheme and any other share option schemes of China Jinmao to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of China Jinmao at any time, no further options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of China Jinmao, pay a consideration of HK\$1 or the equivalent (to be determined on the date when the offer of the grant is accepted) to China Jinmao for acceptance of the offer of the grant of the share option.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 37. SHARE OPTION SCHEMES (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The following share options were outstanding under the New Scheme during the year:

	2024		2023	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	4.00	134,676,000	4.01	151,906,000
Forfeited during the year	3.99	(27,818,000)	3.99	(17,230,000)
At 31 December	4.00	<u>106,858,000</u>	4.00	<u>134,676,000</u>

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024		
Number of options	Exercise price* HK\$ per share	Exercise period
52,132,000	3.99	8 February 2021 to 7 February 2026
52,726,000	3.99	8 February 2023 to 7 February 2026
1,000,000	4.58	9 September 2021 to 8 September 2026
<u>1,000,000</u>	4.58	9 September 2022 to 8 September 2026
<u>106,858,000</u>		
2023		
Number of options	Exercise price* HK\$ per share	Exercise period
66,944,000	3.99	8 February 2021 to 7 February 2026
65,732,000	3.99	8 February 2023 to 7 February 2026
1,000,000	4.58	9 September 2021 to 8 September 2026
<u>1,000,000</u>	4.58	9 September 2023 to 8 September 2026
<u>134,676,000</u>		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in China Jinmao's share capital.

The fair value of the share options granted during the year ended 31 December 2019 was HK\$257,594,000 of which the Group reversed an equity-settled share option expense of HK\$1,877,000 during year ended 31 December 2023 as a result of the service or non-market performance conditions related to these shares options not being fulfilled (2024: Nil).

No other feature of the options granted was incorporated into the measurement of fair value.

31 December 2024

38. RESERVES

The opening and closing balances of each component of the Company's equity and a reconciliation between these amounts are set out in the statement of changes in equity.

*Capital and other reserve*

The capital and other reserve of the Group mainly comprises (i) contributions from owners in respect of settlement of doubtful receivables; (ii) contributions made by owners for the transfer of equity interest in a joint venture to the Group in previous years; (iii) the differences between the cost of acquisitions and the non-controlling interests acquired upon the acquisitions made by the Company of additional equity interests in non-wholly-owned subsidiaries, (iv) contributions made by owners to the Company's subsidiaries and (v) assumption of liabilities of fellow subsidiary at nil consideration.

*Asset revaluation reserve*

The asset revaluation reserve of the Group arose from the change in use from owner-occupied properties to investment properties carried at fair value.

*Merger reserve*

The merger reserve of the Group comprises the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the holding companies of the acquirees as consideration for the group restructuring transactions.

*Statutory reserve*

The statutory reserve comprises the statutory reserve fund, reserve fund and enterprise expansion fund. In accordance with the relevant rules and regulations in the PRC, each of the Group's PRC subsidiaries is required to transfer an amount of its profit after income tax to the statutory reserve fund, until the accumulated total of the fund reaches 50% of its registered capital. The appropriations to the reserve fund and enterprise expansion fund are determined by the articles of association of the Company's subsidiaries and are subject to the approval by the board of directors of the respective subsidiaries.

*Fair value reserve*

Fair value reserve comprises the cumulative net changes in the fair value of equity investments designated at fair value through other comprehensive income that are held at the end of reporting period.

*Translation reserve*

Translation reserve comprises all foreign currency differences arising from the translation of the financial information presented in any currencies other than Hong Kong dollars.

*Cashflow hedge reserve*

The cashflow hedging reserve comprises the effective portion of the cumulative net changes in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 39. BUSINESS COMBINATION

The Group's business combination during the year ended 31 December 2024 mainly included the acquisitions of a number of property development companies and acquisition of additional interests in joint ventures (collectively referred to as the "2024 Acquirees"). The directors of the Company consider that none of the 2024 Acquirees acquired during the year was significant to the Group and thus the individual financial information of the 2024 Acquirees on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures at the date of acquisition, and fair value gains of HK\$164,359,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2024.

The Group has elected to measure the non-controlling interest in the 2024 Acquirees at the non-controlling interest's proportionate share of the 2024 Acquirees' identifiable net assets.

The fair values of the identifiable assets and liabilities of the 2024 Acquirees as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	11	40,118
Right-of-use assets	16(a)	18,050
Intangible assets	18	13
Properties under development		8,491,300
Deferred tax assets	35	9,857
Financial assets at fair value through profit or loss		115,301
Investment properties	15	15,262
Trade and bill receivables		77,821
Other financial assets		2,871
Prepayments, other receivables and other assets		1,056,085
Prepaid tax		289,321
Cash and cash equivalents		449,261
Trade and bills payables		(399,306)
Other payables and accruals		(5,730,541)
Interest-bearing bank and other borrowings		(1,628,400)
Tax payable		(16)
Lease liabilities	16(b), 41	(18,050)
Deferred tax liabilities	35	(91,456)
Total identifiable net assets at fair value		2,697,491
Non-controlling interests		(845,830)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	6	(2,879)
Goodwill	17	249,192
Exchange realignment		13,069
		<hr/> 2,111,043
Satisfied by:		
Cash		953,172
Fair value of equity interest previously held as investments in joint ventures		671,796
Capital contribution		<hr/> 486,075
Total purchase consideration		<hr/> 2,111,043

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 39. BUSINESS COMBINATION (continued)

The fair values of its other receivables as at the date of acquisition amounted to HK\$1,008,173,000, which are equal to its gross contractual amounts.

The Group incurred transaction costs of HK\$2,559,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately HK\$2,879,000 in the consolidated statement of profit or loss for the year ended 31 December 2024, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK\$'000
Cash consideration	(953,172)
Cash and bank balances acquired	449,261
Net outflow of cash and cash equivalents included in cash flows from investing activities	(503,911)
Transaction costs of the acquisition included in cash flows from operating activities	(2,559)
Total net cash outflow	(506,470)

Since the acquisition, the 2024 Acquirees contributed HK\$2,703,538,000 to the Group's revenue and HK\$177,007,000 to the consolidated profit for the year ended 31 December 2024 in aggregate.

Had the combination taken place at the beginning of the year ended 31 December 2024, the revenue of the Group and the profit of the Group for the year ended 31 December 2024 would have been HK\$65,106,709,000 and HK\$2,428,515,000 respectively.

## NOTES TO FINANCIAL STATEMENTS

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## 40. DISPOSAL OF SUBSIDIARIES

	Notes	2024 HK\$'000	2023 HK\$'000
Net assets disposed of:			
Investment properties	15	1,084,233	137,337
Properties under development		15,257,805	315,467
Intangible assets	18	253	182
Deferred tax assets	35	28,701	42,282
Property, plant and equipment	11	336,439	1,074,611
Right-of-use assets	16(a)	111,301	517,085
Inventories		418	878
Properties held for sale		-	945,356
Prepayments, other receivables and other assets		2,829,138	1,497,508
Prepaid tax		279,033	21,043
Trade and bill receivables		4,287	-
Cash and cash equivalents		1,925,458	167,507
Trade and bills payables		(2,515,489)	(319,721)
Other payables and accruals		(16,041,686)	(1,161,300)
Interest-bearing bank and other borrowings		(2,462,672)	-
Lease liabilities	16(b)	(2,566)	-
Deferred tax liabilities	35	(2,401)	(5,610)
		<u>832,252</u>	<u>3,232,625</u>
Non-controlling interests		(212,848)	(728,134)
Subtotal		<u>619,404</u>	<u>2,504,491</u>
Translation reserve		(32,083)	(26,709)
Gain on disposal of a subsidiary		<u>2,296,800</u>	<u>1,504,955</u>
Total consideration		<u>2,884,121</u>	<u>3,982,737</u>
Satisfied by:			
Cash		2,149,625	3,982,737
Fair value of interests retained by the Group		734,496	-
		<u>2,884,121</u>	<u>3,982,737</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2024 HK\$'000	2023 HK\$'000
Cash consideration	2,149,625	3,982,737
Cash and bank balances disposed of	<u>(1,925,458)</u>	<u>(167,507)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>224,167</u>	<u>3,815,230</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$150,271,000, including those classified under investment properties of HK\$103,806,000 (2023 HK\$20,038,000) and HK\$150,271,000 (2023 HK\$138,387,000), respectively.

## (b) Changes in liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK\$'000	Payable to non- controlling interests HK\$'000	Other payables and accruals excluding payable to non-controlling interests HK\$'000	Amounts due to related parties HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	210,925,769	5,712,711	76,559,669	77,027,792	1,229,640	371,455,581
New bank and other borrowings	179,995,570	-	-	-	-	179,995,570
Loan from non-controlling interests	-	108,713	-	-	-	108,713
Repayment of bank and other borrowings	(198,542,084)	-	-	-	-	(198,542,084)
Dividends paid to non-controlling interests of subsidiaries	-	(815,045)	-	-	-	(815,045)
Repayment of loans from non-controlling interests	-	(2,960,695)	-	-	-	(2,960,695)
Repayment of investments from third parties	-	-	3,077,759	-	-	3,077,759
Interest paid	(3,654,972)	-	(4,695,744)	(1,830,948)	-	(10,181,664)
Capital element of lease rentals paid	-	-	-	-	(114,123)	(114,123)
Interest element of lease rentals paid	-	-	-	-	(53,285)	(53,285)
Repayment of loans from related parties	-	-	-	2,599,208	-	2,599,208
Increase in amounts due to related parties	(9,090,947)	-	-	46,738,921	-	37,647,974
Net cash flows from financing activities	(31,292,433)	(3,667,027)	(1,617,985)	47,507,181	(167,408)	10,762,328
Increase in lease liabilities from entering into new leases during the year	-	-	-	-	150,271	150,271
Interest expenses	3,585,176	-	-	1,558,155	54,118	5,197,449
Interest capitalised in properties underdevelopment and other qualifying assets	-	-	(4,695,744)	-	-	(4,695,744)
Dividends declared by subsidiaries	-	1,236,573	-	-	-	1,236,573
Increase arising from acquisition of subsidiaries	1,628,400	-	5,730,540	-	18,050	7,376,990
Decrease arising from disposal of subsidiaries	(2,462,672)	-	(16,039,801)	-	(2,566)	(18,505,039)
Other changes	-	-	(1,008,963)	7,941,368	(39,573)	6,892,832
	2,750,904	1,236,573	(16,013,968)	9,499,523	180,300	(2,346,668)
Net foreign exchange differences	(3,639,341)	323,323	1,756,953	(591,443)	(33,361)	(2,183,869)
At 31 December 2024	178,744,899	3,605,580	60,684,669	133,443,053	1,209,171	377,687,372



## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Bank and other borrowings HK\$'000	Payable to non- controlling interests HK\$'000	Other payables and accruals excluding payable to non-controlling interests HK\$'000	Amounts due to related parties HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2023	180,270,869	3,337,615	88,582,236	64,920,517	1,260,558	338,371,795
New bank and other borrowings	235,440,569	-	-	-	-	235,440,569
Loan from non-controlling interests	-	153,815	-	-	-	153,815
Repayment of bank and other borrowings	(210,018,633)	-	-	-	-	(210,018,633)
Dividends paid to non-controlling interests of subsidiaries	-	(1,140,364)	-	-	-	(1,140,364)
Repayment of loans from non-controlling interests	-	(177,655)	-	-	-	(177,655)
Repayment of investments from third parties	-	-	(2,050,200)	-	-	(2,050,200)
Interest paid	(8,817,924)	-	(379,204)	(171,085)	-	(9,368,213)
Capital element of lease rentals paid	-	-	-	-	(154,142)	(154,142)
Interest element of lease rentals paid	-	-	-	-	(57,082)	(57,082)
Increase in amounts due to related parties	-	-	-	15,071,731	-	15,071,731
Net cash flows from financing activities	16,604,012	(1,164,204)	(2,429,404)	14,900,646	(211,224)	27,699,826
Increase in lease liabilities from entering into new leases during the year	-	-	-	-	138,387	138,387
Interest expenses	3,324,620	-	-	1,071,125	57,082	4,452,827
Interest capitalised in properties underdevelopment and other qualifying assets	5,701,625	-	-	-	-	5,701,625
Dividends declared by subsidiaries	-	1,781,846	-	-	-	1,781,846
Increase arising from acquisition of subsidiaries	3,716,294	-	7,358,507	-	1,726	11,076,527
Decrease arising from disposal of subsidiaries	-	-	(1,161,300)	-	-	(1,161,300)
Other changes	-	1,791,154	(14,612,052)	(3,075,847)	-	(15,896,745)
	12,742,539	3,573,000	(8,414,845)	(2,004,722)	197,195	6,093,167
Net foreign exchange differences	1,308,349	(33,700)	(1,178,318)	(788,649)	(16,889)	(709,207)
At 31 December 2023	210,925,769	5,712,711	76,559,669	77,027,792	1,229,640	371,455,581

## (c) Total cash outflow for leases:

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK\$'000	2023 HK\$'000
Within operating activities	85,038	129,201
Within financing activities	167,408	211,224
Total	252,446	340,425

## NOTES TO FINANCIAL STATEMENTS

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## 42. FINANCIAL GUARANTEES

At the end of the reporting period, the Group has provided guarantees amounting to approximately HK\$7,278,082,000 (2023: HK\$12,532,919,000) in respect of mortgage facilities for certain purchasers of the Group's properties.

Besides, as at 31 December 2024, the Group provided guarantees of HK\$1,473,293,000 (2023: HK\$2,231,582,000) and HK\$682,711,000 (2023: HK\$1,033,469,000) to certain joint ventures and associates of the Group related to their bank loans, respectively. At 31 December 2024, certain of the Group's investments in joint ventures and associates, which had an aggregate net carrying amount of HK\$1,149,551,000 (2023: HK\$1,196,985,000) were also pledged to secure the same bank loans aforementioned.

The Group assessed that the fair value at initial recognition of the financial guarantees and the ECL allowance during the year were not significant.

## 43. CONTINGENT LIABILITIES

At the end of the reporting period, China Jinmao has provided guarantees in respect of mortgage facilities for certain purchasers of China Jinmao's properties amounting to approximately HK\$7,278,082,000 (2023: HK\$12,532,919,000).

Besides, as at 31 December 2024, China Jinmao provided guarantees of HK\$1,473,293,000 (2023: HK\$2,231,564,000) and HK\$682,711,000 (2023: HK\$1,033,461,000) to certain joint ventures and associates of the Group related to their bank loans, respectively. At 31 December 2024, certain of the China Jinmao's investments in joint ventures and associates, which had an aggregate net carrying amount of HK\$1,149,551,000 (2023: HK\$1,196,975,000) were also pledged to secure their bank loans aforementioned.

## 44. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Properties under development	61,174,487	68,974,340
Land under development	5,765,866	5,637,380
Property, plant and equipment	328,540	199,384
Capital contributions to joint ventures and associates	<u>4,354,019</u>	<u>8,715,486</u>
Total	<u>71,622,912</u>	<u>83,526,590</u>

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2024. The future lease payments for these non-cancellable lease contracts are HK\$11,485,000 (2023: HK\$25,330,000) due within one year.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 45. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2024 HK\$'000	2023 HK\$'000
The ultimate holding company:			
Rental income	(i)	485	8,787
Property management fee income	(i)	467	-
The immediate holding company:			
Rental income	(i)	118,704	120,713
Property management fee income	(i)	11,155	11,118
Interest expense	(iii)	1,064,724	597,766
Building decoration services income	(i)	152	2,487
Fellow subsidiaries:			
Interest expense	(iii)	200,807	410,379
Rental income	(i)	246,528	258,174
Property management fee income	(i)	56,519	65,646
Interest income	(ii)	4,632,510	2,237,895
Building decoration services income	(i)	7,836	2,932
Consulting fee income	(i)	345	-
Other service fee income	(i)	4,017	4,077
Associates:			
Property management fee income	(i)	30,460	119,368
Interest income	(ii)	74,436	358,792
Consulting fee income	(i)	53,709	154,095
Interest expense	(iii)	136,506	128,353
Building decoration services income	(i)	226,514	343,190
Rental income	(i)	576	3,199
Other service income	(i)	9,985	8,398
Joint ventures:			
Interest income	(ii)	395,384	559,897
Consulting fee income	(i)	63,579	118,494
Rental income	(i)	9,394	6,177
Property management fee income	(i)	66,236	213,083
Building decoration services income	(i)	327,962	516,259
Interest expense	(iii)	270	90,842
Data service		-	43,182
Other service income	(i)	10,915	624
An associate of the Group's ultimate holding company:			
Rental income	(i)	29,475	30,540
Property management fee income	(i)	-	4,670
Minority shareholders of China Jinmao			
Interest income	(ii)	15,256	60,790
Interest expense	(iii)	82,534	113,444

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 45. RELATED PARTY TRANSACTIONS (continued)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

## Notes:

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) The interest income was charged to related parties at rates ranging from 2.18% to 10.00% (2023: 2.18% to 10.00%) per annum.
- (iii) The interest expense was charged by related parties at rates ranging from 1.36% to 5.80% (2023: 1.36% to 5.80%) per annum.
- (b) At the end of the reporting period, certain bank borrowings granted to the Group are guaranteed by its ultimate parent or Immediate holding company.
- (c) Compensation of key management personnel of the Group

	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	19,579	19,573
Post-employment benefits	1,753	2,072
Equity-settled share option expense	-	310
Total compensation paid to key management personnel	21,332	21,955

## NOTES TO FINANCIAL STATEMENTS

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## 46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such HK\$'000	Equity investments	Financial assets at amortized cost	Total
		HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through other comprehensive income	-	1,272,646	-	1,272,646
Amounts due from related parties	-	-	145,092,246	145,092,246
Amounts due from non-controlling shareholders	-	-	1,607,721	1,607,721
Trade receivables	2,810,097	-	2,371,618	5,181,715
Other non-current assets	6,139,463	-	345,217	6,484,680
Deposits and other receivables	-	-	36,615,547	36,615,547
Restricted bank balances	-	-	4,374,401	4,374,401
Cash and cash equivalents	-	-	33,417,163	33,417,163
Total	8,949,560	1,272,646	223,823,913	234,046,119

Financial liabilities

	Financial liabilities at fair value through profit or loss		
		Held for trading	Financial liabilities at amortized cost
		HK\$'000	HK\$'000
Amounts due to related parties	-	-	(133,443,053)
Derivative financial instruments	(1,303,739)	-	-
Interest-bearing borrowings	-	-	(178,744,899)
Lease liabilities	-	-	(1,209,171)
Other payables and accruals	-	-	(16,593,852)
Trade and bills payables	-	-	(24,684,715)
Total	(1,303,739)	(1,303,739)	(354,675,690)
			(355,979,429)

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such HK\$'000	Equity investments HK\$'000	Financial assets at amortized cost HK\$'000	Total HK\$'000
Financial assets at fair value through other comprehensive income	-	1,306,676	-	1,306,676
Amounts due from related parties	-	-	138,020,702	138,020,702
Amounts due from non- controlling shareholders	-	-	2,324,527	2,324,527
Trade receivables	2,701,732	-	2,166,593	4,868,325
Other non-current assets	6,452,617	-	334,758	6,787,375
Deposits and other receivables	-	-	30,014,806	30,014,806
Derivative financial instruments	369,321	-	-	369,321
Restricted bank balances	-	-	7,631,788	7,631,788
Cash and cash equivalents	-	-	34,235,347	34,235,347
Total	9,523,670	1,306,676	214,728,521	225,558,867

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 (2023: Nil).

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading HK\$'000	Financial liabilities at amortized cost HK\$'000	Total HK\$'000
Amounts due to related parties	-	(77,027,792)	(77,027,792)
Derivative financial instruments	(131,953)	-	(131,953)
Interest-bearing borrowings	-	(210,925,769)	(210,925,769)
Lease liabilities	-	(1,229,640)	(1,229,640)
Other payables and accruals	-	(18,685,327)	(18,685,327)
Trade and bills payables	-	(34,531,609)	(34,531,609)
Total	(131,953)	(342,400,137)	(342,532,090)

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets</b>				
Equity securities designated at FVOCI	1,272,646	1,306,676	1,272,646	1,306,676
Trade receivables, non-current portion	2,810,097	2,701,732	2,810,097	2,701,732
Other financial assets	6,139,463	6,452,617	6,139,463	6,452,617
Derivative financial instruments	-	369,321	-	369,321
<b>Total</b>	<b>10,222,206</b>	<b>10,830,346</b>	<b>10,222,206</b>	<b>10,830,346</b>
<b>Financial liabilities</b>				
Derivative financial instruments	1,303,739	131,953	1,303,739	131,953
Interest-bearing bank borrowings	178,744,899	210,925,769	182,410,555	218,538,021
<b>Total</b>	<b>180,048,638</b>	<b>211,057,722</b>	<b>183,714,294</b>	<b>218,669,974</b>

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade and bills receivables-current portion, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current portion of trade receivables, interest-bearing bank and other borrowings except for notes and domestic corporate bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of notes and domestic corporate bonds are based on quoted market prices. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity securities designated at FVOCI	245,294	-	1,027,352	1,272,646
Other financial assets	-	217,214	5,922,249	6,139,463
Trade receivables	-	-	2,810,097	2,810,097
<b>Total</b>	<b>245,294</b>	<b>217,214</b>	<b>9,759,698</b>	<b>10,222,206</b>

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity securities designated at FVOCI	248,960	-	1,057,716	1,306,676
Other financial assets	-	221,933	6,230,684	6,452,617
Trade receivables	-	-	2,701,732	2,701,732
Derivative financial instruments	-	369,321	-	369,321
<b>Total</b>	<b>248,960</b>	<b>591,254</b>	<b>9,990,132</b>	<b>10,830,346</b>



## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	9,990,132	10,785,633
Total losses recognised in other comprehensive income	(30,364)	-
Disposals	-	(660,918)
Revenue recognised in the statement of profit or loss	130,633	-
Additions	10,027	259,480
Received	(196,722)	(228,283)
Fair value gains on trade receivables	103,183	107,000
Total losses recognised in the statement of profit or loss included in other income	(247,191)	(272,780)
At 31 December	<u>9,759,698</u>	<u>9,990,132</u>

Assets for which fair values are disclosed:

The carrying amounts of the Group's financial assets were either measured at fair value in the statement of financial positions or approximate to fair values as at 31 December 2024 and 2023.

Liabilities for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Interest-bearing bank and other borrowings	80,689,894	98,055,005	-	178,744,899
Derivative financial instruments	-	1,303,739	-	1,303,739
Total	<u>80,689,894</u>	<u>99,358,744</u>	<u>-</u>	<u>180,048,638</u>

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Interest-bearing bank and other borrowings	117,748,269	100,789,752	-	218,538,021
Derivative financial instruments	-	131,953	-	131,953
Total	<u>117,748,269</u>	<u>100,921,705</u>	<u>-</u>	<u>218,669,974</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

*Interest rate risk*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points	Increase/(decrease) in profit before (or after) tax HK\$'000
2024		
USD	25	(4,890,596)
HKD	25	(3,100,226)
RMB	25	(94,033)
EUR	25	(8,939,816)
USD	(25)	4,890,596
HKD	(25)	3,100,226
RMB	(25)	94,033
EUR	(25)	8,939,816
2023		
HKD	25	(47,193)
USD	25	(368)
RMB	25	(105,680)
HKD	(25)	47,193
USD	(25)	368
RMB	(25)	105,680

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those banks and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Foreign currency risk*

Certain bank balances, trade receivables, other receivables, trade and bills payables, other payables, amounts due from and to related companies, bank balances and borrowings are denominated in currencies other than the functional currencies of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The Group is mainly exposed to the risk of fluctuations in the rates of EUR, US\$, HK\$ and RMB.

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/(decrease) in EUR rate %	Increase/(decrease) in profit for the year 2024 HK\$'000	Increase/(decrease) in profit for the year 2023 HK\$'000
If the USD weakens against the EUR	1%	105,457	107,541
If the USD strengthens against the EUR	1%	(105,457)	(107,541)
	Increase/(decrease) in RMB rate %	Increase/(decrease) in profit for the year 2024 HK\$'000	Increase/(decrease) in profit for the year 2023 HK\$'000
If the USD weakens against the RMB	5%	(351)	(159,478)
If the USD strengthens against the RMB	5%	351	159,478
	Increase/(decrease) in USD rate %	Increase/(decrease) in profit for the year 2024 HK\$'000	Increase/(decrease) in profit for the year 2023 HK\$'000
If the USD weakens against the HKD	1%	29,835	45,827
If the USD strengthens against the HKD	1%	(29,835)	(45,827)

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk**Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Contract assets*	-	-	-	1,448,652	1,448,652
Trade receivables at amortised cost*	-	-	-	2,444,620	2,444,620
Financial assets included in prepayments, other receivables and other assets**	36,625,591	-	-	-	36,625,591
Due from non-controlling shareholders	1,607,721	-	-	-	1,607,721
Due from related parties	134,904,505	10,187,741	-	-	145,092,246
Restricted bank balances					
- Not yet past due	4,374,401	-	-	-	4,374,401
Cash and cash equivalents					
- Not yet past due	33,417,163	-	-	-	33,417,163
Guarantees given to banks for mortgage facilities	7,278,082	-	-	-	7,278,082
Connection with borrowings granted to joint ventures and associates	2,156,004	-	-	-	2,156,004
Total	220,363,467	10,187,741	-	3,893,272	234,444,480

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk* (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Contract assets*	-	-	-	466,945	466,945
Trade receivables*	-	-	-	2,219,002	2,219,002
Financial assets included in other receivables and other assets**	30,024,934	-	-	-	30,024,934
Due from non-controlling shareholders	2,324,527	-	-	-	2,324,527
Due from related parties	126,388,713	11,631,989	-	-	138,020,702
Other financial assets	6,452,617	-	-	-	6,452,617
Restricted bank balances					
- Not yet past due	7,631,788	-	-	-	7,631,788
Cash and cash equivalents					
- Not yet past due	34,235,347	-	-	-	34,235,347
Guarantees given to banks for mortgage facilities	12,532,919	-	-	-	12,532,919
Connection with borrowings granted to joint ventures and associates	3,265,051	-	-	-	3,265,051
<b>Total</b>	<b>222,855,896</b>	<b>11,631,989</b>	<b>-</b>	<b>2,685,947</b>	<b>237,173,832</b>

\* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 23 and 25 to the financial statements, respectively.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 and 25 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk*

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

Due to the Group's supplier finance arrangements, the relevant trade payables are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group's payment terms for trade payables covered by the arrangements are either identical to the payment terms for other trade payables or extended to not more than 180 days. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in note 30 to the financial statements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group	2024			Total HK\$'000
	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Interest-bearing bank and other borrowings	58,172,620	104,261,180	34,404,760	196,838,560
Lease liabilities	252,216	512,940	647,430	1,412,586
Trade and bills payables	24,684,715	-	-	24,684,715
Other payables	16,568,457	2,993,300	261,609	19,823,366
Derivative financial instruments	1,303,739	-	-	1,303,739
Due to related parties	66,263,890	72,247,948	220,038	138,731,876
<b>Total</b>	<b>167,245,637</b>	<b>180,015,368</b>	<b>35,533,837</b>	<b>382,794,842</b>
Group	2023			Total HK\$'000
	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Interest-bearing bank and other borrowings	72,473,002	111,319,393	39,207,063	222,999,458
Lease liabilities	228,038	560,087	803,621	1,591,746
Trade and bills payables	34,531,609	-	-	34,531,609
Other payables	15,890,487	-	-	15,890,487
Derivative financial instruments	131,953	-	-	131,953
Due to related parties	56,083,808	41,944,105	-	98,027,913
<b>Total</b>	<b>179,338,897</b>	<b>153,823,585</b>	<b>40,010,684</b>	<b>373,173,166</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Capital management*

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group has established supplier finance arrangements to manage its working capital, details of which are included in note 28 to the financial statements.

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and certain financial assets at fair value through profit or loss. Adjusted capital comprises all components of equity (including non-controlling interests) and the Group's amounts due to the holding companies. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank and other borrowings (note 33)	178,744,899	210,925,769
Less: Cash and cash equivalents	33,417,163	34,235,347
Restricted bank balances	<u>4,374,401</u>	<u>7,631,788</u>
Net debt	<u>140,953,335</u>	<u>169,058,634</u>
Total equity	125,985,399	142,846,951
Add: Amounts due to the holding company	<u>22,517,658</u>	<u>147,803</u>
Adjusted capital	<u>148,503,057</u>	<u>142,994,754</u>
Net debt-to-adjusted-capital ratio	<u>94.92%</u>	<u>118.23%</u>

## 49. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2025, Shanghai Jinmao Investment Management Group Co., Ltd., a wholly-owned subsidiary of China Jinmao, completed the issuance of the corporate bonds with a principal amount of HK\$1,835,853,000. The corporate bonds are unsecured and have a term of 4 years with a fixed rate of 2.79% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the second year.

## 50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 4 July 2025.