



GUANGDONG INVESTMENT LIMITED  
( 粵 海 投 資 有 限 公 司 )

Stock Code : 00270

2024  
ANNUAL REPORT



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# CORPORATE INFORMATION

As at 24 March 2025

## Board of Directors

### Executive Directors

Ms. BAI Tao (*Chairman*)  
Mr. LIN Tiejun (*Vice Chairman*)  
Mr. WEN Yinheng (*Managing Director*)  
Mr. TSANG Hon Nam (*Deputy General Manager*)  
Ms. LIANG Yuanjuan (*Chief Financial Officer*)

### Non-Executive Directors

Mr. CAI Yong  
Mr. FENG Qingchun

### Independent Non-Executive Directors

Dr. CHAN Cho Chak, John, *GBS, JP*  
Mr. FUNG Daniel Richard, *SBS, QC, SC, JP*  
Dr. the Honourable CHENG Mo Chi, Moses,  
*GBM, GBS, OBE, JP*  
Mr. LI Man Bun, Brian David, *BBS, JP, MA (Cantab),  
MBA, FCA*

## Audit Committee

Mr. LI Man Bun, Brian David (*Committee Chairman*)  
Dr. CHAN Cho Chak, John  
Mr. FUNG Daniel Richard  
Dr. the Honourable CHENG Mo Chi, Moses

## Remuneration Committee

Dr. CHAN Cho Chak, John (*Committee Chairman*)  
Mr. FUNG Daniel Richard  
Dr. the Honourable CHENG Mo Chi, Moses  
Mr. LI Man Bun, Brian David

## Nomination Committee

Ms. BAI Tao (*Committee Chairman*)  
Dr. CHAN Cho Chak, John  
Mr. FUNG Daniel Richard  
Dr. the Honourable CHENG Mo Chi, Moses  
Mr. LI Man Bun, Brian David

## General Counsel & Chief Compliance Officer & Company Secretary

Ms. YANG Na

## Auditor

KPMG  
Certified Public Accountants  
Public Interest Entity Auditor  
registered in accordance with the Accounting  
and Financial Reporting Council Ordinance

## Principal Bankers

Bank of China  
Bank of China (Hong Kong) Limited  
China CITIC Bank, Guangzhou Branch  
China Merchants Bank  
Chong Hing Bank  
DBS Bank Ltd., Hong Kong Branch  
Hang Seng Bank  
Industrial and Commercial Bank of China (Asia) Limited  
Industrial and Commercial Bank of China  
Standard Chartered Bank

## Registered Office

28th and 29th Floors  
Guangdong Investment Tower  
148 Connaught Road Central  
Hong Kong  
Telephone (852) 2860 4368  
Email [ir@gdi.com.hk](mailto:ir@gdi.com.hk)  
Website <http://www.gdi.com.hk>

## Share Registrar

Tricor Investor Services Limited  
17th Floor, Far East Finance Centre,  
16 Harcourt Road  
Hong Kong  
Customer Service Hotline: (852) 2980 1333

## Share Information

Place of Listing	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	00270
Board Lot	2,000 shares
Financial Year End	31 December

## Shareholders' Calendar

Annual General Meeting	17 June 2025 3:30 p.m.
Final Dividend	HK7.27 cents per ordinary share, payable on or about 24 July 2025

### Last Share Registration Date

For attending Annual General Meeting	11 June 2025, by 4:30 p.m.
For entitlement for Final Dividend	26 June 2025, by 4:30 p.m.

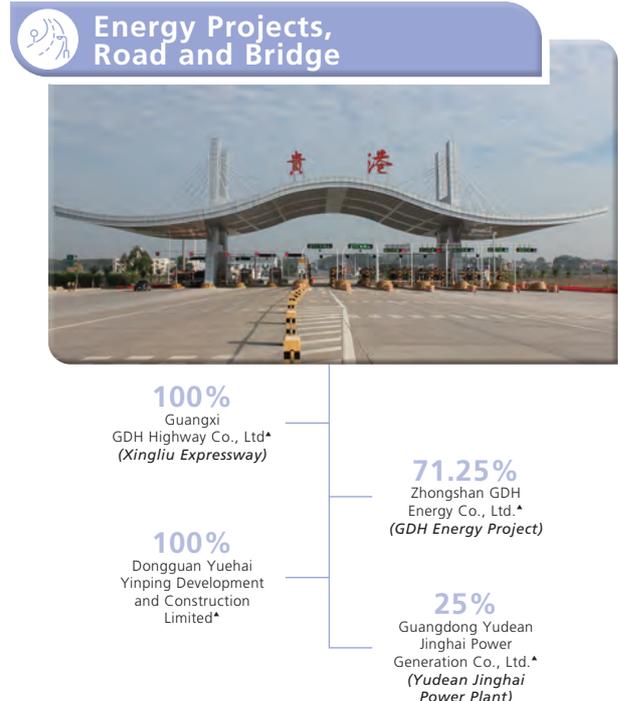
### Closure of Register of Members

Final Dividend	27 June 2025
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# THE GROUP'S PRINCIPAL BUSINESSES

As at 24 March 2025



Note: Projects of the Group are shown in italics and do not constitute part of the individual company's or joint venture's name.

# FINANCIAL HIGHLIGHTS

## Financial Highlights for the Year ended 31 December

	2024 HK\$'000	2023 HK\$'000	Change %
Revenue (continuing operations) (restated)	<b>18,505,293</b>	20,322,478	-8.9
Profit for the year attributable to owners of the Company	<b>3,142,138</b>	3,122,069	0.6
Earnings per share – Basic	<b>HK 48.06 cents</b>	HK 47.75 cents	0.6
Dividends per share			
Interim	<b>HK 23.97 cents</b>	HK 18.71 cents	
Proposed final	<b>HK 7.27 cents</b>	HK 12.33 cents	
	<b>HK 31.24 cents</b>	HK 31.04 cents	0.6
EBITDA (continuing operations) (restated)	<b>9,693,505</b>	9,685,112	0.1
Owners' equity	<b>41,658,024</b>	41,802,210	-0.3
Total assets	<b>135,595,403</b>	139,965,972	-3.1
Net financial borrowings <sup>7</sup>	<b>11,707,976</b>	29,834,060	-60.8

## Key Ratios

	2024	2023
Gearing <sup>1</sup>	<b>30.86%</b>	77.33%
Interest cover <sup>2</sup> (restated)	<b>10.53X</b>	9.41X
Liquidity <sup>3</sup>	<b>1.09X</b>	1.21X
Return on average shareholders' funds <sup>4</sup>	<b>7.53%</b>	7.33%
Post-tax return on average assets <sup>5</sup>	<b>2.28%</b>	2.06%
Dividend payout ratio <sup>6</sup>	<b>65.00%</b>	65.01%

## Share Information (as at 31 December)

	2024	2023
Number of ordinary shares issued	<b>6,538m</b>	6,538m
Market capitalisation	<b>HK\$43,870m</b>	HK\$37,135m
Closing market price per share	<b>HK\$6.71</b>	HK\$5.68
Basic and diluted earnings per share	<b>HK 48.06 cents</b>	HK 47.75 cents
Net asset value <sup>8</sup> per share	<b>HK\$6.37</b>	HK\$6.39



## FINANCIAL HIGHLIGHTS

Notes:

- |  |  |   |
|--|--|---|
| 1. <u>Net Financial indebtedness</u><br>Net asset value <sup>8</sup> | 4. <u>Profit for the year attributable to owners</u><br>(opening equity <sup>8</sup> + closing equity <sup>8</sup> )/2 | 7. Financial borrowings –<br>cash and bank balances |
| 2. <u>EBITDA</u><br>Finance costs incurred                           | 5. <u>Profit for the year</u><br>(opening total assets + closing total assets)/2                                       | 8. Excluded non-controlling<br>interests            |
| 3. <u>Current assets</u><br>Current liabilities                      | 6. <u>Dividends per share</u><br>Basic earnings per share  |   |

### Analysis of gross financial borrowings (as at 31 December)

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
<b>Loan maturity profile</b>		
Within 1 year	7,330,175	15,252,492
In the 2nd year	2,223,176	3,574,764
In the 3rd to 5th year	3,882,747	12,421,807
Over 5 years	10,425,907	11,178,613
	<b>23,862,005</b>	42,427,676

<b>Currency</b>	%	%
Hong Kong dollars	18.9	17.2
Renminbi	81.1	82.8

<b>Interest rate</b>	%	%
Floating	92.1	74.5
Fixed	7.0	25.0
Non-interest bearing	0.9	0.5

### Source of financing (as at 31 December 2024)

	Available and committed %	Utilised %
Continuing operations		
Bank and other borrowings	99.4	99.1
Non-interest bearing borrowings	0.6	0.9
	<b>100.0</b>	100.0

# FINANCIAL HIGHLIGHTS

## Analysis of the Group's Businesses

Year ended 31 December 2024

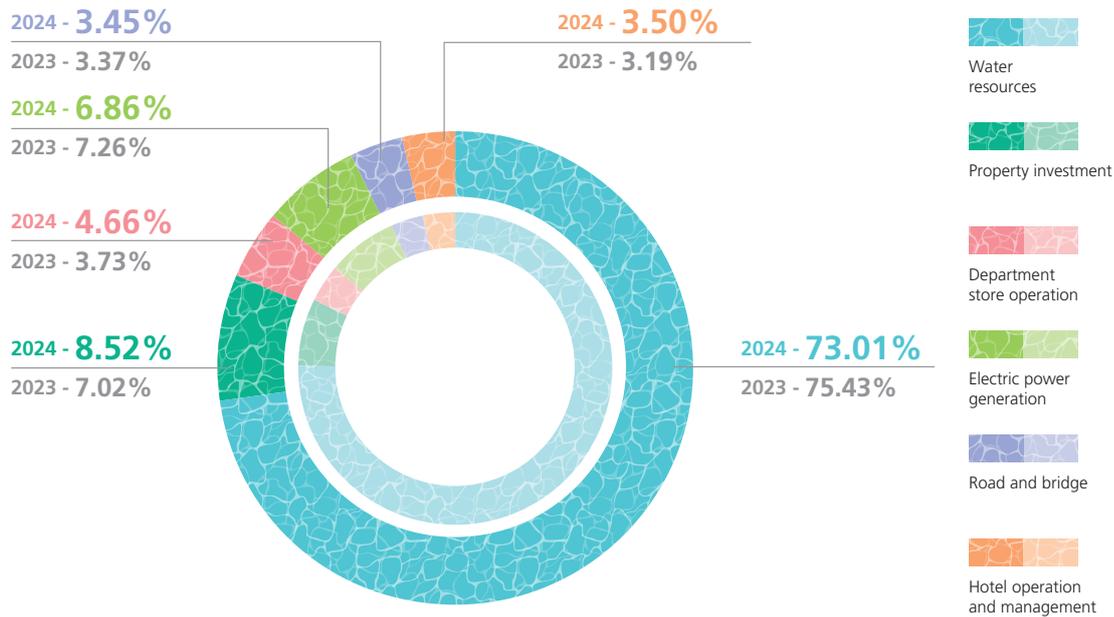
Continuing operations	Revenue		Segment results	
	HK\$'000	%	HK\$'000	%
By Activity:				
Water resources	13,511,006	73.01	5,643,561	79.99
Property investment	1,576,863	8.52	722,395	10.24
Department store operation	861,612	4.66	(102,341)	–
Electric power generation	1,268,698	6.86	147,805	2.09
Hotel operation and management	648,379	3.50	103,453	1.47
Road and bridge	638,735	3.45	438,316	6.21
Others and elimination	–	–	66,129	–
	<b>18,505,293</b>	<b>100.00</b>	<b>7,019,318</b>	<b>100.00</b>
By Geographical Area:				
Mainland China	18,224,345	98.48		
Hong Kong	280,948	1.52		
	<b>18,505,293</b>	<b>100.00</b>		

Year ended 31 December 2023 (Restated)

Continuing operations	Revenue		Segment results	
	HK\$'000	%	HK\$'000	%
By Activity:				
Water resources	15,329,381	75.43	5,593,782	78.80
Property investment	1,426,843	7.02	753,267	10.61
Department store operation	758,786	3.73	(18,218)	–
Electric power generation	1,475,698	7.26	105,664	1.49
Hotel operation and management	648,780	3.19	144,849	2.04
Road and bridge	682,990	3.37	500,713	7.06
Others and elimination	–	–	(26,140)	–
	<b>20,322,478</b>	<b>100.00</b>	<b>7,053,917</b>	<b>100.00</b>
By Geographical Area:				
Mainland China	20,047,219	98.65		
Hong Kong	275,259	1.35		
	<b>20,322,478</b>	<b>100.00</b>		

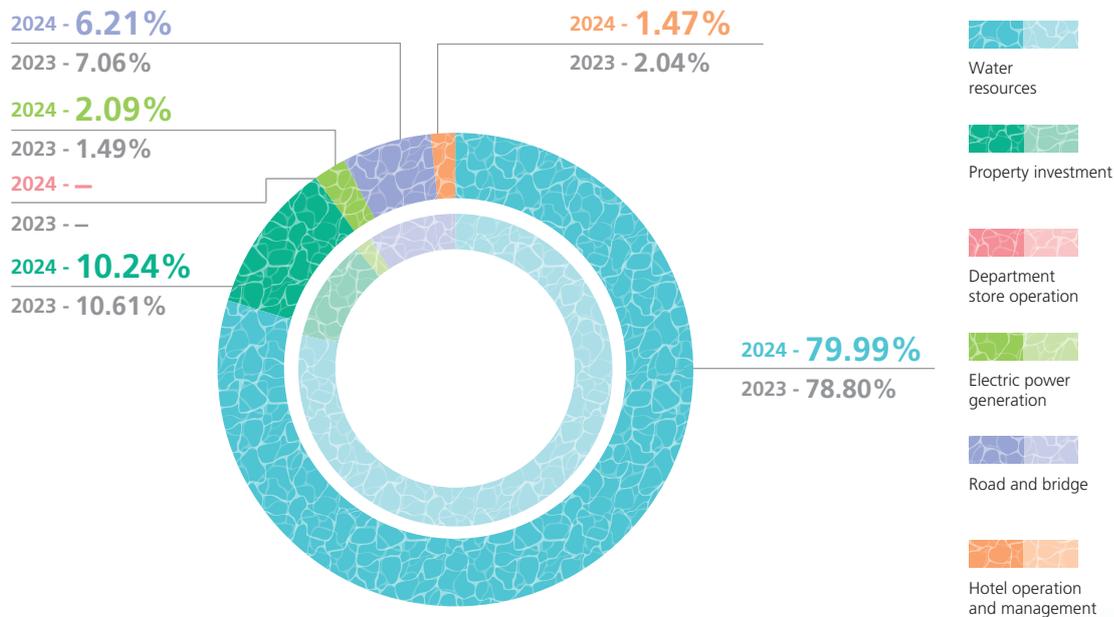
# FINANCIAL HIGHLIGHTS

## Revenue by Operating Segments (Continuing operations)



Note: Comparative amounts have been restated to conform to the current year's presentation.

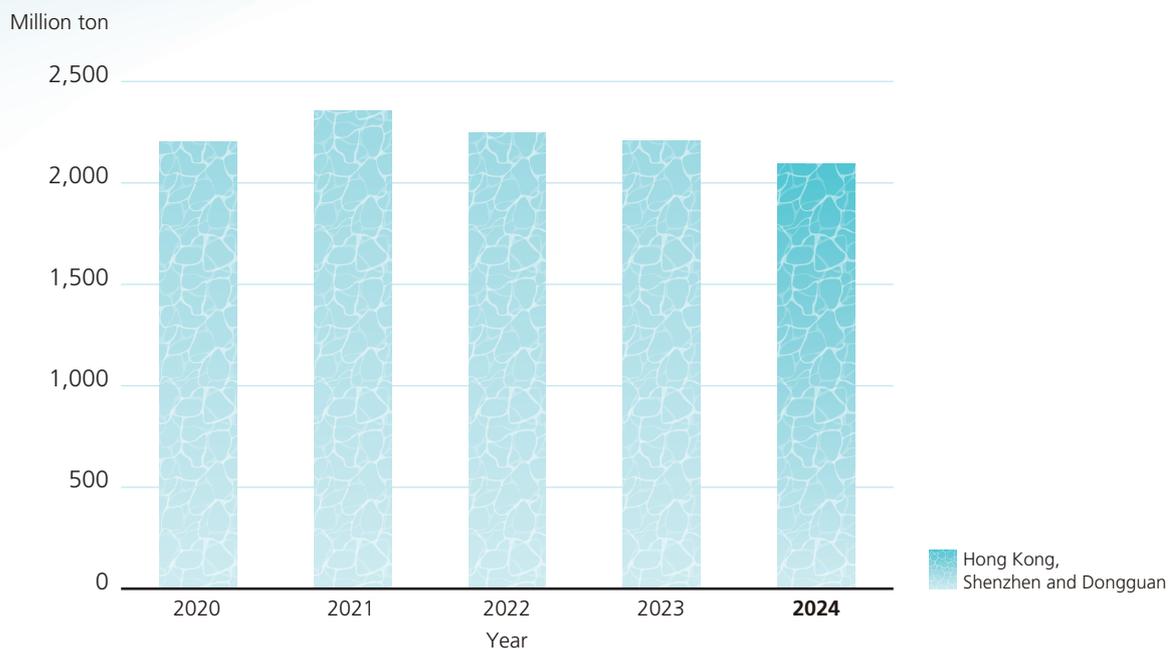
## Segment Results by Operating Segments (Continuing operations)



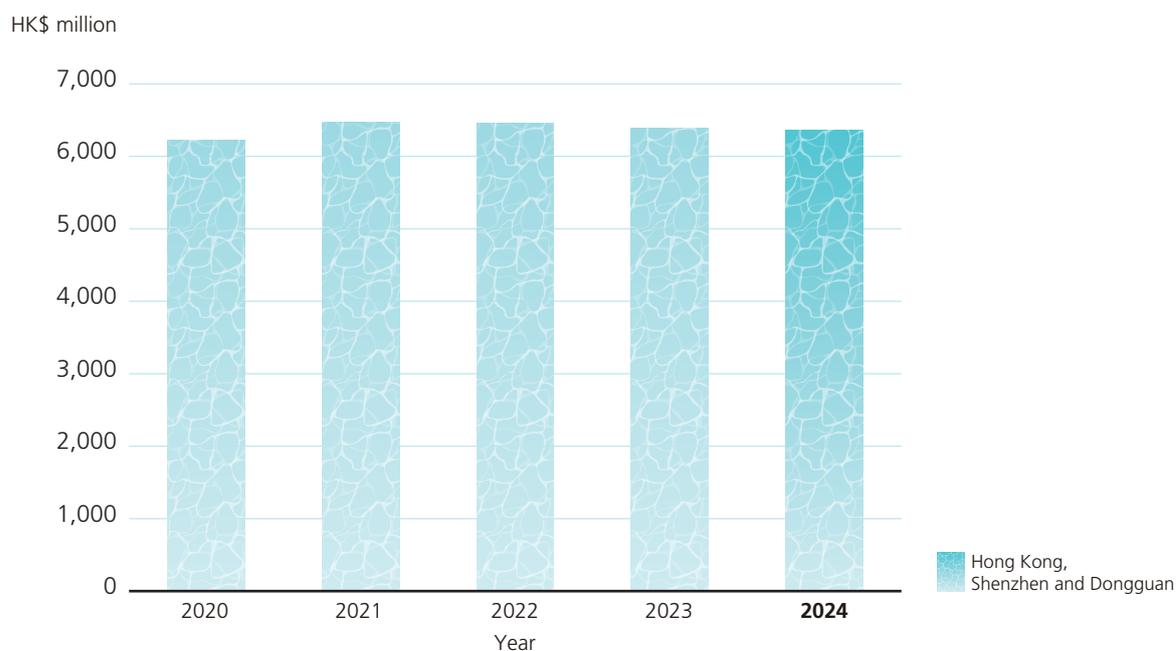
Note: Comparative amounts have been restated to conform to the current year's presentation.

# FINANCIAL HIGHLIGHTS

## Water Distribution – Annual Volume



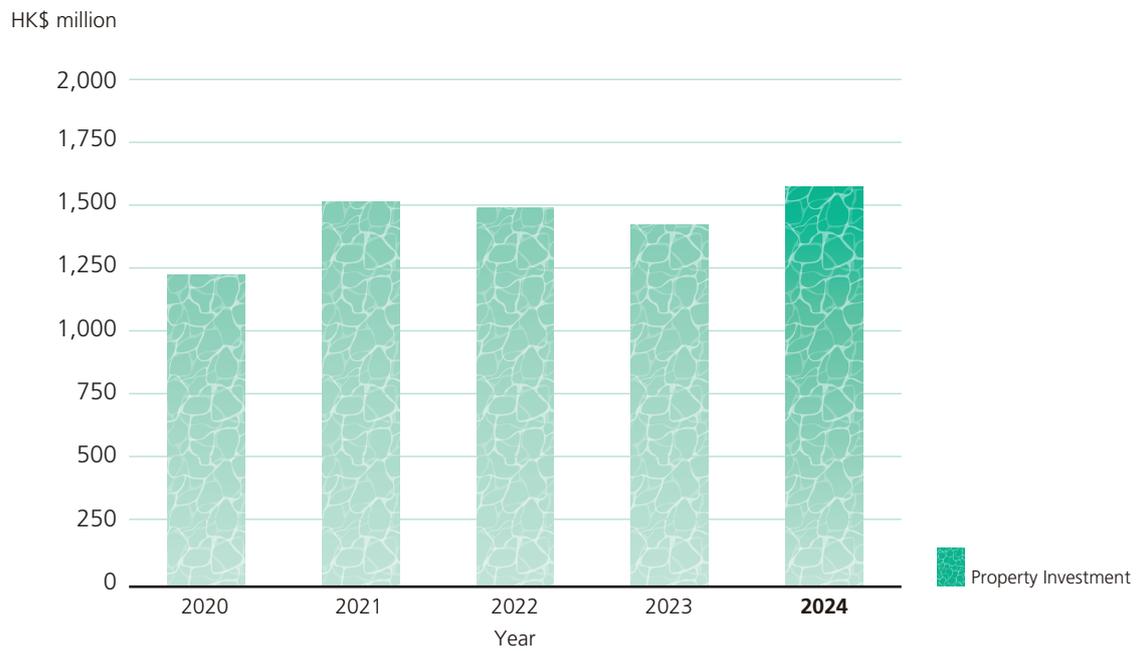
## Water Distribution – Annual Revenue



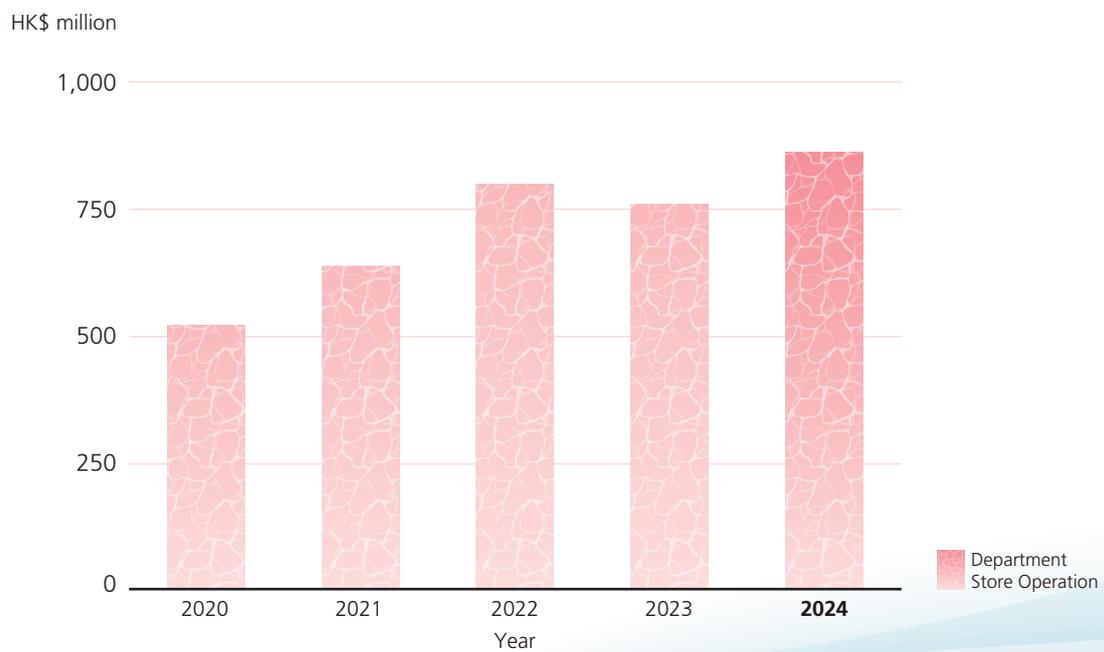
# FINANCIAL HIGHLIGHTS



## Property Investment – Annual Revenue

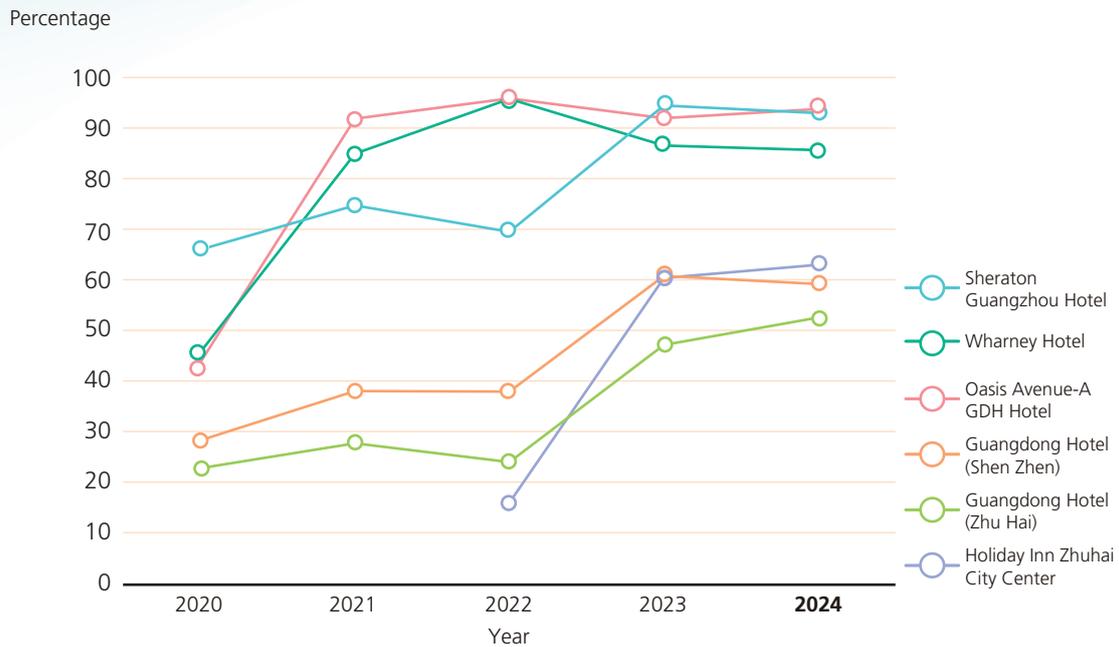


## Department Store Operation – Annual Revenue

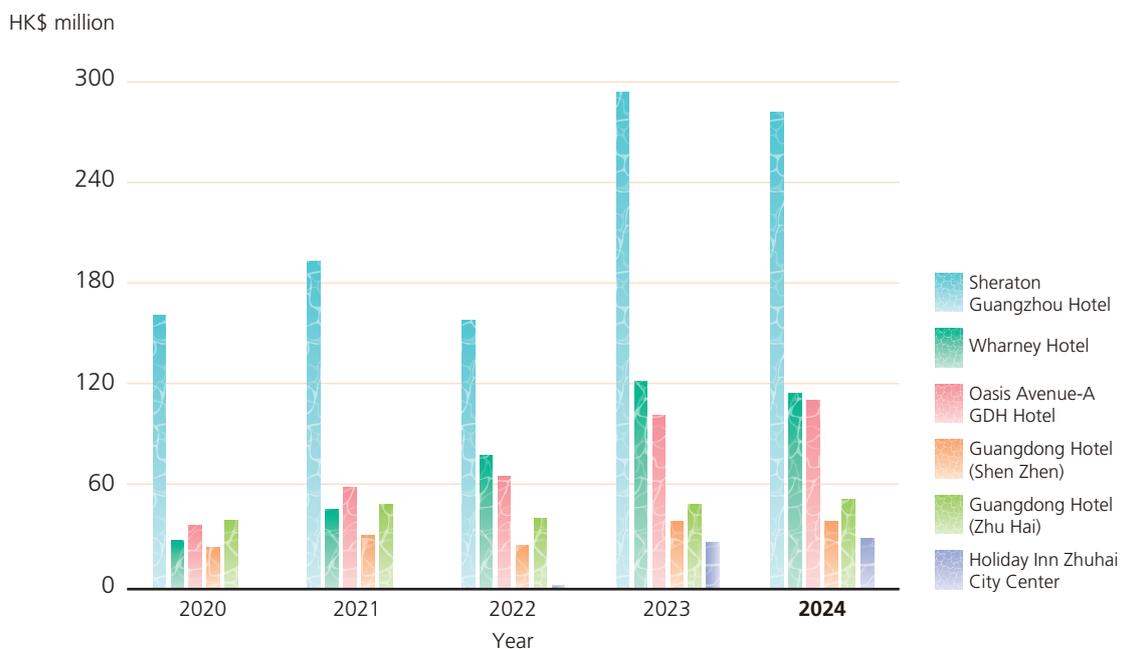


# FINANCIAL HIGHLIGHTS

## Hotel Operation and Management – Occupancy Rate



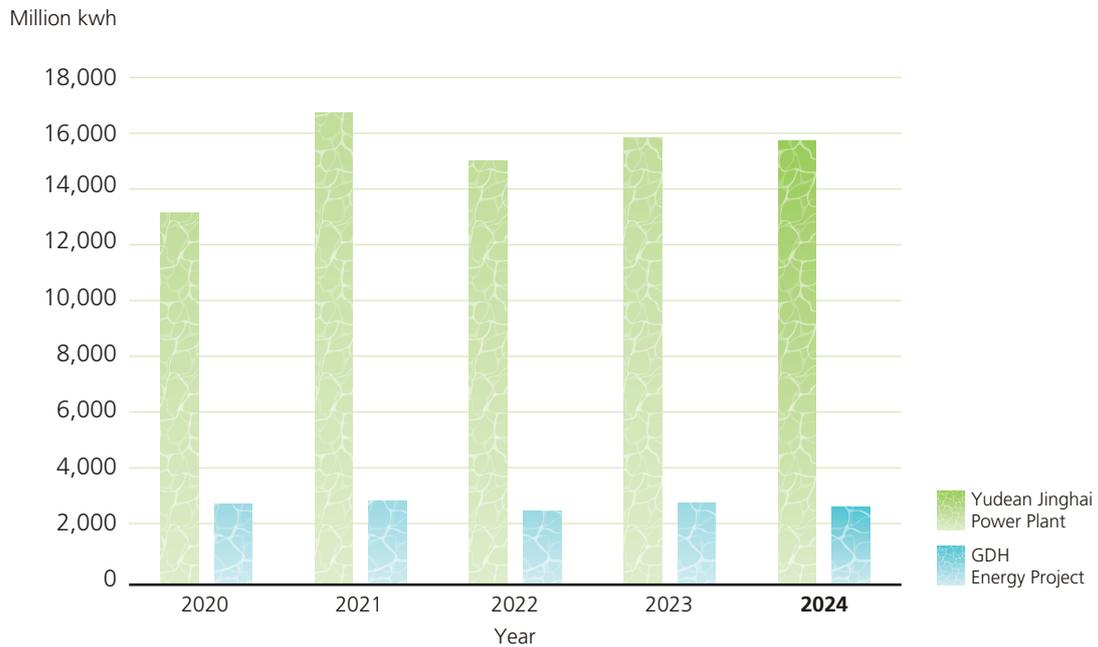
## Hotel Operation and Management – Annual Revenue



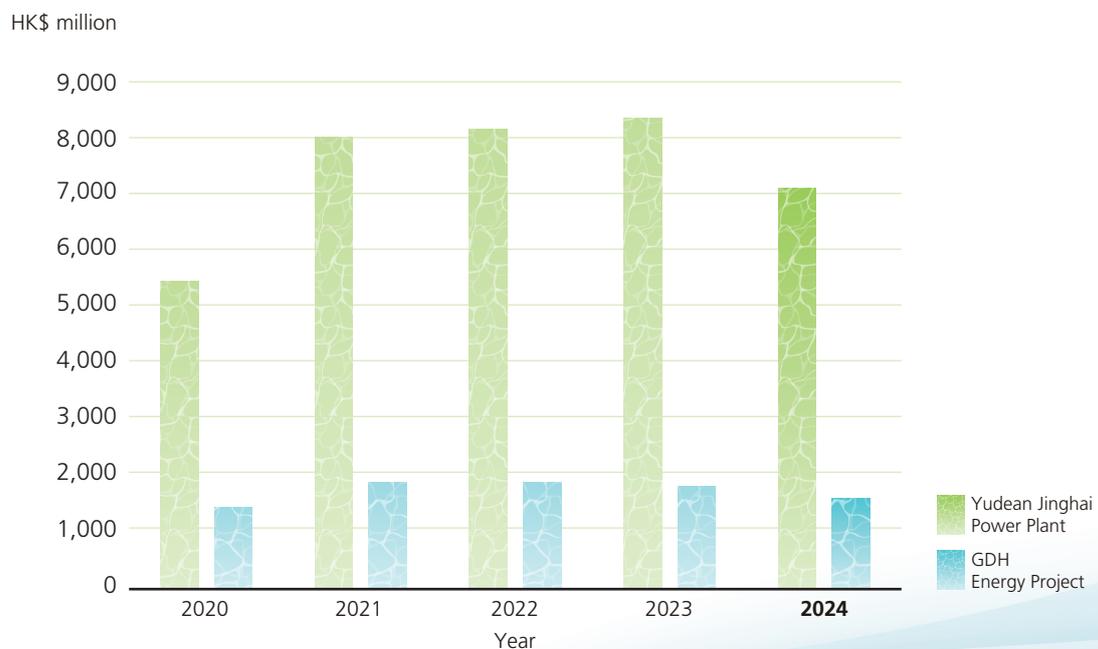
# FINANCIAL HIGHLIGHTS



## Electric Power Generation – Annual Sales of Electricity



## Electric Power Generation – Annual Revenue



## CHAIRMAN'S STATEMENT



### RESULTS

I hereby present our results for the year of 2024 to the shareholders. The Group's consolidated profit attributable to owners of the Company for year 2024 amounted to HK\$3,142 million (2023: HK\$3,122 million), increased by 0.6% over year 2023. Basic earnings per share increased by 0.6% over the last year to HK48.06 cents (2023: HK47.75 cents).

### DIVIDEND

By striking a balance between the sharing of the Company's profit with the shareholders and preserving sufficient funds for its development and operation, the Company aims to generate stable and sustainable returns for its shareholders. In deciding whether to recommend the payment of any dividend and in determining the amount thereof, the Company will take into account the actual and expected financial performance and position of the Group.

The Board recommends the payment of a final dividend of HK7.27 cents per share for the year ended 31 December 2024. Aggregating such dividend with the interim dividend of HK23.97 cents per share paid in October 2024, the total dividend for the entire year will be HK31.24 cents (2023: HK31.04 cents) per share. The said 2024 final dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting, will be paid on or about 24 July 2025.

### REVIEW

In 2024, the global economy showed a slow recovery, with inflationary pressures easing, trade gradually rebounding and monetary policies of major central banks turning accommodative. However, the performance of different economies was markedly divergent, mainly due to factors such as geopolitical tensions, fragmentation of global trade, weak investment and high debt amidst prolonged periods of high interest rates, and climate-related disasters. Against the backdrop of the world entering a new period of turbulence and change and the lack of momentum in global economic growth, China's economy withstood external pressures and overcame internal difficulties to achieve a steady rebound, but still faced challenges such as intensified external pressures, insufficient domestic demand, and difficulties in production and operation of some enterprises.

## CHAIRMAN'S STATEMENT

In the face of the increasingly complicated and uncertain external environment, the Group has focused on strengthening its value operation capability, focusing on reform and innovation, stimulating the vitality of the system and mechanism, promoting the implementation of organisational streamlining, strictly controlling the overall operating costs, enhancing the functions of its core business, vigorously promoting the adjustment of the asset structure, intensifying the efforts in the capital operation, continuously enhancing the core competitiveness of the water business, optimising and perfecting the corporate governance and risk management mechanism, and strengthening the foundation for the sustainable development of the Company.

Among the Group's various business segments, the water resources business continued to enhance its operational management level, strengthened comprehensive leakage control, reinforced the capability of smart waterworks and branding, created a "star-rated waterworks", promoted water price adjustments, and consolidated its leading position in the industry. The average occupancy rate of the property investment business was maintained at a high level, and vigorously promoted the decommissioning of the property sales. During the year, the Group proposed to divest itself of the motion of GD Land by using the special dividend payment to further optimise the Group's asset combination and increase the proportion of water resources business. The hotel operation and management business stepped up its efforts to expand its market in Hong Kong by leasing a new Grade B high-priced hotel for its leasing operation. The retail department store business continued to promote the integration of online and offline business development to stabilise the overall level of operating income. The power business strengthened its refined management to ensure safe and stable operation and, through the implementation of measures to lower the cost and enhance effectiveness, the operating efficiency has increased when compared with the previous period. The road and bridge business focused on toll collection services, assurance of safety and smoothness, and detailed management of maintenance. However, the traffic flow was affected by the diversion of the competing road sections, resulting in a decrease in operating revenue.

## PROSPECTS

Looking ahead to 2025, the global economy will remain in a cyclical adjustment, with key influences including potential risks arising from high debt levels, geopolitics affecting the functioning of the global supply chain, intensifying waves of trade protectionism, and uncertainties in the economic policies of different countries. However, as the world enters a cycle of interest rate cuts, the support of

financial markets and technological innovation for economic development remains strong. As the effects of China's existing policies continue to be unleashed, and a series of incremental policy measures intensify its efforts to boost consumption and investment growth, economic growth is expected to remain relatively resilient in 2025.

In 2025, the year of the conclusion of the 14th Five-Year Plan and the planning of the 15th Five-Year Plan, we will continue to adhere to our development strategy of "seeking progress amidst stability, improving quality and increasing efficiency" and our long-term development vision of 'water industry as the foundation' in the face of the complicated external situation and multiple challenges, benchmark ourselves against international first-class enterprises in the industry, focus on the stable development of our core business, cultivate and explore new business growth points, and ensure that the risks are preventable and controllable, to continue to create long-term value for stakeholders.

Meanwhile, the Group will adhere to the principle of "optimising existing resources, expanding increment and improving quality", focusing its resources on expanding the scale to high-tech and high value-added areas based on consolidating the water business, focusing on enhancing the operation level of its existing assets in its property investment business, promoting lean management and model innovation in its hotel operation and management business to increase profits, building up the strength of the brand through its department shop retail business, exploring the path of e-commerce integration to enthusiastically expand into new market space, exploring multiple channels of the power business to conserve resources and tapping potentials to increase efficiency, and continuing to perform well in attracting more traffic and increasing revenue in the road and bridge business while conducting maintenance. We will grasp the potential development opportunities arising from the "Outline of Development Plan for Guangdong-Hong Kong Macau Greater Bay Area" and actively take on its social responsibilities and put into practice the concept of sustainable development, aiming to fully improve the operating results and the overall value of the Company.

Last but not the least, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders for their support as well as our dedicated and hardworking management team and employees who strived for excellence during the year.

**BAI Tao**  
*Chairman*

Hong Kong, 24 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Overview

The consolidated revenue of the Group from continuing operations for the year ended 31 December 2024 was HK\$18,505 million (2023: HK\$20,322 million (restated)), a decrease of 8.9% as compared with that of year 2023. The decrease in revenue was mainly attributable to the decrease in revenue from construction services in water resources business.

The consolidated profit before tax from continuing operations for the year ended 31 December 2024, excluding changes in fair value of investment properties, net exchange gain and net finance costs, increased by 0.9% to HK\$7,221 million (2023: HK\$7,157 million (restated)), mainly attributed to the steady growth of the water resources business and electric power generation business; which offset the depreciation of Renminbi against Hong Kong dollars by 1.3% over the last year. The net loss arising from fair value adjustments from continuing operations for investment properties of the Group for the year was HK\$68 million (2023: net gain of HK\$100 million (restated)), net exchange gain from continuing operations was HK\$39 million (2023: HK\$1 million (restated)) and net finance costs from continuing operations was HK\$698 million (2023: HK\$832 million (restated)). The consolidated profit before tax from continuing operations for the year increased by 1.1% to HK\$6,494 million (2023: HK\$6,426 million (restated)). The consolidated profit attributable to owners of the Company from continuing operations for the year decreased by 2.8% to HK\$4,103 million (2023: HK\$4,221 million (restated)). The consolidated profit attributable to owners of the Company for the year increased by 0.6% to HK\$3,142 million (2023: HK\$3,122 million).

Basic earnings per share was HK48.06 cents (2023: HK47.75 cents), increased by 0.6% as compared with that in year 2023.

## Business Review

A summary of the performance of the Group's major continuing operations during 2024 is set out as follows:

### Water Resources

#### *Dongshen Water Supply Project*

The profit contribution from the Dongshen Water Supply Project continued to form a significant part of the Group's profit. As at 31 December 2024, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.04% (2023: 96.04%). GH Water Holdings holds a 99.0% interest in Guangdong Yue Gang Water Supply Company Limited, the owner of the Dongshen Water Supply Project.

The designed annual capacity of Dongshen Water Supply Project is 2.423 billion tons. Total volume of water supply to Hong Kong, Shenzhen and Dongguan during the year amounted to 2.093 billion tons (2023: 2.209 billion tons), a decrease of 5.3%, which generated a revenue of HK\$6,360 million (2023: HK\$6,383 million), a decrease of 0.4% over year 2023.

The Hong Kong Water Supply Agreement for 2024 to 2026 (the "2024 to 2026 Water Supply Agreement") between the Government of the Hong Kong Special Administrative Region and the Guangdong Provincial Government was signed on 27 December 2023. Pursuant to the 2024 to 2026 Water Supply Agreement, the annual basic water prices for the three years of 2024, 2025 and 2026 are HK\$5,136.24 million, HK\$5,259.00 million and HK\$5,384.69 million, respectively.

According to the water price deduction mechanism adopted and applicable for the years from 2021 to 2029, the annual basic water price shall be deducted based on the quantity of water supplied to Hong Kong which is conserved (i.e. the difference between the annual supply ceiling of 820 million tons and the actual quantity of water imported, with a minimum annual water supply quantity of 615 million tons from 2021 to 2026) in a particular year using a particular unit rate. The unit rates for each cubic metre of water supplied to Hong Kong which is conserved for the three years of 2024, 2025 and 2026 are HK\$0.315, HK\$0.323 and HK\$0.331, respectively. Average annual water supply quantity shall not be less than 700 million tons over the nine-year period from 2021 to 2029. If the actual water supply quantity deviates, the parties will further negotiate on the amount of water fee which has been excessively deducted, and to be payable by the Government of the Hong Kong Special Administrative Region to the Guangdong Provincial Government.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review (continued)

### Water Resources (continued)

#### Dongshen Water Supply Project (continued)

The revenue from water sales to Hong Kong for the year increased by 2.4% to HK\$5,136 million (2023: HK\$5,016 million). The revenue from water sales to Shenzhen and Dongguan areas decreased by 10.5% to HK\$1,224 million (2023: HK\$1,367 million) during the year. The profit before tax for the year, excluding gains on disposal of assets, net exchange differences and net finance costs, of the Dongshen Water Supply Project for the year ended 31 December 2024 was HK\$4,020 million (2023: HK\$3,852 million), 4.4% more than that in year 2023.

#### Other Water Resources Projects

Apart from the Dongshen Water Supply Project, the Group has a number of subsidiaries and associates which are principally engaged in water distribution, sewage treatment operation and waterworks construction in the mainland of the People's Republic of China (the "PRC") ("Mainland China").

The total designed water supply capacity of the water supply plants and the total designed waste water processing capacity of the sewage treatment plants of the Group's Other Water Resources Projects as at 31 December 2024 were 16,150,200 tons per day (2023: 16,150,200 tons per day) and 3,345,900 tons per day (2023: 3,345,900 tons per day), respectively.

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants operated by the subsidiaries and associates of the Group as at 31 December 2024 were 10,836,800 tons per day (2023: 10,486,800 tons per day) and 2,054,400 tons per day (2023: 2,054,400 tons per day), respectively. In addition, the water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants under construction by the subsidiaries of the Group as at 31 December 2024 were 1,187,000 tons per day and 50,000 tons per day, respectively.

#### Capacity of Water Resources Projects in Operation

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants operated by each of the subsidiaries and associates of the Group are as follows:

Name of subsidiaries of the Group	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd.▲)	290,000	–
梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.▲)	310,000	250,000
儀征粵海水務有限公司 (Yizheng Yuehai Water Supply Co., Ltd.▲)	150,000	–
Gaoyou GDH Water Co., Ltd.	150,000	–
Baoying GDH Water Co., Ltd.	130,000	–
海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd.▲)	150,000	3,500
梧州粵海江河水務有限公司 (Wuzhou Guangdong Jianghe Water Co., Ltd.▲)	310,000	–
Zhaoqing HZ GDH Water Co., Ltd.	130,000	–
遂溪粵海水務有限公司 (Suixi Guangdong Water Co., Ltd.▲)	70,000	–
海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Co., Ltd.▲)	100,000	20,000
豐順粵海水務有限公司 (Fengshun Guangdong Water Co., Ltd.▲)	123,500	–
盱眙粵海水務有限公司 (Xuyi Guangdong Water Co., Ltd.▲)	150,000	–
Wuzhou GDH Environmental Protection Development Co., Ltd.	–	140,000

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review (continued)

### Water Resources (continued)

#### Other Water Resources Projects (continued)

#### Capacity of Water Resources Projects in Operation (continued)

Name of subsidiaries of the Group	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
東莞市常平粵海環保有限公司 (Dongguan Changping Guangdong Huanbao Co., Ltd.▲)	–	70,000
開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.▲)	–	75,000
五華粵海環保有限公司 (Wuhua Guangdong Huanbao Co., Ltd.▲)	–	66,000
東莞市道滘粵海環保有限公司 (Dongguan Daojiao Guangdong Huanbao Co., Ltd.▲)	–	40,000
汕尾粵海環保有限公司 (Shanwei Guangdong Huanbao Co., Ltd.▲)	–	30,000
高州粵海水務有限公司 (Gaozhou Guangdong Water Co., Ltd.▲)	100,000	–
江西粵海公用事業集團有限公司 (Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries	801,500	–
浙江博華環境技術工程有限公司 (Zhejiang Bohua Environmental Technology Engineering Co., Ltd.▲) and its subsidiaries	–	81,000
六盤水粵海環保有限公司 (Liupanshui Guangdong Huanbao Co., Ltd.▲)	–	115,000
昆明粵海水務有限公司 (Kunming Guangdong Water Co., Ltd.▲)	24,000	20,000
雲浮粵海水務有限公司 (Yunfu Guangdong Water Co., Ltd.▲)	50,000	–
大埔粵海環保有限公司 (Dapu Guangdong Huanbao Co., Ltd.▲)	–	21,900
韶關粵海綠源環保有限公司 (Shaoguan Guangdong Luyuan Huanbao Co., Ltd.▲)	–	28,500
陽山粵海環保有限公司 (Yangshan Guangdong Huanbao Co., Ltd.▲)	–	11,300
雲浮市粵海水務自來水有限公司 (Yunfu City Guangdong Water Supply Co., Ltd.▲)	100,000	–
雲浮市粵海水務發展有限公司 (Yunfu City Guangdong Water Development Co., Ltd.▲)	–	145,000
陽江粵海環保有限公司 (Yangjiang Guangdong Huanbao Co., Ltd.▲)	–	20,000
揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd.▲)	560,000	–
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.▲)	500,000	–
潮州市粵海環保有限公司 (Chaozhou Guangdong Huanbao Co., Ltd.▲)	–	20,000
廣東粵海韶投水務有限責任公司 (Guangdong Shaotou Water Co., Ltd.▲)	674,000	–
吳川粵海環保有限公司 (Wuchuan Guangdong Huanbao Co., Ltd.▲)	–	25,000
平遠粵海水務有限公司 (Pingyuan Guangdong Water Co., Ltd.▲)	40,000	–
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries	10,000	453,000
邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd.▲)	250,000	–
惠來粵海清源環保有限公司 (Huilai Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	8,500
惠來粵海綠源環保有限公司 (Huilai Guangdong Luyuan Huanbao Co., Ltd.▲)	–	20,000
信宜粵海水務有限公司 (Xinyi Guangdong Water Co., Ltd.▲)	234,200	–
揭西粵海水務有限公司 (Jiexi Guangdong Water Co., Ltd.▲)	80,000	–
五華粵海碧源環保有限公司 (Wuhua Guangdong Biyuan Huanbao Co., Ltd.▲)	–	40,000
雲浮市雲安粵海城鄉供水有限公司 (Yunfu City Yunan Guangdong Urban and Rural Water Supply Co., Ltd.▲)	24,600	–

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review (continued)

### Water Resources (continued)

#### Other Water Resources Projects (continued)

#### Capacity of Water Resources Projects in Operation (continued)

Name of subsidiaries of the Group	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
河源市粵海水務有限公司 (Heyuan City Guangdong Water Co., Ltd.▲)	300,000	–
無錫德寶水務投資有限公司 (Wuxi Debao Water Investment Co., Ltd. ▲)	–	225,700
汕尾粵海水務有限公司 (Shanwei Guangdong Water Co., Ltd.▲)	245,000	–
東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Co., Ltd.▲)	280,000	–
中山市新涌口粵海水務有限公司 (Zhongshan City Xinyongkou Guangdong Water Co., Ltd.▲)	120,000	–
中山市橫欄粵海水務有限公司 (Zhongshan City Henglan Guangdong Water Co., Ltd.▲)	140,000	–
中山市南鎮粵海水務有限公司 (Zhongshan City Nanzhen Guangdong Water Co., Ltd.▲)	130,000	–
清遠市龍塘粵海水務有限公司 (Qingyuan City Longtang Guangdong Water Co., Ltd.▲)	50,000	–
Guangzhou Nansha GDH Water Co., Ltd.	550,000	–
湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd.▲)	1,060,000	–
湘陰粵海水務有限公司 (Xiangyin Guangdong Water Co., Ltd.▲)	100,000	–
恩施粵海水務有限公司 (Enshi Guangdong Water Co., Ltd.▲)	400,000	–
汕尾粵海清源環保有限公司 (Shanwei Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	100,000
開平粵海淨水有限公司 (Kaiping Guangdong Water Purification Co., Ltd.▲)	–	25,000
<b>Total as at 31 December 2024</b>	<b>8,886,800</b>	<b>2,054,400</b>
<b>Total as at 31 December 2023</b>	<b>8,536,800</b>	<b>2,054,400</b>

Name of associates of the Group	Water supply capacity (tons per day)
Foundation Gang-Wu (Changzhou) Water Supply Co., Ltd	600,000
汕頭市粵海水務有限公司 (Shantou Guangdong Water Co., Ltd.▲)	920,000
興化粵海水務有限公司 (Xinghua Guangdong Water Co., Ltd.▲)	430,000
<b>Total as at 31 December 2024</b>	<b>1,950,000</b>
<b>Total as at 31 December 2023</b>	<b>1,950,000</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review (continued)

### Water Resources (continued)

#### Other Water Resources Projects (continued)

##### Capacity of Water Resources Projects under Construction

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants under construction by each of the subsidiaries of the Group as at 31 December 2024 were as follows:

Name of subsidiaries of the Group	Waste water capacity (tons per day)	Water supply processing capacity (tons per day)
荔浦粵海水務有限公司 (Lipu Guangdong Water Co., Ltd.▲)	80,000	–
揭陽粵海國業水務有限公司 (Jieyang Guangdong Guoye Water Co., Ltd.▲)	270,000	–
邳州粵海環保有限公司 (Pizhou Guangdong Huanbao Co., Ltd.▲)	–	35,000
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries	–	15,000
汕尾粵海供水有限公司 (Shanwei Guangdong Water Supply Co., Ltd.▲)	410,000	–
Guangzhou Nansha GDH Water Co., Ltd.	200,000	–
江西粵海公用事業集團有限公司 (Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries	177,000	–
Zhaoqing HZ GDH Water Co., Ltd.	50,000	–
<b>Total</b>	<b>1,187,000</b>	<b>50,000</b>

Revenue of Other Water Resources Projects for the year ended 31 December 2024 in aggregate decreased by 19.8% to HK\$7,218,479,000 (2023: HK\$8,997,506,000), of which income from construction services amounted to HK\$520,719,000 (2023: HK\$2,199,388,000). Profit before tax of Other Water Resources Projects for the year, excluding the net exchange differences and net finance costs, amounted to HK\$1,733,934,000 (2023: HK\$1,853,937,000) in aggregate, 6.5% lower than that in year 2023.

## Property Investment

### Mainland China

#### GDH Teem

As at 31 December 2024, the Group held an effective interest of 76.13% (2023: 76.13%) in 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited▲) (“Guangdong Teem”) and its subsidiaries, and held an effective interest of 76.02% (31 December 2023: 76.02%) in Tianjin YueHai Teem Shopping Center Co., Ltd. (collectively the “GDH Teem”). GDH Teem operates several shopping malls in Mainland China, of which Teem Plaza, Panyu Teemmall, Guangzhou Comic City and Tianjin Teemmall are owned by GDH Teem whereas Shenzhen Teemmall and 粵海天地 (Yuehai Tiandi▲) are operated under lease arrangements.

Revenue of GDH Teem’s property investment business mainly comprises rental income (including rentals from the department stores operated by the Group). The revenue of GDH Teem’s property investment business for the year ended 31 December 2024 increased by 10.3% to HK\$1,615,377,000 (2023: HK\$1,464,427,000), which was mainly due to the increase in average rental and occupancy rate of certain properties; and the effect from the newly opened 粵海天地 (Yuehai Tiandi▲). The profit before tax, excluding changes in fair value of investment properties and net interest income, of GDH Teem’s property investment business for the year ended 31 December 2024 increased by 27.5% to HK\$906,601,000 (2023: HK\$711,021,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review (continued)

Property Investment (continued)

Mainland China (continued)

GDH Teem (continued)

The revenue of GDH Teem's property investment business during the year was as follows:

	Area for lease sq.m.	Average occupancy rate %	Revenue for the year ended 31 December		Changes %
			2024 HK\$'000	2023 HK\$'000	
Teem Plaza – Teemmall	107,000	99.0	693,492	668,161	+3.8
Teem Plaza – Teem Tower	88,000	84.5	173,033	186,754	-7.3
Panyu Teemmall	144,000	95.1	249,850	244,571	+2.2
Tianjin Teemmall	145,000	97.1	280,775	246,449	+13.9
Guangzhou Comic City	23,000	99.7	93,696	54,692	+71.3
Shenzhen Teemmall	104,000	92.3	78,805	61,864	+27.4
粤海天地 (Yuehai Tiandi▲) (opened in December 2023)	19,000	91.8	45,726	1,936	+2,261.9
	630,000		1,615,377	1,464,427	+10.3

### Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the year was 95.3% (2023: 91.6%). The total revenue for the year ended 31 December 2024 decreased by 1.3% to HK\$46,359,000 (2023: HK\$46,978,000).

### Department Store Operation

As at 31 December 2024, the Group operated five department stores (2023: five) with a total leased area of approximately 95,940 sq.m. (2023: 209,900 sq.m.). The total revenue for the year ended 31 December 2024 increased by 13.6% to HK\$861,612,000 (2023: HK\$758,786,000). The loss before tax for the year ended 31 December 2024 was HK\$44,046,000 (2023: profit before tax of HK\$49,828,000), which included the loss of disposal of assets due to closure of Hua Du Store of HK\$56,645,000 (2023: Nil). After adjusting for the changes in fair value of investment properties, the gain on remeasurement of right-of-use assets and lease liabilities, gain on lease modification and the loss on disposal of assets, the profit before tax decreased by 60.4% to HK\$39,939,000 (2023: HK\$100,882,000).

The revenue of the department stores operated by the Group for the year ended 31 December 2024 was as follows:

	Leased area sq.m.	2024 HK\$'000	2023 HK\$'000	Changes %
Teemmall Store	41,600	706,880	562,843	+25.6
Wan Bo Store	17,100	47,188	54,407	-13.3
Ming Sheng Store (closed in March 2023)	–	–	7,025	-100.0
Dong Pu Store	15,600	48,112	69,492	-30.8
Ao Ti Store	21,500	39,136	43,207	-9.4
Hua Du Store (closed in November 2024)	–	20,125	21,812	-7.7
TeemLife (opened in May 2024)	140	171	–	+100.0
	95,940	861,612	758,786	+13.6

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review *(continued)*

### Hotel Ownership, Operation and Management

As at 31 December 2024, the Group's hotel management team managed a total of 19 hotels (2023: 20 hotels), of which four were located in Hong Kong and 15 in Mainland China. As at 31 December 2024, seven hotels, of which three in Hong Kong, two in Zhuhai and one in each of Shenzhen and Guangzhou, were operated by the Group (Six of them were owned by the Group). Of these seven hotels, five were managed by our hotel management team whereas Holiday Inn Zhuhai City Center located in Zhuhai was operated under franchise arrangement and Sheraton Guangzhou Hotel located in Guangzhou was managed by another hotel management group. In the fourth quarter of 2024, the Group leased the property located at 181 Connaught Road West, Hong Kong to operate and manage Oasis Aurum 181 Hotel. The hotel opened in mid-December 2024.

During the year ended 31 December 2024, the average room rate of Sheraton Guangzhou Hotel was HK\$1,255 (2023: HK\$1,226) whereas the average room rate of the remaining six hotels was HK\$709 (2023 five hotels: HK\$737). The average occupancy rate of Sheraton Guangzhou Hotel was 93.0% (2023: 94.5%) and that of the other six hotels was 70.0% (2023 five hotels: 68.2%) for the year ended 31 December 2024.

The revenue of hotel ownership, operation and management business for the year ended 31 December 2024 decreased by 0.1% to HK\$648,379,000 (2023: HK\$648,780,000). The profit before tax for the year ended 31 December 2024, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$110,625,000 (2023: HK\$105,850,000), 4.5% higher than that in the last year.

### Energy Projects

#### *GDH Energy Project*

Zhongshan Power (Hong Kong) Limited, a subsidiary of the Company, holds a 75% (2023: 75%) interest in 中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.▲) ("GDH Energy"). GDH Energy has two power generation units with a total installed capacity of 600 MW. Sales of electricity during the year ended 31 December 2024 amounted to 2,759 million kwh (2023: 2,912 million kwh), decreased by 5.3%. Due to the mixed impact of the decrease in sales of electricity, decrease in electricity tariff and the drop of exchange rate of Renminbi against Hong Kong dollars of 1.3% over the last year, revenue of GDH Energy project (including intersegment sales) generated from electricity sales and related operations for the year ended 31 December 2024 decreased by 11.8% to HK\$1,604,113,000 (2023: HK\$1,817,993,000). Benefited from the drop in coal price, the profit before tax of GDH Energy for the year ended 31 December 2024, excluding net finance costs, was HK\$138,817,000 (2023: HK\$99,722,000), an increase of 39.2%.

#### *Guangdong Yudean Jinghai Power Generation Co., Ltd. ("Yudean Jinghai Power")*

The Group's effective interest in Yudean Jinghai Power is 25% (2023: 25%). As at 31 December 2024, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the year ended 31 December 2024 amounted to 15,747 million kwh (2023: 15,863 million kwh), a decrease of 0.7%. Due to the decrease in sales of electricity and electricity tariff, revenue for the year ended 31 December 2024 decreased by 14.9% to HK\$7,113,901,000 (2023: HK\$8,359,489,000). The profit before tax of Yudean Jinghai Power for the year ended 31 December 2024 was HK\$399,111,000 (2023: HK\$476,644,000). The Group's share of profit in Yudean Jinghai Power amounted to HK\$74,657,000 (2023: HK\$89,626,000) during the year ended 31 December 2024.

### Road and Bridge

#### *Xingliu Expressway*

廣西粵海高速公路有限公司(Guangxi GDH Highway Co., Ltd.▲) ("GDH Highway") is principally engaged in the operation of the Xingliu Expressway. The Xingliu Expressway comprises a main line which is approximately 100 km in length and three connection lines (to Xingye, Guigang and Hengzhou) with an aggregate length of approximately 53 km.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review (continued)

### Road and Bridge (continued)

#### *Xingliu Expressway (continued)*

The average daily toll traffic flow of the Xingliu Expressway decreased by 5.4% to 25,731 vehicle trips (2023: 27,208 vehicle trips). As a result of the impact of the depreciation of Renminbi against Hong Kong dollars by 1.3% over the last year, the toll revenue of GDH Highway during the year ended 31 December 2024 amounted to HK\$618,848,000 (2023: HK\$664,252,000), decreased by 6.8%. The profit before tax during the year ended 31 December 2024, excluding net finance costs, amounted to HK\$315,368,000 (2023: HK\$371,766,000), decreased by 15.2%.

#### *Yinping Project*

In 2016, the Company entered into a cooperation agreement with 東莞市謝崗鎮人民政府 (Dongguan City Xiegang Town People's Government) (the "Xiegang Government") in respect of a public-private-partnership project (the "Yinping Project") for the development of certain A-grade highways, connecting roads and municipal roads (not being toll roads) (each a "Project Road" and together, the "Project Roads") and the related ancillary support services such as drainage, greening and lighting in 銀瓶創新區 (Yinping Innovation Zone) in Dongguan, Guangdong Province, the PRC. Each Project Road will be budgeted for and developed separately and subject to the approval of the Xiegang Government. The Company had established Dongguan Yuehai Yinping Development and Construction Limited ("Yuehai Yinping"), a wholly-owned subsidiary of the Company, to perform the Company's obligations in the Yinping Project.

On 31 May 2023, Yuehai Yinping and the Xiegang Government entered into a supplemental agreement, pursuant to which the cooperation agreement was supplemented and amended to the effect that payments to be made for the Yinping Project would be subject to performance assessment. Details of the assessment were set out in the announcement of the Company published on 31 May 2023.

As at 31 December 2024, four Project Roads (2023: four Project Roads) were completed and one Project Road (2023: one Project Road) was under construction. As at 31 December 2024, the cumulative development costs in relation to the Yinping Project amounted to approximately RMB2,077 million (equivalent to approximately HK\$2,243 million) (2023: approximately RMB1,987 million (equivalent to approximately HK\$2,193 million)).

For the year ended 31 December 2024, the total interest, management fee and maintenance fee of the Yinping Project recognized decreased by 4.2% to HK\$156,432,000 (2023: HK\$163,367,000) and profit before tax decreased by 2.6% to HK\$130,297,000 (2023: HK\$133,734,000).

### Discontinued Operations

As a result of the Proposed Distribution as disclosed in note 1 to the financial statements as set out in this annual report, the consolidated assets and liabilities of GD Land were classified as held for distribution as at 31 December 2024 and the consolidated results of GD Land for the year ended 31 December 2024 were presented in the consolidated statements as discontinued operations.

During the year, GD Land's properties recorded total contracted GFA (including completed properties held for sale and properties held for sale under development) and delivered GFA of approximately 314,000 sq.m. (2023: 274,000 sq.m.) and 310,000 sq.m. (2023: 222,000 sq.m.), respectively. Revenue of GD Land for the year increased by 74.3% to HK\$6,759,320,000 (2023: HK\$3,877,416,000), of which income from sales of properties amounted to HK\$6,720,693,000 (2023: HK\$3,842,660,000). The net loss arising from fair value adjustments for investment properties was HK\$25,272,000 (2023: net gain of HK\$230,115,000) and net gain on disposal of properties was Nil (2023: HK\$149,175,000). Affected by the continued downturn in the real estate market, transaction volume had shrunk, and sales prices had also declined. The Group made provision for inventory impairment of HK\$1,033,715,000 (2023: HK\$1,808,996,000) during the year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review *(continued)*

### Discontinued Operations *(continued)*

The loss before tax of GD Land for the year ended 31 December 2024 was HK\$1,520,405,000 (2023: HK\$1,957,825,000). Due to savings on expenses, the loss before tax of GD Land for the year ended 31 December 2024, excluding changes in fair value of investment properties, net gain on disposal of properties, impairment of properties held for sale under development and completed properties held for sale and net finance costs, was HK\$113,869,000 (2023: HK\$295,552,000).

As at 31 December 2024, GD Land held completed properties for sale amounted to approximately HK\$13,457 million (2023: HK\$9,141 million) and properties for sale under development amounted to approximately HK\$12,652 million (2023: HK\$23,592 million), with a total amount of approximately HK\$26,109 million (2023: HK\$32,733 million). Amongst them, the sales amount of properties that have been contracted and received but have not yet been delivered was approximately HK\$9,386 million (2023: HK\$9,517 million), which was stated as contract liabilities and would be recognised as revenue upon delivery of the relevant properties.

As at 24 March 2025, GD Land's outstanding other borrowings to the Group (excluding GD Land) amounted to RMB500,000,000 (equivalent to approximately HK\$541,950,000) (31 December 2024: RMB1,200,000,000 (equivalent to approximately HK\$1,295,880,000)).

## Other Financial Assets at Amortised Cost

As at 31 December 2024, other financial assets at amortised cost of the Group were HK\$3,385 million (2023: Nil), which represent deposits placed by the Group in a number of licensed banks in the PRC with the principal sums denominated in Renminbi that will be matured within three years with principal protected upon the maturity dates.

## Liquidity, Gearing and Financial Resources

As at 31 December 2024, cash and bank balances of the Group from continuing operations were HK\$12,154 million (2023: HK\$12,594 million, of which HK\$4,084 million were from GD Land), of which 97.84% was denominated in Renminbi, 2.15% in Hong Kong dollars and 0.01% in United States dollars.

As at 31 December 2024, the Group's financial borrowings from continuing operations (18.9% was denominated in Hong Kong dollars and 81.1% in Renminbi) were HK\$23,862 million (2023: HK\$42,428 million, of which HK\$15,617 million were from GD Land), of which borrowings denominated in Hong Kong dollars were HK\$4,500 million (2023: HK\$7,274 million, of which HK\$900 million were from GD Land), including loans from the ultimate holding company, fellow subsidiaries and an associate of HK\$3,489 million (2023: HK\$9,577 million, of which HK\$5,470 million were from GD Land). Of the Group's total financial borrowings from continuing operations, HK\$7,330 million is repayable within one year while the remaining balances of HK\$6,106 million and HK\$10,426 million are repayable within two to five years and beyond five years from the end of the reporting period, respectively. Furthermore, as at 31 December 2024, the interest rate structure of the Group's total financial borrowings from continuing operations consisted of 92.1% floating rate borrowings, 7.0% fixed rate borrowings and 0.9% non-interest-bearing borrowings.

The Group maintained a credit facility from continuing operations of HK\$9,349 million as at 31 December 2024 (2023: HK\$12,287 million, of which HK\$4,436 million were from GD Land).

As at 31 December 2024, the Group's gearing ratio from continuing operations (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) was 30.9% (2023: 77.3%) due to the transfer of GD Land's net financial borrowings to assets/liabilities held for distribution. The Group was in a healthy debt servicing position with the EBITDA/finance cost incurred as at 31 December 2024 being 10.5 times (2023: 9.4 times (restated)).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity, Gearing and Financial Resources *(continued)*

Net cash inflows from operating activities for the year ended 31 December 2024 amounted to approximately HK\$11,086 million (2023: HK\$10,711 million). GD Land recorded net cash inflows from operating activities for the year amounting to approximately HK\$1,936 million (2023: HK\$3,607 million). The existing cash resources of the Group, together with steady cash flows generated from the Group's operations, are sufficient to meet the Group's payment obligation and business requirements.

## Pledge of Assets and Contingent Liabilities

As at 31 December 2024, except for (i) bank deposits of HK\$1,619 million from GD Land (2023: Nil); (ii) certain property assets of HK\$9,599 million from GD Land (2023: HK\$9,090 million, of which HK\$8,742 million were from GD Land); (iii) certain revenue entitlement under service concession arrangements of water distribution, sewage treatment and toll road operations as security for bank and other loans of HK\$12,413 million (2023: HK\$12,838 million); (iv) equity interest in a subsidiary of the Group, which were pledged to secure certain bank and other loans, none of the property, plant and equipment, concession rights for water distribution, sewage treatment and toll road operations (comprising operating concession rights and receivables under service concession agreements) were pledged to secure bank and other loans granted to the Group.

Except for the guarantees made to certain banks in relation to the mortgages of properties sold of HK\$4,714 million, of which HK\$4,709 million were from GD Land (2023: HK\$4,676 million, of which HK\$4,666 million were from GD Land) as disclosed in note 38 to the financial statements as set out in this annual report, there was no other material contingent liability as at 31 December 2024 and 2023.

## Capital Expenditure

The Group's capital expenditure during the year ended 31 December 2024 amounted to HK\$1,857 million (2023: HK\$7,696 million) which was principally related to property, plant and equipment and leasehold land, the construction and asset acquisition cost for water supply and sewage treatment plants (including operating concession rights and receivables under service concession arrangements), development cost for investment property projects and acquisitions of subsidiaries.

## Exposure to Fluctuations in Exchange and Interest Rates and Related Hedges

As at 31 December 2024, total Renminbi borrowings from continuing operations amounted to HK\$19,356 million (2023: HK\$35,146 million, of which HK\$14,717 million were from GD Land). Exchange rate risk might result from the fluctuation of Renminbi exchange rate. The Group did not use derivative financial instruments to hedge its foreign currency risk as there was a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

As at 31 December 2024, the Group's total floating rate borrowings from continuing operations amounted to HK\$21,975 million (2023: HK\$31,618 million, of which HK\$7,152 million were from GD Land). Interest rate risk might result from the fluctuations in bank and other loan interest rate. The Group did not use interest rate hedging to manage its interest rate risk. The Group would continue to review the market trend as well as its business operation's needs, so as to arrange the most effective risk management tools.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Principal Risks and Uncertainties

### Macroeconomic Risk

As a diversified conglomerate with investments in different business segments, the financial and operating performance of the Company is inextricably linked to the macroeconomic environment.

Internationally, the global economic outlook remains highly uncertain amid global debt risks, geopolitical disputes, rising trade protectionism and the pressure to cope with climate change. Domestically, the overall economic performance maintained a long-term stable and improving growth trend. However, the economic fundamentals are still subject to certain challenges and impacts due to the combined effects of increasing adverse impacts brought about by changes in the external environment and pressure on the Renminbi exchange rate and insufficient domestic effective demand, the economic fundamentals remain challenging. Consequently, the Company will closely monitor and track changes in macroeconomic conditions, capital markets and business operating environments, and provide regular market analysis and updates while promptly putting forward countermeasures to management according to existing company procedures in order to ensure the corporate development strategies keeps pace with the times and is effective, which can maintain its corporate competitiveness under the impact of the external economic environment and achieve steady development.

### Foreign Currency Risk

As most of the Company's business operations are located in Mainland China, the Company faces foreign currency risks due to exchange gain/loss from exchange rate fluctuations as well as currency conversion risk due to converted net asset value fluctuations of investment projects in Mainland China. To effectively manage foreign currency risk, the Company closely monitors foreign exchange markets, and utilises multiple strategic approaches, such as optimising cash management strategy and deploying project finance instruments, to contain foreign exchange risk.

### Market Competition Risk

As market competition intensifies, the Company faces difficulties in its expansion efforts and a further decline in project investment returns in the sectors it operates in. In this regard, the Company seeks to explore new sources of revenue and reduce operating costs through product improvement, operating efficiency enhancement, implementing refined management and optimising human resource allocation team so as to enhance the profitability of its projects.

### Project Safety Management Risk

Project safety management risk encompasses product safety management risk as well as personnel safety management risk. With respect to product safety risk, on the one hand, the Company will conduct the relevant risk management and control work based on standardisation, standard process and systemisation so as to allow risk management and control to be based on unified standards in the future. On the other hand, the Company will strengthen production quality control by performing regular safety inspections on its production and operational facilities as a preventive measure, and by accepting market supervision actively and taking timely actions to rectify existing problems to avoid greater impact.

With respect to personnel safety risk, each investment project in the Company's investment portfolio has a customised safety liability mechanism best suited to its operating environment. These safety liability mechanisms clearly define the assignment of duty and responsibility, and serve as the related performance evaluation guidelines. On top of that, the Company also provides regular operational safety training to its employees, and puts in place contingency plans to emergency events in order to ensure that such risks are effectively controlled.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Employee and Remuneration Policy

As at 31 December 2024, the Group had a total of 10,759 employees (2023: 11,495 employees). Among the employees, 376 were employed by GD Land, 10,139 were employed by subsidiaries in Mainland China and 244 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the year was approximately HK\$2,337,464,000, of which HK\$141,408,000 were from GD Land (2023: approximately HK\$2,502,471,000 of which HK\$292,090,000 were from GD Land).

In 2024, the Group has made concerted efforts to transform and strengthen itself, in conjunction with the goal of high-quality development, it has been striving for “organisational excellence”, encouraged its staff to take on responsibilities, improve efficiency and create value. The Group has improved the incentive and protection mechanism by strengthening the commitment of management personnel and employees at all levels, perfected the supporting systems and performance appraisal system, promoted the orientation of “advancing the capable, rewarding the excellent, demoting the mediocre, and eliminating the inferior”. By cultivating a committed workforce, optimising its operation and management and strengthening its core competencies, the Group continuously enhances its competitiveness and improves its corporate governance.

The remuneration policy of the Group is designed to ensure that the remuneration package is competitive and in line with the development objectives and business performance of the Group. The remuneration package includes fixed salary, discretionary bonus, insurance and fringe benefits. The remuneration standards are based on factors such as qualifications, experience, job responsibility and performance of individual employees and market conditions. Discretionary bonus is subject to the performance-based incentive policy.

In respect of staff training, the Group aims to build a learning organisation, and encourage staff to pursue continuous learning and lifelong learning. The Group also organises legal compliance, investment development, financial management, sustainable development and other multi-dimensional professional trainings in a targeted manner as per the compliance requirements and business development requirements and on an as-needed basis in order to constantly enhance the overall quality and professional competence of its staff.

# DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

## Directors

**Ms. BAI Tao**, aged 58, has been the Executive Director, the Chairman of the Board and the Chairman and a member of the Nomination Committee of the Company since 26 October 2023. Ms. Bai holds a bachelor's degree in engineering from Lanzhou University of Technology (formerly known as Gansu University of Technology) and a Doctorate degree in economics from Jinan University. She is a senior economist and a senior engineer. Ms. Bai was appointed the chairman of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited\*) ("Guangdong Holdings") and GDH Limited ("GDH") in September 2023. Prior to joining the Guangdong Holdings group, Ms. Bai had served for a number of large-scale enterprises which specialized in manufacturing, industrial construction and real estate industries. She had been a director and general manager of 廣東省二輕工業集團公司 (Guangdong Province Second Light Industry Group Corporation\*), chairman of 廣東省廣輕控股集團有限公司 (Guangdong Province Guangqing Holdings Group Co., Ltd.\*) and chairman of 廣東省廣新控股集團有限公司 (Guangdong Guangxin Holdings Group Co., Ltd.\*, being an enterprise of the 2023 & 2024 Fortune Global 500). Ms. Bai was awarded the 廣東省優秀女企業家 (Guangdong Excellent Female Entrepreneur\*) in 2005, and an expert entitled to special grants of the State Council of the People's Republic of China (the "PRC") in 2018. In addition, Ms. Bai actively involves in public services. She is currently serving as vice chairman of China Enterprise Reform and Development Society, and previously acted as vice chairman of the Guangdong Women's Federation and a director of the 廣東省城鎮集體企業聯社 (Guangdong Provincial Urban Collective Enterprises Federation\*) etc. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively.

**Mr. LIN Tiejun**, aged 60, was appointed the Vice Chairman and an Executive Director of the Company on 28 March 2020. He graduated from the Faculty of Mechanical Engineering of the South China Institute of Technology (now known as South China University of Technology). He holds an Executive Master of Business Administration degree from Shanghai University of Finance and Economics. He is an engineer and an economist. Between 1988 and 2000, Mr. Lin worked for the Guangdong Province Dongshen Water Supply Project Management Bureau in a number of positions, including Deputy Director of the Personnel Division. He acted as the Deputy Director and then the Director of the Human Resources Department of Guangdong Yue Gang Water Supply Company Limited ("Yue Gang Water Supply") during the period from 2000 to 2003, as well as a director of Yue Gang Water Supply during the period from 2014 to 2019. Yue Gang Water Supply is a subsidiary of the Company. Mr. Lin joined GDH and Guangdong Holdings in 2004 and 2006 respectively and has served as the General Manager of the Human Resources Department, the Human Resources Director and the Assistant to General Manager of both Guangdong Holdings and GDH.

**Mr. WEN Yinheng**, aged 47, was appointed an Executive Director and the Managing Director of the Company on 15 November 2012. Mr. Wen holds a Bachelor's degree in Economics from Jinan University, PRC, and a Master of Commerce degree in International Professional Accounting from the University of New South Wales, Australia. From 2003 to 2006, Mr. Wen worked in Guangdong Bureau and Listed Company Supervision Department of the China Securities Regulatory Commission, supervising the merger, acquisition and restructuring activities of listed companies. Between 2006 and 2011, he worked for Dalian Commodity Exchange and held a number of positions including Director of the Surveillance Department. Mr. Wen joined the Company in November 2011 and acted as a Deputy General Manager of the Company from November 2011 till November 2012. He is also a director of certain subsidiaries of the Company.

**Mr. TSANG Hon Nam**, aged 55, was appointed an Executive Director and the Chief Financial Officer of the Company on 17 April 2008. He was redesignated as Executive Director and Deputy General Manager of the Company on 27 March 2021. Mr. Tsang graduated from The Chinese University of Hong Kong and holds a Bachelor's degree in Science. He is an Associate of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants. Mr. Tsang acted as an Executive Director and the Chief Financial Officer of GDH Guangnan (Holdings) Limited ("Guangnan Holdings") during the period from February 2004 to April 2008. Guangnan Holdings is a subsidiary of GDH and is listed in Hong Kong. Before joining Guangnan Holdings, he was the Deputy General Manager of the Finance Department of GDH and had also worked for Guangdong Enterprises (Holdings) Limited. He is also a director of certain subsidiaries of the Company.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

### Directors (continued)

**Ms. LIANG Yuanjuan**, aged 49, was appointed an Executive Director and the Chief Financial Officer of the Company on 27 March 2021. Ms. Liang graduated from Guangdong University of Foreign Studies (major in Accounting) and obtained a Bachelor's degree in Economics. She also holds a Master's Degree in Practising Accounting from Monash University, Australia. Ms. Liang is an intermediate accountant and a member of CPA Australia. She has previously worked for 3M China Ltd. and Amway (China) Co., Limited. Ms. Liang was the Manager of the Finance Department of GDH from November 2009 to May 2014 and has served as the Senior Manager and then the Deputy General Manager of the Finance Department of Guangdong Holdings from May 2014 to January 2021. She is also a director of certain subsidiaries of the Company.

**Mr. CAI Yong**, aged 59, was appointed a Non-Executive Director of the Company on 25 August 2016. Mr. Cai holds a Master's degree in Business Administration from the South China University of Technology, PRC. Between 1991 and 2016, he worked for a number of departments of the People's Government of Guangdong Province in various positions including Deputy Director of the Economic and Trade Commission, Deputy Director of the Economic and Information Commission and Deputy Director of Department of Commerce. Mr. Cai was appointed a Director and the General Manager of Guangdong Holdings in January 2016. He was appointed an Executive Director and the General Manager of GDH in May 2016 and was re-designated from Executive Director to Director in June 2019.

**Mr. FENG Qingchun**, aged 48, was appointed a Non-Executive Director of the Company on 26 August 2020. Mr. Feng graduated from Hefei College of Economics and Technology, the PRC (major in Accounting) and holds a Bachelor's degree in Economics. He also obtained a Master's degree in Accounting from Sun Yat-Sen University, PRC and is a senior accountant. He was a principal officer and then the deputy division director of Guangdong Regulatory Bureau of the Ministry of Finance, PRC. Mr. Feng was appointed the General Manager of the Finance Department of Guangdong Holdings and GDH on 2 March 2020 and was appointed Chief Financial Officer of Guangdong Holdings and GDH on 29 March 2022. Between October 2017 and June 2020, Mr. Feng was a director of 廣東鴻圖科技股份有限公司 (Guangdong Hongtu Technology (Holdings) Co., Ltd.), whose shares are listed on the Shenzhen Stock Exchange. He is also a director and the chairman of 粵海集團財務有限公司 (GDH Finance Co., Ltd.) (appointed on 5 August 2024), a wholly-owned subsidiary of Guangdong Holdings, as well as a director of 廣東粵海投資財務管理有限公司 (Guangdong Yuehai Investment Financial Management Limited\*), a subsidiary of the Company.

**Dr. CHAN Cho Chak, John**, *GBS, JP*, aged 81, was appointed an Independent Non-Executive Director of the Company on 25 June 1998. He is also the chairman and a member of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee of the Company.

Dr. Chan is also the Deputy Chairman and an Independent Non-Executive Director of Transport International Holdings Limited (a public listed company in Hong Kong). He is also a Non-Executive Director of The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited. Dr. Chan is the Pro Chancellor of The Hong Kong University of Science and Technology and the Chairman and a Non-Executive Director of Hong Kong News-Expo Limited.

Dr. Chan was educated in Hong Kong and graduated from The University of Hong Kong in 1964 with an Honours Degree in English Literature. He later obtained a Diploma in Management Studies from the same university following the completion of evening studies. He was awarded the degree of Doctor of Business Administration (honoris causa) by the International Management Centres in October 1997 and the degree of Doctor of Social Sciences (honoris causa) by The Hong Kong University of Science and Technology in November 2009, The University of Hong Kong in March 2011 and Lingnan University in November 2012.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

### Directors (continued)

Dr. Chan served in the Hong Kong Government for two periods: from 1964 to 1978 and from 1980 to 1993. Initially appointed as an Executive Officer Class II, he rose through the ranks of the civil service to become one of the Cabinet-level Policy Secretaries of the Government. Among the key posts he held over the years were those of Private Secretary to the Governor, Deputy Secretary (General Duties), Director of Information Services, Deputy Chief Secretary, Secretary for Trade and Industry and Secretary for Education and Manpower. He also served as a Member of the Executive Council from October 1992 to May 1993.

Dr. Chan was also an Executive Director and the General Manager of Sun Hung Kai Finance Company Limited from 1978 to 1980, the Managing Director of The Kowloon Motor Bus Company (1933) Limited from November 1993 to December 2006, the Managing Director of Transport International Holdings Limited from September 1997 to April 2008, the Chairman of The Hong Kong Jockey Club from August 2006 to August 2010 and an Independent Non-Executive Director of Hang Seng Bank, Limited from August 1995 to May 2022.

Dr. Chan was appointed as a Justice of the Peace (JP) in 1994 and was awarded the Gold Bauhinia Star (GBS) in 1999.

**Mr. FUNG Daniel Richard**, SBS, QC, SC, JP, aged 71, was appointed an Independent Non-Executive Director of the Company on 3 January 2000. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Fung is Senior Counsel of the Hong Kong Bar. Called to the English Bar at Middle Temple in 1975 and admitted to the Hong Kong Bar in 1977, Mr. Fung has been in continuous practice for over four decades, achieving in 1990 appointment as Queen's Counsel. In 1994, Mr. Fung became the first person of Chinese extraction to serve as Solicitor General of Hong Kong, a position he occupied for four years, becoming in 1997 the first Solicitor General of the Hong Kong Special Administrative Region of the PRC. In 1998, Mr. Fung left public office to take up successive appointments as Visiting Scholar at Harvard Law School (1998-1999) and Senior Visiting Fellow at Yale Law School (1999).

Mr. Fung is currently serving as Vice-Chairman and a director of the Financial Services Development Council and convenor of Policy Research Committee. He is Founding Chair of Cambridge Global Conversations, Chairman Emeritus of the United Nations Peace & Development Foundation, President of the International Law Association (ILA) Hong Kong Chapter, Chairman of the Board of International Bridges to Justice (IBJ), Advisory Board Member of Global Thinkers Forum (GTF), Vice Chairman of the American Renewable Energy Institute (AREI), Senior Fellow of the Salzburg Global Seminar (SGS), Vice-President of the Academy of Experts, Member of the Board of Governors of the East West Center (EWC), Advisory Committee Member of the American Bar Association/United Nations Development Program (UNDP) Legal Resource Unit, Council Member of China Law Society (CLS), Founding Governor of the China-US Exchange Foundation, Member of the Hengqin New Area Development Consultative Committee, Chairman of Social Sciences Advisory Board of Lingnan University, Honorary Lecturer in the Department of Professional Legal Education of The University of Hong Kong, Fellow of the Chartered Institute of Arbitrators and Arbitrator of the China International Economic, Trade Arbitration Commission (CIETAC).

Mr. Fung served as Chairman of the Broadcasting Authority (2002-2008), Member of the World Bank International Advisory Council on Law and Justice (1999-2005), a member of the Hong Kong Government's Strategic Development Commission (2006-2012), a non-executive director of Securities & Futures Commission (1998-2004), a board member of the Airport Authority Hong Kong (1999-2005), a member of the Basic Law Consultative Committee (1985-1990) and the Central Policy Unit of the Hong Kong Government (1993-1994), respectively, Distinguished Fulbright Scholar for Hong Kong in the Year 2000, Adjunct Professor of City University of Hong Kong (2005-2017), International Consultant to the UNDP on Corporate Governance in the PRC, Special Advisor to the UNDP on the Rule of Law Development Program in Cambodia and in Laos (2000-2002), Council Member of International Institute for Strategic Studies (IISS) (2004-2012), member of the World Economic Forum Global Agenda Council (2009-2013), Arbitrator of the Shanghai International Economic and Trade Arbitration Commission (2012-2018) and National Delegate to the Chinese People's Political Consultative Conference (2003-2023).

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

### Directors (continued)

In 2003, Mr. Fung was awarded the Silver Bauhinia Star for services to constitutional development in Hong Kong and made a Justice of the Peace in 2004. In 2011, Mr. Fung was honored by UNDP in recognition of his contribution to the work of UNDP China and the United Nations Millennium Development Goals.

**Dr. the Honourable CHENG Mo Chi, Moses**, *GBM, GBS, OBE, JP*, aged 75, was appointed an Independent Non-Executive Director of the Company on 25 November 1999 and was re-designated as a Non-Executive Director of the Company on 13 October 2004. He was further re-designated as an Independent Non-Executive Director of the Company on 15 November 2012. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Dr. Cheng is a practising solicitor and a senior consultant of Messrs. P.C. Woo & Co. after serving as its senior partner and consultant from 1994 to January 2023. He is a non-official member of the Executive Council of the Hong Kong Special Administrative Region. He is also the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. Dr. Cheng currently holds directorships in K. Wah International Holdings Limited, Liu Chong Hing Investment Limited, The Hong Kong and China Gas Company Limited, Tian An China Investments Company Limited and Towngas Smart Energy Company Limited, all being public listed companies in Hong Kong. He was a member of the Legislative Council of Hong Kong and the Founder Chairman of the Insurance Authority. Dr. Cheng was previously an Independent Non-executive Director of China Mobile Limited and China Resources Beer (Holdings) Company Limited, both of which are public listed companies in Hong Kong.

**Mr. LI Man Bun, Brian David**, *BBS, JP, MA (Cantab), MBA, FCA*, aged 50, was appointed an Independent Non-Executive Director of the Company on 27 March 2021. He holds an MBA degree from Stanford University and a BA degree from the University of Cambridge. He is also the chairman and a member of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee of the Company.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Member of the Hong Kong Academy of Finance, an Honorary Certified Banker of The Hong Kong Institute of Bankers and a Full Member of the Treasury Markets Association.

Mr. Li joined The Bank of East Asia, Limited ("BEA") (a public listed company in Hong Kong) in 2002. He was the General Manager & Head of Wealth Management Division of BEA from 2004 to 2009. Mr. Li was subsequently appointed Deputy Chief Executive in 2009, Executive Director in 2014 and Co-Chief Executive in 2019. He is responsible for the overall management and control of the BEA Group with a particular focus on its Chinese Mainland and international businesses.

Mr. Li is an Independent Non-Executive Director of Towngas Smart Energy Company Limited and China Overseas Land and Investment Limited. Mr. Li was also an Independent Non-Executive Director of Shenzhen Investment Holdings Bay Area Development Company Limited. All of the above companies are public listed companies in Hong Kong.

Mr. Li currently holds a number of public and honorary positions, including being a Member of the National Committee of the Chinese People's Political Consultative Conference and a Vice Chairman of its Committee on Social and Legal Affairs, a Member of the Chief Executive's Council of Advisers of the Government of the Hong Kong Special Administrative Region, a Board Member of the Hong Kong-Shenzhen Innovation and Technology Park Ltd., and a Member of the Disaster Relief Fund Advisory Committee.

### Senior Management

The senior management of the Group comprises the Executive Directors above, namely, Ms. Bai Tao, Mr. Lin Tiejun, Mr. Wen Yinheng, Mr. Tsang Hon Nam and Ms. Liang Yuanjuan.

## DIRECTORS' REPORT

The directors (the "Directors") of Guangdong Investment Limited (the "Company") herein present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2024.

### Principal Activities

The Group was principally engaged in investment holding, water resources, property investment, department store operation, hotel ownership, operation and management, investment in energy projects and road and bridge operation. Details of the principal activities of the principal subsidiaries and associates are set out in notes 1 and 18 to the financial statements, respectively.

### Results and Dividends

The results of the Group for the year ended 31 December 2024 and the Group's financial position as at that date are set out in the financial statements on pages 66, 67, 69 and 70.

An interim dividend of HK23.97 cents (2023: HK18.71 cents) per ordinary share was paid on 30 October 2024. The board of Directors (the "Board") has resolved to recommend the payment of a final dividend of HK7.27 cents (2023: HK12.33 cents) per ordinary share for the year ended 31 December 2024.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Tuesday, 17 June 2025 (the "2025 AGM"), is expected to be paid on or about Thursday, 24 July 2025 to shareholders whose names appear on the register of members of the Company on Friday, 27 June 2025.

In order to qualify for attending and voting at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 11 June 2025.

The register of members of the Company will be closed on Friday, 27 June 2025 for the purpose of determining shareholders' entitlement to the proposed final dividend. On that day, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at the above address not later than 4:30 p.m. on Thursday, 26 June 2025.

### Business Review

A review of the business of the Group during the year, a discussion on the Group's future business development and principal risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 14 and 15 and Management Discussion and Analysis on pages 16 to 27 of this Annual Report. The financial risk management objectives and policies of the Group are shown in note 45 to the financial statements on pages 184 to 189 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on pages 6 to 13 of this Annual Report. Discussion on the Group's environmental issues and compliance with the relevant laws and regulations that have a significant impact on the Company are contained in the Corporate Governance Report on pages 44 to 59 of this Annual Report. The Company's key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company's success depends are shown in the Management Discussion and Analysis under "Employee and Remuneration Policy" section on page 27, and in the Corporate Governance Report on pages 44 to 59 of this Annual Report. The above discussion and analysis forms part of this Directors' Report.

# DIRECTORS' REPORT

## Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years extracted from the audited financial statements is set out below:

### Results

	2024	Year ended 31 December			
		2023 (Restated)	2022	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COTINUING OPERATIONS</b>					
<b>REVENUE</b>	<b>18,505,293</b>	20,322,478	23,196,238	29,715,492	23,173,322
<b>PROFIT FROM OPERATING</b>					
<b>ACTIVITIES AFTER FINANCE COSTS</b>	<b>6,321,833</b>	6,232,362	7,199,023	8,496,354	7,984,997
Share of profits less losses of associates	172,021	193,411	44,515	(39,510)	216,250
<b>PROFIT BEFORE TAX</b>	<b>6,493,854</b>	6,425,773	7,243,538	8,456,844	8,201,247
<b>INCOME TAX EXPENSE</b>	<b>(1,852,764)</b>	(1,658,283)	(1,719,345)	(2,969,258)	(2,562,882)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>4,641,090</b>	4,767,490	5,524,193	5,487,586	5,638,365
<b>DISCONTINUED OPERATIONS</b>					
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	(1,493,331)	(1,953,635)	–	–	–
<b>PROFIT BEFORE NON-CONTROLLING INTERESTS</b>	<b>3,147,759</b>	2,813,855	5,524,193	5,487,586	5,638,365
Non-controlling interests	(5,621)	308,214	(760,690)	(790,624)	(1,128,421)
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>3,142,138</b>	3,122,069	4,763,503	4,696,962	4,509,944

Note: During the year ended 31 December 2024, the Company's Board of Directors recommended the payment of a special dividend in the form of a distribution in specie of shares of Guangdong Land Holdings Limited and it was completed on 21 January 2025. Accordingly, the comparative figures for the year ended 31 December 2023 have been restated in accordance with HKFRS 5.

## DIRECTORS' REPORT

### Summary of Financial Information (continued)

Assets, liabilities and non-controlling interests

	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
PROPERTY, PLANT AND EQUIPMENT	9,965,677	10,289,697	7,569,778	8,125,506	7,683,847
INVESTMENT PROPERTIES	15,886,606	25,502,014	25,073,134	23,807,224	21,295,440
RIGHT-OF-USE ASSETS	1,043,180	1,056,960	611,367	798,966	604,667
GOODWILL	810,988	851,725	841,202	804,957	594,086
INVESTMENTS IN ASSOCIATES	3,607,316	3,702,949	4,031,380	4,390,628	4,457,613
OPERATING CONCESSION RIGHTS	20,040,449	21,638,190	21,842,960	21,787,134	15,060,664
RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS	17,581,443	17,770,193	16,672,033	15,388,206	9,547,519
RECEIVABLES UNDER A COOPERATIVE ARRANGEMENT	2,170,334	2,222,396	2,139,111	2,346,599	1,899,957
PROPERTIES HELD FOR SALE UNDER DEVELOPMENT	–	23,591,871	29,909,189	33,852,306	6,213,674
COMPLETED PROPERTIES HELD FOR SALE	92,520	9,236,027	5,513,094	987,625	4,258,089
ASSETS CLASSIFIED AS HELD FOR DISTRIBUTION	40,663,069	–	–	–	–
OTHER ASSETS	23,534,840	22,842,470	18,029,540	16,517,505	17,300,652
DEFERRED TAX ASSETS	198,981	1,261,480	1,281,832	1,224,167	684,334
<b>TOTAL ASSETS</b>	<b>135,595,403</b>	139,965,972	133,514,620	130,030,823	89,600,542
OTHER LOANS AND LIABILITIES	(38,667,783)	(74,787,090)	(68,428,495)	(61,695,616)	(27,678,727)
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR DISTRIBUTION	(35,202,576)	–	–	–	–
DEFERRED TAX LIABILITIES	(5,049,571)	(7,149,257)	(6,576,808)	(6,430,330)	(5,965,854)
<b>TOTAL LIABILITIES</b>	<b>(78,919,930)</b>	(81,936,347)	(75,005,303)	(68,125,946)	(33,644,581)
<b>NON-CONTROLLING INTERESTS</b>	<b>(15,017,449)</b>	(16,227,415)	(15,180,675)	(15,694,179)	(11,728,163)
<b>TOTAL EQUITY</b>	<b>56,675,473</b>	58,029,625	58,509,317	61,904,877	55,955,961

### Major Properties

Details of the major properties held by the Group as at 31 December 2024 are set out on pages 201 to 204 of this Annual Report.

### Equity-Linked Agreements

No equity-linked agreement was entered into by the Company or was subsisting at the end of the year or at any time during the year.

### Distributable Reserves

Distributable reserves of the Company as at 31 December 2024, calculated under the provisions of sections 291, 297 and 299 of the Hong Kong Companies Ordinance, amounted to HK\$5,367,032,000 (2023: HK\$3,484,663,000).

# DIRECTORS' REPORT

## Donations

The donations made by the Group during the year amounted to HK\$11,194,000 (2023: HK\$93,000).

## Arrangement to Acquire Shares or Debentures

At no time during the year was the Company or the Company's subsidiary or parent company or a subsidiary of the Company's parent company a party to any arrangements to enable Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors

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

### **Executive Directors**

Bai Tao (*Chairman*)

Lin Tiejun (*Vice Chairman*)

Wen Yinheng (*Managing Director*)

Tsang Hon Nam (*Deputy General Manager*)

Liang Yuanjuan (*Chief Financial Officer*)

### **Non-Executive Directors**

Cai Yong

Feng Qingchun

Lan Runing (retired on 18 June 2024)

### **Independent Non-Executive Directors**

Chan Cho Chak, John

Fung Daniel Richard

Cheng Mo Chi, Moses

Li Man Bun, Brian David

At the Board Meeting of the Company held on 24 March 2025 (the "Board Meeting"), the Board accepted the resignation of Mr. Lin Tiejun, Mr. Wen Yinheng, Mr. Cai Yong and Mr. Feng Qingchun. At the Board Meeting, the Board also approved the appointment of Mr. Kuang Hu as an Executive Director and Managing Director, as well as Mr. Wang Min, Ms. Wang Surong and Mr. Fan Fan as Non-Executive Directors of the Board. All of the aforementioned changes in Board composition takes effect from 25 March 2025.

In accordance with Article 73 of the Company's Articles of Association, Mr. Kuang Hu, Mr. Wang Min, Ms. Wang Surong and Mr. Fan Fan will hold office until the 2025 AGM and shall be eligible for re-election.

In accordance with Articles 77 to 79 of the Company's Articles of Association, Mr. Tsang Hon Nam, Ms. Liang Yuanjuan and Mr. Fung Daniel Richard will retire by rotation at the 2025 AGM and shall be eligible for re-election.

Mr. Kuang Hu, Mr. Wang Min, Ms. Wang Surong, Mr. Fan Fan, Mr. Tsang Hon Nam, Ms. Liang Yuanjuan and Mr. Fung Daniel Richard, being eligible, have offered themselves for re-election and if re-elected, will hold office from the date of re-election to the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2028, or (ii) 30 June 2028, subject to earlier determination in accordance with the Articles of Association of the Company and/or any applicable laws and regulations.

## DIRECTORS' REPORT

### Directors of Subsidiaries

The list of directors who have served on the boards of the subsidiaries of the Company included in the consolidated financial statements during the year ended 31 December 2024 and up to the date of this report is kept at the Company's registered office and is available for inspection by the members of the Company free of charge during business hours.

### Directors' Service Contracts

None of the Directors proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### Directors' Material Interests in Transactions, Arrangements or Contracts

Ms. Bai Tao and Mr. Cai Yong are directors of 廣東粵海控股集團有限公司(Guangdong Holdings Limited▲) ("Guangdong Holdings", being the Company's ultimate holding company) and GDH Limited ("GDH", being the Company's immediate holding company). They are deemed to be interested in the connected transactions or continuing connected transactions described in the section headed "Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" of this Annual Report, as the case may be.

Save as disclosed above, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Permitted Indemnity Provision

Indemnity provision within the meaning of permitted indemnity provision under the Hong Kong Companies Ordinance for the benefit of the Directors of the Company is currently in force and was in force throughout the year ended 31 December 2024. In addition, the Company has taken out and kept in force appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company and its subsidiaries.

### Directors' Interests in Competing Businesses

The interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year and up to the date of this report are as follows:

1. Core Business Activities of the Group
  - (1) Water resources
  - (2) Property investment
  - (3) Department store operation
  - (4) Hotel ownership and operation
  - (5) Hotel management
  - (6) Investments in energy projects
  - (7) Road and bridge operation

## DIRECTORS' REPORT

### Directors' Interests in Competing Businesses (continued)

#### 2. Interests in Competing Businesses

Name of Director	Name of Company	Nature of Interests	Competing Business
Bai Tao	Guangdong Holdings	Chairman	(1), (2) & (4)
	GDH	Chairman	(1), (2) & (4)
Cai Yong	Guangdong Holdings	Director & General Manager	(1), (2) & (4)
	GDH	Director & General Manager	(1), (2) & (4)

For safeguarding the interest of the Group, the Independent Non-Executive Directors of the Company and the Audit Committee review the financial and operational results of the Group from time to time as appropriate so that the Group is capable of carrying on its businesses independently, and at arm's length from those of Guangdong Holdings and GDH.

### Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

### Directors' Interests and Short Positions in Securities

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

#### Interests and short positions in the Company

##### *Interests in ordinary shares*

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note)
Chan Cho Chak, John	Personal	5,450,000	Long position	0.083%
Cheng Mo Chi, Moses	Personal	2,268,000	Long position	0.035%

Note: The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of the Company in issue as at 31 December 2024.

## DIRECTORS' REPORT

### Directors' Interests and Short Positions in Securities *(continued)*

#### Interests and short positions in Guangdong Land Holdings Limited

##### *Interests in ordinary shares*

<b>Name of Director</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Long/Short position</b>	<b>Approximate percentage of interests held <i>(Note)</i></b>
Cheng Mo Chi, Moses	Personal	600,000	Long position	0.035%

*Note:* The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited in issue as at 31 December 2024.

#### Interests and short positions in GDH Guangnan (Holdings) Limited

##### *Interests in ordinary shares*

<b>Name of Director</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Long/Short position</b>	<b>Approximate percentage of interests held <i>(Note)</i></b>
Tsang Hon Nam	Personal	300,000	Long position	0.033%

*Note:* The approximate percentage of interests held was calculated on the basis of 907,593,285 ordinary shares of GDH Guangnan (Holdings) Limited in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## DIRECTORS' REPORT

### Substantial Shareholders' and Other Persons' Interests

As at 31 December 2024, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note 1)
Guangdong Holdings (Note 2)	Interest in controlled corporation	3,809,237,546	Long position	58.26%
GDH (Note 3)	Beneficial owner/ Interest in controlled corporation	3,809,237,546	Long position	58.26%
Guangdong Trust Ltd.	Beneficial owner/ Interest in controlled corporation	576,404,918	Long position	8.82%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of the Company in issue as at 31 December 2024.
2. The attributable interest which Guangdong Holdings has in the Company is held through its 100% direct interest in GDH.
3. The interests of GDH set out above include attributable interest held through its wholly-owned subsidiary, Guangdong Trust Ltd.

Save as disclosed above, as at 31 December 2024, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

### Significant Contract with Controlling Shareholders

Save as disclosed in note 40 to the financial statements and the section headed "Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" of this Annual Report, the Group and the controlling shareholders of the Company had not entered into any contract of significance during the year.

### Connected Transactions

Details of the connected transactions and continuing connected transactions that are not exempt from annual reporting requirement in Chapter 14A of the Listing Rules are disclosed in the section headed "Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" of this Annual Report.

# DIRECTORS' REPORT

## Related Party Transactions

Details of the significant related party transactions undertaken in the normal course of business are provided under note 40 of the financial statements. The transactions described in the section headed "Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" constitute connected transactions and continuing connected transactions discloseable under the Listing Rules. In respect of these transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. None of the remaining related party transactions as disclosed in note 40 to the financial statements is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

## Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on the Hong Kong Stock Exchange.

## Major Customers and Suppliers

During the year under review, sales to the Group's five largest customers accounted for 31% of the total revenue for the year (including continuing operations and discontinued operations) and sales to the Group's largest customer included therein amounted to 20%. Purchases from the Group's five largest suppliers accounted for 15% of the total purchases for the year (including continuing operations and discontinued operations) and purchases from the Group's largest supplier included therein amounted to 5%.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares (excluding treasury shares)) had any interest in the Group's five largest customers and suppliers.

## Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

## Disclosure under Rule 13.21 of the Listing Rules

### Facility Agreement dated 27 May 2021

Pursuant to a facility agreement (the "GDI May 2021 Facility Agreement") entered into between the Company and a bank on 27 May 2021 in relation to a term loan facility (the "GDI May 2021 Facility") for not more than 36 months in the amount of HK\$3,000 million made available by the bank to the Company, among others, it shall be an event of default if:

- (i) GDH ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company.
- (ii) GDH ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial People's Government of the People's Republic of China (the "Guangdong Provincial Government").

## DIRECTORS' REPORT

### Disclosure under Rule 13.21 of the Listing Rules (continued)

#### Facility Agreement dated 27 May 2021 (continued)

If an event of default under the GDI May 2021 Facility Agreement occurs, the bank may by notice to the Company:

- (i) cancel the GDI May 2021 Facility whereupon they shall immediately be cancelled;
- (ii) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the GDI May 2021 Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by the bank.

The outstanding principal of the GDI May 2021 Facility as at 31 December 2024 amounted to nil.

#### Facility Letter dated 14 September 2023

The Company accepted a term loan facility for 364 days in the principal amount of HK\$2,000 million (the "GDI September 2023 Facility") offered by a bank on 14 September 2023. Pursuant to the GDI September 2023 Facility Letter, among others, the Company undertakes with the bank that it will:

- (i) procure that GDH shall not cease to be ultimately and beneficially controlled and majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; and
- (ii) procure that GDH shall not cease to be beneficially own, directly and/or indirectly, at least 51% of the shareholdings in the Company.

If the Company is in breach of any of the above undertakings under the GDI September 2023 Facility Letter, all amounts advanced under the GDI September 2023 Facility will become immediately due and repayable.

The outstanding principal of the GDI September 2023 Facility as at 31 December 2024 amounted to nil.

#### Facility Letter dated 14 December 2023

The Company accepted a revolving loan facility for 364 days in the principal amount of HK\$1,000 million (the "GDI December 2023 Facility") offered by a bank on 14 December 2023. Pursuant to the GDI December 2023 Facility Letter, among others, the Company undertakes with the bank that it will:

- (i) procure that GDH shall not cease to be ultimately and beneficially controlled and majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; and
- (ii) procure that GDH shall not cease to be beneficially own, directly and/or indirectly, at least 51% of the shareholdings in the Company.

If the Company is in breach of any of the above undertakings under the GDI December 2023 Facility Letter, all amounts advanced under the GDI December 2023 Facility will become immediately due and repayable.

The outstanding principal of the GDI December 2023 Facility as at 31 December 2024 amounted to nil.

### Disclosure under Rule 13.21 of the Listing Rules (continued)

#### GD Land 2024 First Facility Letter dated 29 February 2024

GD Land accepted an uncommitted revolving loan facility for 360 days in the principal amount of HK\$500 million (the "2024 First Facility of GD Land") offered by a bank on 29 February 2024. Pursuant to the 2024 First Facility of GD Land Facility Letter, among others, GD Land covenants to the bank the following undertakings:

- (i) GD Land shall maintain as a subsidiary of the Company; and
- (ii) GD Land shall maintain as a subsidiary of Guangdong Holdings.

The bank may by notice to GD Land require GD Land to fully repay the loan under the 2024 First Facility of GD Land immediately if the above undertakings are not complied.

The outstanding principal of the 2024 First Facility of GD Land as at 31 December 2024 amounted to HK\$450 million. The relevant loan has been fully repaid on 27 February 2025.

#### GD Land 2024 Second Facility Letter dated 29 February 2024

GD Land accepted an uncommitted revolving term loan facility for 360 days in the principal amount of HK\$400 million (the "2024 Second Facility of GD Land") offered by a bank on 29 February 2024. Pursuant to the 2024 Second Facility of GD Land Facility Letter, GD Land undertakes to the bank the following:

- (i) Guangdong Holdings shall beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company;
- (ii) the Company shall continue to be the single largest shareholder and hold, directly or indirectly, not less than 50% interest of the shareholding in GD Land; and
- (iii) Guangdong Holdings shall be ultimately controlled and/or beneficially majority owned (directly and/or indirectly) by the Guangdong Provincial Government.

There shall be an Event of Default if any of representation or statement made by GD Land is incorrect and the bank may, by notice in writing to GD Land declare the 2024 Second Facility of GD Land to be terminated and the liabilities payable under the 2024 Second Facility of GD Land Facility Letter shall become due payable.

The outstanding principal of the 2024 Second Facility of GD Land as at 31 December 2024 amounted to HK\$400 million. The relevant loan has been fully repaid on 27 February 2025.

#### Facility Letter dated 4 September 2024

The Company accepted a committed term loan facility for 364 days in the principal amount of HK\$3,000 million (the "GDI September 2024 Facility") offered by a bank on 4 September 2024. Pursuant to the GDI September 2024 Facility Letter, among others, the Company undertakes with the bank that it will:

- (i) procure that GDH shall not cease to be ultimately and beneficially controlled and majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; and
- (ii) procure that GDH shall not cease to beneficially own, directly and/or indirectly, at least 51% of the shareholdings in the Company.

## DIRECTORS' REPORT

### Disclosure under Rule 13.21 of the Listing Rules (continued)

#### Facility Letter dated 4 September 2024 (continued)

If the Company is in breach of any of the above undertakings under the GDI September 2024 Facility Letter, the bank may cancel the GDI September 2024 Facility and declare all or part of the GDI September 2024 Facility, together with accrued interest, and all other amounts accrued or outstanding under the GDI September 2024 Facility Letter be immediately due and repayable.

The outstanding principal of the GDI September 2024 Facility as at 31 December 2024 amounted to HK\$2,570 million.

#### Facility Letter dated 8 October 2024

The Company accepted a committed term loan facility for 364 days in the principal amount of HK\$2,000 million (the "GDI October 2024 Facility") offered by a bank on 8 October 2024. Pursuant to the GDI October 2024 Facility Letter, among others, the Company undertakes with the bank that it will:

- (i) procure that GDH shall not cease to be ultimately and beneficially controlled and majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; and
- (ii) procure that GDH shall not cease to beneficially own, directly and/or indirectly, at least 51% of the shareholdings in the Company.

If the Company is in breach of any of the above undertakings under the GDI October 2024 Facility Letter, all amounts advanced under the GDI October 2024 Facility will become immediately due and repayable.

The outstanding principal of the GDI October 2024 Facility as at 31 December 2024 amounted to HK\$1,930 million.

### Changes in Directors' Information

The changes in Directors' information are set out below:

- (i) Mr. Li Man Bun, Brian David has retired as a Member of the Process Review Panel for the Securities and Futures Commission upon completion of his term on 31 October 2024, and retired as a Director of the Financial Services Development Council upon completion of his term on 17 January 2025.

Save for the above changes in Directors' information, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Auditor

The consolidated financial statements now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2025 AGM for the re-appointment of KPMG as the independent auditor of the Company.

On 23 June 2022, KPMG was appointed as the independent auditor of the Company at the annual general meeting of the Company held on 23 June 2022, following the retirement of Ernst & Young. Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

By Order of the Board

**BAI Tao**  
Chairman

Hong Kong, 24 March 2025

# CORPORATE GOVERNANCE REPORT

## Business Model and Development Strategies

The principal businesses of the Company and its subsidiaries (the “Group”) include investment holding, water resources, property investment, department store operation, hotel ownership, operation and management, investment in energy projects and road and bridge operation. The Group is committed to consolidating the operational development of its existing businesses and expanding its core businesses in order to generate continuous and steady investment returns for shareholders. Through optimising asset portfolio, strengthening capital management, enhancing management standard and corporate governance, further fortifying competitive strengths and enhancing the market influence of the Group, they stand to provide strong support for the enterprise’s long-term, steady and sustainable development.

In line with its strategic development plan, the Group will continue with its investments in water resources management, property investment as well as infrastructure segment in a proactive and prudent manner. The Group continues to consolidate its basic businesses such as untreated water, tap water and municipal sewage to maintain its leading position in the industry; actively expanded its value-added businesses such as intelligent water services to continuously improve its profitability; proactively expanded its business into high-end manufacturing industries such as high-end water treatment membranes and integrated equipment, as well as into high-value-added areas such as industrial wastewater; and explored the development of water economic industry chain projects in relation to the water resources of the water scene. The Group will fasten the pace of project acquisitions and development of new business in an effort to further expand its scale, while continuing to optimize its asset structure and facilitate further business integration.

Faced with the trend of globalization, the Group will continue to capitalize on Hong Kong’s status as an international financial centre, improve its capital utilization efficiency, strengthen its capital management capabilities and foster effective value enhancement of capital. Meanwhile, the Group will optimize its human resources operations and further improve the professionalism of its management. The Group will step up its efforts in strengthening corporate culture and enhance corporate core competencies.

## Corporate Culture

In 2024, the Group actively promotes its corporate culture philosophy of “Knowledge and Action Across Mountains and Seas”. Guided by the cultural principles of “Knowledge Renewal and Aspiration, Reverence for Excellence and Dedicated Action, Collaborative Creation and Shared Success, Gratitude and Benevolence”, we uphold core values of “Value Creation, Responsible Execution, Transformative Innovation, Synergistic Win-Win”. These are integrated with the five core leadership competencies: Visionary Leadership, Decisive Judgment, Innovative Creativity, Inspiring Influence, and Self-Driven Motivation. In addition, the Group abides by the highest standard of business ethics beyond complying with laws and regulations and maintains zero tolerance for corruption and bribery. The Group has set up reporting channels and carry out publicity activities so as to promote integrity, thus fostering an open and transparent enterprise culture. By upholding the highest standards of business ethics and integrity, the Group is able to foster an anti-corruption culture that advocates honest practices and speak up behaviour.

## Corporate Governance Code

The Group recognizes the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

# CORPORATE GOVERNANCE REPORT

## Corporate Governance Code *(continued)*

In the opinion of the directors of the Company (the “Directors”), the Company had complied with the code provisions set out in the CG Code for the year ended 31 December 2024 and, where appropriate, the applicable recommended best practices of the CG Code, save as disclosed below:

Due to other urgent business commitment, the Chairman of the board of Directors (the “Board”), who is also the Chairman of the Nomination Committee, was unable to attend the annual general meeting of the Company held on 18 June 2024 (the “2024 AGM”) as required by Code Provision F.2.2. With the consent of other Directors present, Mr. Lin Tiejun, the Vice Chairman, chaired the 2024 AGM. The chairmen and members of the Audit Committee and the Remuneration Committee as well as members of the Nomination Committee attended the 2024 AGM.

## Directors’ Securities Transactions

The Company has adopted a code (the “Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiries made, all Directors confirmed that they had complied with the required standards of dealings as set out in the Code during the year.

## Board of Directors

The Board, which is accountable to the shareholders of the Company, is responsible for the leadership and control of the Company and it oversees the Group’s businesses, strategic decisions and performances. The management is entrusted by the Board with the authority and responsibility for the day-to-day management of the Group and assumes full accountability to the Board for the operation of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for the Board’s approval before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements, rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company’s circumstances and to ensure processes and procedures are in place to achieve the Company’s corporate governance objectives.

The Company has established internal policies (including but not limited to the Articles of Association, and Terms of References of the Audit Committee, Remuneration Committee and Nomination Committee) to ensure that the Board has access to independent views and opinions. These policies cover the Company’s procedures and selection criteria for the election and appointment of directors (including independent non-executive directors), the mechanism for directors to abstain from voting on relevant proposals considered by the Board, and the authority of the independent board committee to engage independent financial advisors or other professional consultants. The Company has reviewed the implementation and effectiveness of the aforesaid mechanisms and considers that the aforesaid mechanisms can ensure the independent views and opinions of the Board.

## Board Composition

As at the date of this report, the Board comprises five Executive Directors, being Ms. Bai Tao, Mr. Lin Tiejun, Mr. Wen Yinheng, Mr. Tsang Hon Nam and Ms. Liang Yuanjuan, two Non-Executive Directors, being Mr. Cai Yong and Mr. Feng Qingchun, and four Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David. At the Board Meeting of the Company held on 24 March 2025 (the “Board Meeting”), the Board accepted the resignation of Mr. Lin Tiejun, Mr. Wen Yinheng, Mr. Cai Yong and Mr. Feng Qingchun. At the Board Meeting, the Board also approved the appointment of Mr. Kuang Hu as an Executive Director and Managing Director, as well as Mr. Wang Min, Ms. Wang Surong and Mr. Fan Fan as Non-Executive Directors of the Board. All of the aforementioned changes in Board composition takes effect from 25 March 2025. Each of Mr. Kuang Hu, Mr. Wang Min, Ms. Wang Surong and Mr. Fan Fan has confirmed that he/she has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 20 March 2025 and has confirmed that he/she understood his/her obligations as a Director of the Company.

# CORPORATE GOVERNANCE REPORT

## Board of Directors (continued)

### Board Composition (continued)

During the year, the Non-Executive Directors (including the Independent Non-Executive Directors) provided the Company with a diverse range of expertise and a balance of skills, and brought independent judgments on issues pertaining to strategic direction, development, performance and risk management through their contribution at Board meetings and committee meetings. They also reviewed investment proposals as well as internal audit reports.

Against the background of an increasingly complex and volatile environment, the Company recognizes that effective risk management is crucial to its success. With their distinguished track record in the financial industry, considerable accounting and auditing experience or through chairing the audit and risk committee of other public listed companies, the Board has Non-Executive Directors (including the Independent Non-Executive Directors) who possess the requisite risk management expertise that contribute to the effective discharge of the Board's duties in the oversight of the risk management and internal control systems of the Group.

Notwithstanding that certain Executive Directors and Non-Executive Directors of the Company occupied senior government level positions in Mainland China prior to joining the Group, all of them are no longer government officials or representatives.

Although less than half of our Board members are Independent Non-Executive Directors, four out of our existing eleven Directors are independent, representing more than one-third of Board composition. Our Independent Non-Executive Directors are highly accomplished individuals in their respective industries, fields and communities, possessing a wealth of expertise and experience. They provide constructive advice to the Company and contribute to effective decision-making of the Board. Their willingness to stay on the Board is clearly a vote of confidence on the Company.

The names of the Directors and their roles and functions are posted on the Company's website at [www.gdi.com.hk](http://www.gdi.com.hk).

### Chairman and Managing Director

As at the date of this report, Ms. Bai Tao is the Chairman of the Board whilst Mr. Wen Yinheng is the Managing Director of the Company. The roles of the Chairman and the Managing Director are clearly defined and segregated to ensure independence and proper checks and balances.

On top of her executive responsibilities, the Chairman provides leadership to the Board and oversees its functioning to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. She is also responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors and the Company Secretary. With the support of other Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to ensure effective communication with shareholders and other stakeholders as outlined in the latter part of this report.

Under the guidance and instructions of the Board, the Managing Director, leading the management of the Company, is accountable to the Board for the implementation of the Company's strategies and the coordination of various business operations.

## Board of Directors (continued)

### Appointment and Re-election of Directors

All Directors (including Executive Directors, Non-Executive Directors and Independent Non-Executive Directors) of the Company appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first general meeting after his or her appointment and shall be subject to retirement by rotation at least once every three year, in accordance with the articles of association of the Company and/or any applicable laws and regulations.

### Independence of Independent Non-Executive Directors

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from the four Independent Non-Executive Directors, namely Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David in accordance with Rule 3.13 of the Listing Rules.

Although Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David are currently directors of three or more listed companies (including the Company), respectively, they are mostly assuming a non-executive director role therein. As proven by their good attendance record at the meetings of the Board, Remuneration Committee, Nomination Committee, Audit Committee and general meetings, the Board considers that they have the capacity to devote sufficient time to fulfill their duties as Directors of the Company.

Although Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard and Dr. Cheng Mo Chi, Moses have served on the Board of the Company for more than nine years, they have clearly demonstrated diligence, their willingness to exercise independent judgement and provide objective opinion to the management. There is no evidence that length of tenure is having any adverse impact on their independence. The Board therefore considers that Dr. Chan, Mr. Fung and Dr. Cheng remain independent, notwithstanding the length of their tenure.

The Board as well as the Nomination Committee have discussed and reviewed the independence of all Independent Non-Executive Directors and have concluded that all of them are independent within the definition of the Listing Rules. Further, up to the date of this report, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any Independent Non-Executive Director has been impaired.

### Contributions of Independent Non-Executive Directors

The Company strives to build an effective Board, whose capability is appropriate for the scale, complexity and strategic positioning of our business. With this in mind, the Independent Non-Executive Directors of the Company are highly regarded incumbents with the following expertise and experience present in one or more of them:

- Significant board, financial and general management experience across a range of sectors and knowledge of corporate governance issues;
- In-depth and up-to-date knowledge of the global markets and economic, political and regulatory development;
- Considerable experience and qualification in financial administration, banking, legal and/or compliance;
- Broad experience in government organisations, public bodies and/or regulatory authorities;
- Leadership role in large-scale companies or organizations;
- Deep knowledge of commercial expertise; and
- Alert of corporate social responsibility issues.

# CORPORATE GOVERNANCE REPORT

## Board of Directors (continued)

### Contributions of Independent Non-Executive Directors (continued)

They all have a wealth of experience in diverse fields and possess the requisite upright character, integrity and business insight for the proper discharge of their duties as independent non-executive directors. In pursuit of the Group's objectives and business endeavors, by offering independent and constructive advice, they provide valuable contributions and insights to the Board and instill integrity into every aspect of our business which is also aligned to our values. Their considerable pool of knowledge, experience, skills and expertise are crucial to the Board's deliberations. They have given the Board and the committees on which they serve the benefit of their diligence, skills, expertise and varied backgrounds and qualifications through active participation.

In addition, the Independent Non-Executive Directors act as custodian of the policies and practices that define and safeguard the reputation of the Company and are well placed to carry out their role. They have devoted time to satisfying themselves that our corporate governance practices and compliance policies accord with latest requirements. Their drive, enthusiasm and commitment, along with their proven ability to build and lead a strong Board, brings significant value to all stakeholders of the Group.

### Relationship amongst Directors

The existing Board members do not have any financial, business, family or other material/relevant relationships with each other, thus ensuring strong independence across the Board.

### Board Diversity Policy

The Board adopted a board diversity policy (the "Board Diversity Policy") on 28 August 2013 which sets out the approach to achieve diversity on the Board.

The Company recognizes and embraces the benefits of having a diverse Board and perceives increasing diversity at Board level as an essential element in contributing to the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to promote Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company also takes into consideration its own business model and specific needs from time to time. All Board appointments are based on meritocracy, and candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee has set the measurable objectives based on five focused areas: gender, age, length of service, professional experience and skills and knowledge for the implementation of board diversity of the Company. The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises eleven directors. Four of them are Independent Non-Executive Directors drawn from a diverse background, spanning business management, investment management, public administration, financial services, legal, compliance and accounting, thereby ensuring critical review and control of the management process. The Board has maintained a balanced composition in terms of gender, age, professional experience, skills and knowledge. It has performed effectively by providing sound judgment on strategic issues and effective oversight of and guidance to management. The biographies of the Directors as at the date of this report set out in pages 28 to 31 to this Annual Report demonstrate a diversity of skills, expertise, experience and qualifications.

## Board of Directors (continued)

### Board Diversity Policy (continued)

The Board strived to maintain a balanced composition in terms of gender. Ms. Bai Tao has been acting as an Executive Director and Chairman of the Board since 26 October 2023. Ms. Liang Yuanjuan has been acting as an Executive Director since 27 March 2021. Ms. Wang Surong has been acting as a Non-Executive Director since 25 March 2025.

To ensure there is gender diversity on the Board, the Board has set a target that there must be at least one Director of different gender on the Board at all times, subject to our Directors (i) being satisfied with the competence and experience of the relevant candidates after a holistic review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of our Company and the shareholders as a whole when deliberating on the appointment.

To develop a pipeline of potential successors of different genders to the Board, our Company will (i) ensure that there is emphasis on gender diversity when recruiting staff at all levels; and (ii) engage fair resources in training staff of different genders with the aim of promoting them to be members of senior management or the Board. Through this, the Company is committed to identifying suitable candidates of different genders both internally and externally in order to achieve the abovementioned target.

Having reviewed the implementation of the Board Diversity Policy and the structure, size and composition of the Board, the Nomination Committee of the Board considered that the requirements of the Board Diversity Policy had been met.

The gender ratio in the workforce (including senior management) is mentioned in the Company's 2024 environmental, social and governance report issued separately. The Group is staffed by a diverse group of employees, who provide us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. Our approach to the selection of candidates is consistent with the Board Diversity Policy which takes into account a range of diversity perspectives. These include but are not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

### Board Meeting

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's annual, interim and quarterly results. During the year, six Board meetings were held and attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this report. In addition to regular Board meetings, the Chairman of the Board held a separate meeting with the independent non-executive Directors without the presence of other Directors during the year.

Regular Board meetings in each year are scheduled well in advance to facilitate maximum attendance of Directors. At least fourteen days' notice of a Board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at reasonable time on reasonable notice by any Director.

According to the current Board practice, if a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board Meeting rather than by a written resolution. The articles of association of the Company also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any transaction, contract or arrangement in which such Director or any of his/her associates (as defined in the Listing Rules) has a material interest. Every Director is entitled to have access to the Board papers and related materials as well as to the advice and services of the Company Secretary.

# CORPORATE GOVERNANCE REPORT

## Board of Directors (continued)

### Corporate Governance Function

The Board is responsible for performing the functions set out in the Code Provision A.2.1 of the CG Code. For the year ended 31 December 2024, the Board met once to review and determine the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Code and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## Directors' Induction and Continuous Professional Development

Upon appointment to the Board, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant legal and regulatory requirements.

The Directors are briefed on the amendments to or updates on the relevant laws, rules and regulations from time to time. In addition, the Company encourages the Directors to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong ordinances and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. Some Directors attended seminars and conferences organized by government authorities, professional bodies and industrial organizations in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skills. The Company has organized Directors' training titled "False Trading, Stock Market Manipulation, Insider Dealing and Bribery Offences in Hong Kong" on 29 October 2024 for the Directors. Training materials have also been provided to the Directors to develop and refresh their professional skills.

According to the records kept by the Company, the Directors attended the following trainings during the year ended 31 December 2024.

Name of Director	In-house Directors' training	Seminars, Conferences, Webcasts and Reading Materials
Bai Tao	✓	✓
Lin Tiejun	✓	✓
Wen Yinheng	✓	✓
Tsang Hon Nam	✓	✓
Liang Yuanjuan	✓	✓
Cai Yong	✓	✓
Feng Qingchun	✓	✓
Chan Cho Chak, John	✓	✓
Fung Daniel Richard	✓	✓
Cheng Mo Chi, Moses	✓	✓
Li Man Bun, Brian David	✓	✓
Lan Runing (retired on 18 June 2024)	—	✓

To ensure strong compliance culture at all levels of the Group and to foster good governance, directors and management of subsidiaries are encouraged to participate in continuous training to facilitate their understanding of their duties and obligations in respect of compliance with rules and regulations as well as environmental, social and corporate governance.

# CORPORATE GOVERNANCE REPORT

## Board Committees

The Board has established various committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee. For effective oversight and leadership, the Board receives updates/advice from the Board Committees from time to time. The terms of reference stipulating the respective authorities and responsibilities of these committees are available on the Company's website.

### Remuneration Committee

As at the date of this report, the Remuneration Committee comprises all four Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David. Dr. Chan Cho Chak, John is the Chairman of the Remuneration Committee. The remuneration of the Directors shall be determined by the members of the Company at the general meetings. Approval has been granted by the shareholders at the 2024 AGM to authorise the Board to fix the remuneration of the Directors.

The Remuneration Committee advises on policies in regard to the remuneration of Directors and senior management of the Company and is authorised by the Board to determine the remuneration packages for individual Executive Director and senior management. Remuneration of the Executive Directors and senior management shall be determined by the Remuneration Committee with reference to their duties, responsibilities and performance, and the results of the Group. No Director shall be involved in deciding his/her own remuneration.

The meeting of the Remuneration Committee shall be held at least once a year and when necessary. During the year ended 31 December 2024, the Remuneration Committee had held one meeting to approve the annual review of the remuneration packages and performance bonuses for the Executive Directors of the Company that came up for determination. The attendance of each member of the Remuneration Committee is set out in the section headed "Board and Committees Meetings" of this report.

Details of the amount of Directors' remuneration for the year 2024 are set out in note 8 to the financial statements.

With a view to further aligning the interests of our senior management personnel with the long-term interest of the Company, incentive deferral and claw back mechanisms are in place for bonus or incentive to senior management personnel.

### Nomination Committee

As at the date of this report, the Nomination Committee comprises Ms. Bai Tao, Chairman of the Board, and all four Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David. Ms. Bai Tao is the Chairman of the Nomination Committee.

The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re-appointment of Directors and succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters.

## Board Committees (continued)

### Nomination Committee (continued)

The Board adopted the Directors' nomination policy (the "Nomination Policy") on 26 October 2018 to formally set out the criteria and process on the nomination and appointment of Directors. According to the Nomination Policy, the ultimate responsibility for selection and appointment of Directors rests with the entire Board or the shareholders in general meeting, as the case may be. The Board delegates the relevant screening and evaluation process to the Nomination Committee, which identifies suitably qualified Director candidates and recommends them to the Board. In assessing the suitability of a proposed candidate, the Nomination Committee takes into consideration the candidate's character and integrity, qualifications, skills, knowledge, experiences relevant to the Company's business and corporate strategy, his/her commitment to enhancing shareholder value and devoting sufficient time to effectively carry out their duties, fulfilment of the independence requirements as set out in the Listing Rules (for Independent Non-Executive Directors) and diversity on the Board. After reaching its decision, the Nomination Committee nominates relevant Director candidates to the Board for approval and appointment. As said above, all Directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first general meeting after his/her appointment and shall be eligible for re-election. The Board will make recommendation to shareholders in respect of the proposed re-election of Directors at general meeting.

The meeting of the Nomination Committee shall be held at least once a year and when necessary. During the year ended 31 December 2024, the Nomination Committee held one meeting to evaluate the structure, size and composition of the Board, to review the implementation of the Company's Board Diversity Policy, to assess the independence of the Independent Non-Executive Directors and to make recommendations to the Board on the re-election of Directors.

The attendance of each member of the Nomination Committee is set out in the section headed "Board and Committees Meetings" of this report.

### Audit Committee

As at the date of this report, the Audit Committee comprises all four Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David. Mr. Li Man Bun, Brian David is the Chairman of the Audit Committee.

The meetings of the Audit Committee shall be held at least twice a year or as and when necessary. During the year ended 31 December 2024, the Audit Committee had held four meetings to review, among other matters, the 2023 annual results, the 2024 quarterly and interim results of the Group before their submission to the Board, the risk management and internal control systems, the effectiveness of the Company's internal audit function and its other duties under the CG Code, as well as to monitor the integrity of such financial statements/financial information. The Audit Committee oversees matters concerning the external auditor including making recommendations to the Board regarding the appointment of the external auditor, reviewing the nature and scope of their audit work and approving their fees. In addition to the four meetings as aforesaid, the Audit Committee also had a private meeting with the external auditor to discuss any area of concern. The Audit Committee further ensures that the management has put in place effective risk management and internal control systems and maintains an overview of the Group's risk assessment, control and management processes. It reviews the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit, financial reporting functions and related environmental, social and governance performance, and their training programmes and budget. In addition, it reviews the Group's internal audit reports and monitors the effectiveness of the internal audit function.

The attendance of each member of the Audit Committee is set out in the section headed "Board and Committees meetings" of this report.

In response to the changes in the Listing Rules, the Company revised the terms of reference of the Audit Committee on 25 March 2024.

# CORPORATE GOVERNANCE REPORT

## Board and Committees Meetings

The individual attendance records of each Director at the meetings of the Board, Remuneration Committee, Nomination Committee, Audit Committee and general meetings for the year ended 31 December 2024 are set out below:

Name of Director	Board	Remuneration Committee	Nomination Committee	Audit Committee	Annual General Meeting
<b>Executive Directors</b>					
Bai Tao	5/6	–	1/1	–	0/1
Lin Tiejun	6/6	–	–	–	1/1
Wen Yinheng	6/6	–	–	–	1/1
Tsang Hon Nam	6/6	–	–	–	1/1
Liang Yuanjuan	6/6	–	–	–	1/1
<b>Non-Executive Directors</b>					
Cai Yong	4/6	–	–	–	1/1
Feng Qingchun	6/6	–	–	–	1/1
Lan Runing (retired on 18 June 2024)	0/3	–	–	–	0/1
<b>Independent Non-Executive Directors</b>					
Chan Cho Chak, John	6/6	1/1	1/1	4/4	1/1
Fung Daniel Richard	5/6	1/1	1/1	3/4	1/1
Cheng Mo Chi, Moses	6/6	1/1	1/1	4/4	1/1
Li Man Bun, Brian David	6/6	1/1	1/1	4/4	1/1

## Accountability and Audit

### Financial Reporting

The Board receives monthly management updates on the Group's performance and financial position and is responsible for overseeing the preparation of financial statements for each financial year.

The Directors have acknowledged their responsibility in the preparation of all information and representations contained in the financial statements of the Company for the year ended 31 December 2024, which give a true and fair view of the financial position of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2024, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on a going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. For the year under review, the annual, interim and quarterly results of the Company are announced in a timely manner within the limit of three months, two months and 45 days, respectively after the end of the relevant periods in accordance with the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## Accountability and Audit (continued)

### Auditor's Remuneration

During the year under review, the remuneration paid/payable to the Company's independent auditor, KPMG, is set out as follows:

Services rendered	Fee paid/payable HK\$'000
Audit of financial statements	8,852
Agreed-upon procedures on 2024 quarterly results	1,394
Review of interim results	2,250
Tax related services	136
Total (note)	12,632

#### Notes:

1. Another member firm of the KPMG global network was engaged by certain subsidiaries of the Company for (i) audit of financial statements; (ii) tax related services; and (iii) other non-assurance services. The relevant remuneration amounted to HK\$6,047,000, HK\$691,000 and HK\$67,000 respectively.
2. The above analysis does not include the services engaged by GD Land. Please refer to the 2024 annual report of GD Land for the relevant details.

### Risk Management and Internal Control

The Board is responsible for and is highly concerned with the Group's risk management and internal control systems and reviews their effectiveness annually. In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of authority delegation. Such systems are designed to prudently manage the Group's risks within an acceptable risk profile and provide reasonable assurance against material misstatement or loss. The Board oversees management the implementation of the risk management and internal control systems as well as the review of the relevant financial, operational, compliance, risk management and internal control procedures.

The management under the supervision of the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the risk management and internal control framework when there are changes in business, external environment or legal and regulatory guidelines.

The management assists the Board with the implementation of all relevant policies and procedures on risk and control by identifying and assessing the risks faced by the Group and designing, operating and monitoring suitable internal controls to mitigate and control these risks. The key processes that have been established in reviewing the adequacy and integrity of the risk management and internal control systems include the following: a defined management structure is maintained with specified limits of authority and control responsibilities, which is designed to (a) safeguard assets from inappropriate use; (b) maintain proper accounts; (c) ensure compliance with laws and regulations; and (d) identify, manage and mitigate key risks to the Group.

## Accountability and Audit (continued)

### Risk Management and Internal Control (continued)

The Audit Committee reviews, among others, the financial controls, risk management and internal control systems of the Group and any significant internal control issues identified by the internal audit department, external auditor and management. It also conducts review of the internal audit functions with particular emphasis on the scope and quality of management's on-going monitoring of risks and of the internal control systems and the work of the internal audit functions and independence of the internal audit department. The internal audit function, which is independent of the Group's management team, assesses and monitors the effectiveness of the Group's risk management and internal control systems and reports to the Audit Committee on a half-yearly basis. The function has unrestricted access to the company records that allows it to review all aspects of the Group's control and governance process. The scope of work includes financial and operational review, recurring and unscheduled audit, fraud investigation, whistleblowing and compliance review. The opinion, as formulated by the function on the effectiveness of the risk management and internal control systems, together with the findings and implementation progress of the audit recommendations, would be reported to the Audit Committee by the internal audit department. During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit, financial reporting functions and related environmental, social and governance performance, and their training programmes and budgets.

### Internal Control for Continuing Connected Transactions

In order to monitor the pricing policy of the continuing connected transactions of the Group, before entering into any specific agreement under a framework agreement, the relevant department or subsidiary performing the relevant function is required to submit the proposed specific agreement (along with a detailed explanation and relevant supporting document (if any) on how the price under the proposed specific agreement has been determined between the parties in accordance with the pricing policy as set out in such framework agreement) to the relevant personnel of the legal and compliance, and finance department, the general counsel and chief compliance officer and company secretary of the Company for review, and then submit to the designated director of the Company for approval, to ensure that the price has been determined by the parties in accordance with the pricing policy and that the terms are consistent with the principles and provisions as set out in such framework agreement.

In order to monitor the annual caps of the continuing connected transactions of the Group, review reports containing details such as the latest utilisation rate of the relevant annual caps and the updated list of relevant continuing connected transactions, will be prepared by the relevant personnel of the Group on a half-year basis. In the event that the utilisation rate of the relevant annual cap reaches 80%, the Board will be informed for considering if the relevant annual cap shall be revised and, if so, the Company will further comply with relevant requirements under the Listing Rules.

### Review of Risk Management and Internal Control Systems

The risk management and internal control framework is under constant review and is updated in response to changes in business, external environment or legal and regulatory requirements.

The Board has conducted a review of the effectiveness of the risk management (including environmental, social and governance risks) and internal control system and is satisfied that the risk management and internal control systems (including those for environmental, social and governance related risks) in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of this Annual Report and accounts are reasonably effective and adequate.

### Policy on Inside Information

The Company has adopted policies on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuous disclosure obligations.

# CORPORATE GOVERNANCE REPORT

## Company Secretary

The Company Secretary reports to the Chairman and the Managing Director. All members of the Board have access to the advice and service of the Company Secretary for the ongoing discharge of their duties and responsibilities.

Ms. Yang Na was appointed the Company Secretary of the Company on 28 March 2020. She is a full-time employee and is also the General Counsel and Chief Compliance Officer of the Company. She has day-to-day knowledge of the Company's affairs, in particular, legal, compliance and risk management matters and is supporting the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination of comprehensive Board meeting agendas and papers to Directors. She advises the Board on corporate governance matters, provides induction training on compliance matters including briefings on the general and specific responsibilities of directors under legal and regulatory requirements for newly appointed Directors.

For the year under review, Ms. Yang has confirmed that she has taken over 15 hours of relevant professional training.

## Shareholders' Rights

### Shareholders convening an extraordinary general meeting

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to the Hong Kong Companies Ordinance, shareholders of the Company holding not less than 5% of the total voting rights of all the members having a right to vote at general meeting may request the Directors to call a general meeting of the Company. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the person or persons making it. Directors of the Company must call a meeting within 21 days after the date on which they become subject to the requirement. The meeting being called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the Directors fail to call the meeting, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting. The meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a meeting.

Details of the procedures for shareholders to propose a person for election as a Director of the Company are available on the Company's website.

### Shareholders' Enquiries and Proposals

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or call its customer service hotline at (852) 2980 1333.

Shareholders' enquiries and proposals can be made by mail, email or by phone. The contact details of the Company are set out in the subsection headed "IR Contact" under the "Investor Relations" section of the Company's website. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and to strengthen communications with both the public and the shareholders.

## Investor relations

### Communication with Shareholders

The Company is committed to promoting and maintaining effective communication as a way to enhance long-term shareholder value and to maintain the trust and confidence of the Company's shareholders, both individual and institutional (the "Shareholders"). The Company has adopted a communication policy for shareholders (the "Shareholders' Communication Policy") to ensure that Shareholders and the investment community are provided with appropriate and timely access to material information about the Company and its subsidiaries (including their financial performance, material developments, strategic goals and plans, governance and risk profile). The Shareholders' Communication Policy sets out the Company's framework to promote effective communication with its Shareholders so as to enable them to exercise their rights as shareholders in an informed manner, and to allow the investment community to engage actively with the Company, whilst at the same time ensuring that the Company fulfils its reporting obligations under the Listing Rules. The Shareholders' Communication Policy is available on the website of the Company. The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. The Company actively promotes investor relations and communication with the investment community throughout the year under review. The Company responds to requests for information and queries from the investment community including shareholders, analysts and the media through briefing meetings, announcements, conference calls and presentations.

The Board conducted a review of the implementation and effectiveness of the Shareholders' Communication Policy. Having considered the multiple channels of communication in place, the Board is satisfied that the Shareholders' Communication Policy has been properly implemented during 2024 and is effective. The Board is committed to providing clear and full information on the Company to shareholders through the publication of notices, announcements, circulars, interim and annual reports. Shareholders are encouraged to elect the environmentally responsible option of receiving corporate information on the Company via email notification and/or accessing them on the Company's website. Moreover, additional information on the Company is also available to shareholders and stakeholders through the "Investor Relations" page on the Company's website.

### Constitutional Documents

During the year under review, no changes have been made to the constitutional documents of the Company. An up-to-date consolidated version of the Company's articles of association is available on the Company's website.

## Dividend Policy

The Company aims to generate stable and sustainable returns for its Shareholders. In deciding whether to recommend the payment of any dividend and in determining the amount thereof, the Board will take into account the actual and expected financial performance and position of the Group (including operating income, operating cash flows, the level of debt to equity ratio and return on equity ratio), the Group's investment, financing and business needs, any contractual restrictions imposed on the payment of dividends, the then prevailing general economic conditions and outlook, the Group's past dividend payments, the dividend payout ratio of its peers and other factors that the Board may from time to time consider appropriate. The Company also aims to strike a balance between the sharing of the Company's profit with the Shareholders and preserve sufficient funds for its development and operation.

The payment of dividend is subject to compliance with applicable laws and regulations including the laws of Hong Kong and the articles of association of the Company. There can be no assurance that dividends will be paid in any particular amount for any given period.

## Environmental Policies and Performance

Environmental protection is one of the Group's key focuses in fulfilling its corporate social responsibilities. The Government of the People's Republic of China requires that all applicable businesses comply with relevant environmental laws and regulations. As the majority of its operations are in Mainland China, the Group strictly complies with the applicable laws and regulations. The Group has relevant environmental policies in place. With the announcement of the national 2060 carbon neutral target, the Group is fully aware of the associated impacts and expectations from stakeholders on its direction in becoming a more climatically and environmentally conscious business. In view of the ever-changing climate conditions, the Group recognises the importance of resilience of its business and adopting proactive measures to mitigate the impacts. Targeting its water resources and power generation business segments, the Group has conducted climate-related risk assessments and will disclose relevant information with reference to recognised disclosure standards in identifying, analysing and responding to the significant physical and transition risks in relation to its climate-prone operations.

To the extent necessary for an understanding of the development, performance or position of the Group's business, management is not aware of any non-compliance with relevant laws and regulations that may have a significant impact on the Company during the year ended 31 December 2024 and up to the date of this report.

For more detailed information about the Company's environmental policies and performance for this financial year, please refer to the Company's 2024 environmental, social and governance report to be issued separately.

## Environmental, Social and Governance Committee

An Environmental, Social and Governance Committee ("ESG Committee") has been formed in 2018. Chaired by the Managing Director, the ESG Committee comprises Executive Directors, the Company Secretary and senior executives from key business and functional units.

The ESG Committee is responsible for monitoring and reporting to the Board on the implementation and effectiveness of the ESG management. It also prioritises the material ESG issues, review and monitors the achievement of environmental targets and evaluates the impacts of the Company's ESG performances on its stakeholders, including employees, shareholders, customers, suppliers, business associates and local communities. The ESG Committee will consider emerging trends in laws, regulations and public debates about ESG matters, and ensure the Company is on a correct direction towards its sustainable business development. Moreover, the ESG Committee reports to the Board at least once a year to review and evaluate the Company's ESG policies and performances.

## Environmental, Social and Governance Management

To better set out the Group's corporate values in relation to ESG responsibilities and management, a set of ESG policies have been developed and put in place governing issues ranging from biodiversity, water quality and supply, supply chain management, health and safety to ethical business operations. The policies serve as important guidelines to its partners by defining the business model and approaches the Group adopted to manage key ESG issues.

For full versions of the policies, please refer to the subsection headed "Sustainability and Social Responsibility" under the "Corporate Governance" section of the Company's website.

# CORPORATE GOVERNANCE REPORT

## Stakeholder Engagement and Materiality

The Group recognises that investors, customers, business partners, employees and the local community as its key stakeholders. Through various communication channels, the Group strives to achieve corporate sustainability by understanding and fulfilling their expectations. The stakeholder engagement exercises also help the Group better evaluate how different stakeholders are influenced by the Group's ESG decisions and performances.

In 2024, the Group has carried out a materiality identification and assessment to identify issues that are the most relevant and have the most significant impact in two dimensions, the Group and its stakeholders. Considering the emerging attention from the government, industry, investors, and market, and with reference to the best practices implemented by regional and international industry peers, the Group constantly reviews and updates the results of the materiality assessment to reflect its latest business and sustainable development directions.

The paragraphs below only describe the Group's key relationships with stakeholders to the extent necessary for an understanding of the development, performance and position of the Group's business. For more detailed information, please refer to the Company's 2024 environmental, social and governance report to be issued separately.

## Employees

Employees are one of the Group's most important assets. The Group has put in place stringent recruitment policies and procedures to ensure compliance with the rules and regulations on equal opportunity and anti-discrimination. The Group also provides training and career development opportunities to attract and retain talents, who are pivotal to continuous business development. A safe and healthy work environment is also maintained for employees. The Group has dedicated safety management committees on its operation that oversee health and safety matters.

## Customers

Customer satisfaction with the Group's products and services is key to its business success. The Group has dedicated customer service teams to reach out to customers, together with comprehensive customer feedback and complaint management mechanisms established in different business segments, securing the Group's delivery of services and products of quality and standards. The Group also takes proactive actions in encouraging responsible customer behaviors. For example, the water resources segment promotes water conservation through various community activities to cultivate conscious consumption practices, thereby relieving the surging water stress.

## Suppliers

All of the Group's procurement processes are subject to open, fair and impartial bidding to select suitable suppliers. In addition, significant emphasis has been put on environmental management, industrial safety and anti-corruption policies to ensure that suppliers comply with all relevant local laws and regulations. The Group has also incorporated green procurement policies into the hotel business segment, created a list of qualified suppliers and prioritized suppliers that provide environmentally friendly products.

By Order of the Board

**BAI Tao**

*Chairman*

Hong Kong, 24 March 2025

# INDEPENDENT AUDITOR'S REPORT



## Independent auditor's report to the members of Guangdong Investment Limited

*(Incorporated in Hong Kong with limited liability)*

### Opinion

We have audited the consolidated financial statements of Guangdong Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 191, which comprise the consolidated statement of financial position as at 31 December 2024, 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, comprising material accounting policy information and other explanatory information.

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

### Basis for opinion

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

### Key audit matters

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

# INDEPENDENT AUDITOR'S REPORT

## Key audit matters (continued)

### Assessing the fair value of investment properties

Refer to note 3 and 14 to the consolidated financial statements and the accounting policies on pages 83 to 106.

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the Group had completed investment properties (including those classified as held for distribution) stated at fair value of HK\$24,758 million. Changes in fair value during the year recognised and presented as fair value losses on investment properties amounted to HK\$93 million for the year ended 31 December 2024.</p> <p>Management has engaged external valuers to determine the valuation of the Group's investment properties (including those classified as held for distribution) as at 31 December 2024. The determination of these fair values involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates, term yield and market rents and comparable market prices.</p> <p>We identified assessing the fair value of investment properties as a key audit matter because of the inherent risks involved in estimating the fair values of investment properties, particularly in light of the current economic circumstances.</p>	<p>Our audit procedures to assess the fair value of investment properties included the following:</p> <ul style="list-style-type: none"><li>• obtaining and inspecting the valuation reports prepared by the external property valuers engaged by management;</li><li>• assessing the external property valuers' competence, capabilities and objectivity;</li><li>• with the assistance of our internal property valuation specialists, discussing with the external property valuers on the valuation methodology and the key estimates and assumptions, and on a sample basis:<ul style="list-style-type: none"><li>• evaluating appropriateness of the valuation methodology adopted with reference to the requirements of the prevailing accounting standards;</li><li>• assessing the reasonableness of the key estimates and assumptions (including capitalisation rates, term yield, market rents and comparable market prices) adopted in the valuations, on a sample basis, by comparing with market data; and</li></ul></li><li>• comparing tenancy information, including passing rents and lease period, provided by the Group to the external property valuers with underlying contracts, on a sample basis.</li></ul>

# INDEPENDENT AUDITOR'S REPORT

## Key audit matters (continued)

### Assessing the net realisable values of completed properties held for sale and properties held for sale under development

Refer to note 3 and 22 to the consolidated financial statements and the accounting policies on pages 83 to 106.

#### The Key Audit Matter

#### How the matter was addressed in our audit

As at 31 December 2024, the aggregate carrying value of the Group's properties held for sale under development and completed properties held for sale (including those classified as held for distribution) (together "Properties") totalled HK\$26,201 million. Properties principally comprise residential properties, commercial units and car parks in the Greater Bay Area.

Properties are stated at the lower of cost and net realisable value. The calculation of the net realisable value of Properties involves significant management judgement, particularly in estimating costs to completion and future selling prices. Estimation of costs to completion and future selling prices are inherently uncertain due to changes in market demand.

We identified assessing the net realisable value of Properties as a key audit matter because of the inherent risks involved in estimating net realisable values, particularly in light of the current economic circumstances.

Our audit procedures to assess the net realisable value of Properties included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project;
- discussing with management the progress of each property development project, and the development budgets reflected in the latest forecasts for each property development project;
- evaluating the appropriateness of the methodology for calculating the net realisable value adopted by the management with reference to industry practice and the requirements of the prevailing accounting standards;
- on a sample basis, assessing the reasonableness of key estimates and assumptions adopted in the assessment, including those relating to average net selling prices and costs to completion, by comparing the future selling prices with market available data and the sales budget plans maintained by the Group and by comparing the costs to completion with the Group's latest development budget;
- comparing the costs incurred to 31 December 2024 with budgets made at 31 December 2023, and the actual selling prices achieved during the current year with the estimated selling prices of the respective inventories at the end of the previous financial year, on a sample basis, to assess the accuracy of management's forecasting and budgeting process; and
- evaluating selected sensitivity analyses prepared by the management for the key assumptions adopted in the net realisable value estimations, including forecast selling prices and costs to completion, as these assumptions would materially affect the measurement of accounting estimate.

## INDEPENDENT AUDITOR'S REPORT

### Information other than the consolidated financial statements and auditor's report thereon

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Wai Shun, Wilson.

#### **KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

24 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 (Restated) HK\$'000
<b>Continuing operations</b>			
<b>REVENUE</b>	5	<b>18,505,293</b>	20,322,478
Cost of sales		<b>(8,682,832)</b>	(10,667,918)
<b>Gross profit</b>		<b>9,822,461</b>	9,654,560
Other income and gains, net	5	<b>469,805</b>	447,227
Changes in fair value of investment properties		<b>(67,821)</b>	100,198
Selling and distribution expenses		<b>(524,732)</b>	(558,395)
Administrative expenses		<b>(2,478,311)</b>	(2,501,407)
Exchange differences, net		<b>38,761</b>	1,146
Other operating (expenses)/income, net		<b>(18,736)</b>	97,411
Finance costs	7	<b>(919,594)</b>	(1,008,378)
Share of profits less losses of associates		<b>172,021</b>	193,411
<b>PROFIT BEFORE TAX</b>	6	<b>6,493,854</b>	6,425,773
Income tax expense	10	<b>(1,852,764)</b>	(1,658,283)
<b>Profit for the year from continuing operations</b>		<b>4,641,090</b>	4,767,490
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	36	<b>(1,493,331)</b>	(1,953,635)
<b>PROFIT FOR THE YEAR</b>		<b>3,147,759</b>	2,813,855
<b>Attributable to:</b>			
Owners of the Company		<b>3,142,138</b>	3,122,069
Non-controlling interests		<b>5,621</b>	(308,214)
		<b>3,147,759</b>	2,813,855

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Note	2024 HK\$'000	2023 (Restated) HK\$'000
<b>Attributable to owners of the Company arising from:</b>			
Continuing operations		4,102,893	4,221,183
Discontinued operations		(960,755)	(1,099,114)
		<b>3,142,138</b>	3,122,069
<b>Attributable to non-controlling interests arising from:</b>			
Continuing operations		538,197	546,307
Discontinued operations		(532,576)	(854,521)
		<b>5,621</b>	(308,214)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
	12		
Basic and diluted:			
Continuing operations		HK62.76 cents	HK64.56 cents
Discontinued operations		HK(14.70) cents	HK(16.81) cents
		<b>HK48.06 cents</b>	HK47.75 cents

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
<b>PROFIT FOR THE YEAR</b>	<b>3,147,759</b>	2,813,855
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations:		
– Subsidiaries	<b>(1,193,215)</b>	(806,706)
– Associates	<b>(77,760)</b>	(53,863)
	<b>(1,270,975)</b>	(860,569)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	<b>1,520</b>	2,039
Fair value gains of property, plant and equipment upon transfer to investment properties, net of tax	<b>7,253</b>	31,965
Share of remeasurement gain on defined benefit plans, net of tax		
– Subsidiaries	–	39,053
– An associate	–	15,344
	<b>8,773</b>	88,401
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>(1,262,202)</b>	(772,168)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,885,557</b>	2,041,687
<b>Attributable to:</b>		
Owners of the Company	<b>2,219,775</b>	2,484,022
Non-controlling interests	<b>(334,218)</b>	(442,335)
	<b>1,885,557</b>	2,041,687

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	9,965,677	10,289,697
Investment properties	14	15,886,606	25,502,014
Right-of-use assets	15(a)	1,043,180	1,056,960
Goodwill	16	810,988	851,725
Other intangible assets	17	593,788	660,065
Investments in associates	18	3,607,316	3,702,949
Operating concession rights	19(a)	20,040,449	21,638,190
Receivables under service concession arrangements	19(b)	16,966,044	17,191,845
Receivables under a cooperative arrangement	20	1,813,009	1,966,103
Other financial assets at amortised cost	21	3,384,857	–
Equity investments designated at fair value through other comprehensive income	23	16,738	56,829
Prepayments and other receivables	25	519,303	510,304
Deferred tax assets	31	198,981	1,261,480
<b>Total non-current assets</b>		<b>74,846,936</b>	84,688,161
<b>CURRENT ASSETS</b>			
Properties held for sale under development	22	–	23,591,871
Completed properties held for sale	22	92,520	9,236,027
Tax recoverable		70,904	617,911
Inventories	24	309,360	355,818
Receivables under service concession arrangements	19(b)	615,399	578,348
Receivables under a cooperative arrangement	20	357,325	256,293
Receivables, prepayments and other receivables	25	5,578,979	6,658,147
Due from non-controlling equity holders of subsidiaries	28	887,425	901,896
Restricted bank balances	26	19,457	487,884
Cash and bank balances	26	12,154,029	12,593,616
		<b>20,085,398</b>	55,277,811
Assets classified as held for distribution	36	40,663,069	–
<b>Total current assets</b>		<b>60,748,467</b>	55,277,811

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CURRENT LIABILITIES</b>			
Payables, accruals and other liabilities	27(a)	(10,793,261)	(16,375,510)
Contract liabilities	27(b)	(1,301,097)	(10,818,229)
Tax payable		(603,427)	(2,683,487)
Due to non-controlling equity holders of subsidiaries	28	(422,615)	(488,767)
Bank and other borrowings	29	(7,330,175)	(15,252,492)
Lease liabilities	15(b)	(84,756)	(47,707)
		(20,535,331)	(45,666,192)
Liabilities directly associated with assets classified as held for distribution	36	(35,202,576)	–
Total current liabilities		(55,737,907)	(45,666,192)
<b>NET CURRENT ASSETS</b>			
		5,010,560	9,611,619
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		79,857,496	94,299,780
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings	29	(16,531,830)	(27,175,184)
Lease liabilities	15(b)	(294,378)	(558,113)
Due to non-controlling equity holders of subsidiaries	28	–	(4,416)
Other liabilities and contract liabilities	30	(1,306,244)	(1,383,185)
Deferred tax liabilities	31	(5,049,571)	(7,149,257)
Total non-current liabilities		(23,182,023)	(36,270,155)
<b>Net assets</b>			
		56,675,473	58,029,625
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	32	8,966,177	8,966,177
Reserves	33	32,691,847	32,836,033
		41,658,024	41,802,210
Non-controlling interests		15,017,449	16,227,415
Total equity		56,675,473	58,029,625

**Bai Tao**  
Director

**Liang Yuanjuan**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

Notes	Attributable to owners of the Company											Total equity HK\$'000
	Share capital	Asset revaluation reserve	Capital reserve	Expansion fund	Exchange fluctuation reserve	Other reserves	Fair value reserve	Defined benefit plan reserve	Retained profits	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000 (note 33(iii))	HK\$'000 (note 33(ii))	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 33(iii))	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024	8,966,177	474,528*	1,756,566*	4,644,080*	(2,178,311)*	(109,577)*	1,505*	19,690*	28,227,552*	41,802,210	16,227,415	58,029,625
Profit for the year	-	-	-	-	-	-	-	-	3,142,138	3,142,138	5,621	3,147,759
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations												
– Subsidiaries	-	-	-	-	(852,736)	-	-	-	-	(852,736)	(340,479)	(1,193,215)
– Associates	-	-	-	-	(77,760)	-	-	-	-	(77,760)	-	(77,760)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	1,122	-	-	1,122	398	1,520
Fair value gains on property, plant and equipment upon transfer to investment properties, net of tax	-	7,011	-	-	-	-	-	-	-	7,011	242	7,253
Total comprehensive income for the year	-	7,011	-	-	(930,496)	-	1,122	-	3,142,138	2,219,775	(334,218)	1,885,557
Capital injection from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	43,744	43,744
Capital reduction to a non-controlling equity holder of a subsidiary	-	-	-	-	-	-	-	-	-	-	(448,177)	(448,177)
Dividends paid and payable to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(462,047)	(462,047)
Changes in non-controlling interests without change in control	-	-	-	-	-	-	-	-	9,268	9,268	(9,268)	-
Transfer from retained profits	-	-	5,426	382,723	-	-	-	-	(388,149)	-	-	-
Appropriation of safety production funds	-	-	-	-	-	7,066	-	-	(7,066)	-	-	-
Final 2023 dividend paid	11	-	-	-	-	-	-	-	(806,113)	(806,113)	-	(806,113)
Interim 2024 dividend paid	11	-	-	-	-	-	-	-	(1,567,116)	(1,567,116)	-	(1,567,116)
At 31 December 2024	8,966,177	481,539*	1,761,992*	5,026,803*	(3,108,807)*	(102,511)*	2,627*	19,690*	28,610,514*	41,658,024	15,017,449	56,675,473

\* These reserve accounts comprise the consolidated reserves of HK\$32,691,847,000 (2023: HK\$32,836,033,000) in the consolidated statement of financial position as at 31 December 2024.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

Notes	Attributable to owners of the Company											
	Share capital	Asset revaluation reserve	Capital reserve	Expansion fund reserve	Exchange fluctuation reserve	Other reserves	Fair value reserve	Defined benefit plan reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000 (note 33(iii))	HK\$'000 (note 33(ii))	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 33(iii))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	8,966,177	469,419	1,756,566	4,216,169	(1,477,930)	(120,802)	-	(19,138)	29,538,181	43,328,642	15,180,675	58,509,317
Profit for the year	-	-	-	-	-	-	-	-	3,122,069	3,122,069	(308,214)	2,813,855
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations												
– Subsidiaries	-	-	-	-	(646,518)	-	-	-	-	(646,518)	(160,188)	(806,706)
– Associates	-	-	-	-	(53,863)	-	-	-	-	(53,863)	-	(53,863)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	1,505	-	-	1,505	534	2,039
Fair value gains on property, plant and equipment and right-of-use assets upon transfer to investment properties, net of tax	-	22,001	-	-	-	-	-	-	-	22,001	9,964	31,965
Share of remeasurement gain on defined benefit plan, net of tax												
– Subsidiaries	-	-	-	-	-	-	-	23,484	-	23,484	15,569	39,053
– An associate	-	-	-	-	-	-	-	15,344	-	15,344	-	15,344
Total comprehensive income for the year	-	22,001	-	-	(700,381)	-	1,505	38,828	3,122,069	2,484,022	(442,335)	2,041,687
Business combinations through acquisition of subsidiaries	35	-	-	-	-	-	-	-	-	-	839,285	839,285
Dissolution of a subsidiary	-	-	-	(808)	-	-	-	-	-	(808)	-	(808)
Transfer to retained profits upon disposal of investment properties	-	(16,892)	-	-	-	-	-	-	16,892	-	-	-
Capital injection from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	970,705	970,705
Capital reduction to a non-controlling equity holder of a subsidiary	-	-	-	-	-	-	-	-	-	-	(35,687)	(35,687)
Dividends paid and payable to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(285,228)	(285,228)
Transfer from retained profits	-	-	-	428,719	-	-	-	-	(428,719)	-	-	-
Appropriation of safety production funds	-	-	-	-	-	11,225	-	-	(11,225)	-	-	-
Final 2022 dividend paid	-	-	-	-	-	-	-	-	(2,786,420)	(2,786,420)	-	(2,786,420)
Interim 2023 dividend paid	11	-	-	-	-	-	-	-	(1,223,226)	(1,223,226)	-	(1,223,226)
At 31 December 2023	8,966,177	474,528	1,756,566	4,644,080	(2,178,311)	(109,577)	1,505	19,690	28,227,552	41,802,210	16,227,415	58,029,625

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		6,493,854	6,425,773
Loss before tax from discontinued operations		(1,330,242)	(1,821,718)
		<b>5,163,612</b>	4,604,055
Adjustments for:			
Finance costs		1,236,317	1,289,302
Share of profits less losses of associates		(172,021)	(193,411)
Bank interest income		(165,761)	(226,050)
Interest income from other financial assets at amortised cost	5	(37,745)	–
Interest income from financial assets at fair value through profit or loss	5	(32,058)	–
Interest income from receivables under a cooperative arrangement	5	(136,545)	(144,649)
Loss on disposal of subsidiaries, net	6	–	3,544
Gain on deemed disposal of associates	6	–	(13,814)
Depreciation of property, plant and equipment	13	857,582	859,130
Depreciation of right-of-use assets	15(a)	67,775	79,070
Amortisation of operating concession rights	6	1,534,788	1,511,190
Amortisation of other intangible assets	17	35,115	36,430
Gain on lease modification	6	–	(616)
Gain on remeasurement of right-of-use assets and lease liabilities	6	(1,723)	–
Changes in fair value of investment properties	14	93,093	(330,313)
Loss/(gain) on disposal of property, plant and equipment, net		42,614	(149,003)
Exchange gain, net		(22,336)	(10,371)
Impairment on items of property, plant and equipment	6	1,327	1,047
Impairment of goodwill	6	30,708	–
Write-down of properties held sale under development and completed properties held for sale	36(b)	1,033,715	1,808,996
Provision of impairment losses for trade receivables, net	25	2,235	3,894
		<b>9,530,692</b>	9,128,431
Operating profit before working capital changes			
Decrease in inventories		44,135	41,083
Increase in receivables, prepayments, other receivables and assets		(383,830)	(878,650)
Increase in receivables under service concession arrangements		(152,114)	(1,334,191)
Decrease in completed properties held for sale		7,201,226	3,787,680
Increase in properties held for sale under development		(1,757,889)	(2,828,532)
(Decrease)/increase in payables, accruals and other liabilities		(934,871)	787,846
(Decrease)/increase in contract liabilities		(95,973)	4,059,539
Movement in balances with non-controlling equity holders of subsidiaries, net		(13,598)	(271,174)
(Increase)/decrease in restricted bank balances		(9,025)	87,448
		<b>13,428,753</b>	12,579,480
<b>Cash generated from operations</b>			
Interest received		248,561	211,514
Dividends received from associates		48,727	62,582
Mainland China tax paid		(2,629,245)	(2,130,749)
Hong Kong profits tax paid		(11,088)	(12,273)
		<b>11,085,708</b>	10,710,554
<b>Net cash flows generated from operating activities</b>			

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net movement in receivables under a cooperative agreement		169,989	30,017
Purchases of property, plant and equipment		(985,109)	(728,442)
Additions to right-of-use assets		–	(48,690)
Additions to service concession arrangements		(429,577)	(322,707)
Additions to investment properties		(135,867)	(719,965)
Business combinations through acquisition of subsidiaries	35	–	238,216
Proceeds from disposal of property, plant and equipment		49,450	39,317
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		1,039,233	(1,085,669)
Proceeds from disposal of subsidiaries in prior year		49,007	94,501
Purchase of other financial assets at amortised cost		(3,399,700)	–
Settlement of consideration payable for acquisition of subsidiaries in the prior years		(529,531)	–
<b>Net cash flows used in investing activities</b>		<b>(4,172,105)</b>	(2,503,422)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank and other borrowings		19,388,005	23,287,665
Repayments of bank and other borrowings		(18,000,206)	(23,024,136)
Interest paid		(1,569,715)	(1,810,976)
Payment of pledged bank deposit related to bank borrowings		(1,645,050)	–
Capital contribution from non-controlling equity holders of subsidiaries		43,744	970,705
Capital reduction to a non-controlling equity holder of a subsidiary		–	(35,687)
Principal portion of lease payments	37(d)	(74,144)	(88,811)
Dividends paid to non-controlling equity holders of subsidiaries		(444,655)	(309,635)
Dividends paid to shareholders		(2,373,229)	(4,009,646)
Payment for the acquisition of non-controlling interests in a subsidiary		–	(278,534)
<b>Net cash flows used in financing activities</b>		<b>(4,675,250)</b>	(5,299,055)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>2,238,353</b>	2,908,077
Cash and cash equivalents at beginning of year		11,393,449	8,814,565
Effect of foreign exchange rate changes, net		(303,979)	(329,193)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>13,327,823</b>	11,393,449
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	26	11,051,366	11,055,992
Non-pledged time deposits with original maturity of less than three months when acquired	26	951,477	337,457
Cash and cash equivalents included in assets classified as held for distribution	36	1,324,980	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		<b>13,327,823</b>	11,393,449

# NOTES TO THE FINANCIAL STATEMENTS

## 1 Corporate and group information

Guangdong Investment Limited is a limited liability company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). The registered office of the Company is located at 28/F. and 29/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

During the year, the Group was principally engaged in investment holding, water resources, property investment, department store operation, hotel ownership, operation and management, investment in energy projects, road and bridge operation.

GDH Limited is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Group is 廣東粵海控股集團有限公司 (Guangdong Holdings Limited▲) ("Guangdong Holdings"), a company established in the mainland of the People's Republic of China (the "PRC") ("Mainland China").

On 9 December 2024, the Company's Board of Directors recommended the payment of a special dividend in the form of a distribution in specie of shares of Guangdong Land Holdings Limited ("GD Land") held directly by the Company ("Proposed Distribution"), conditional upon the passing of an ordinary resolution by the shareholders of the Company. On 8 January 2025, the resolution to approve the Proposed Distribution was passed by the shareholders of the Company. On 21 January 2025, a total of 1,261,799,423 GD Land shares (representing approximately 99.9% of GD Land shares held by the Company) was distributed to the shareholders.

The consolidated assets and liabilities of GD Land were classified as held for distribution as at 31 December 2024 and the consolidated results of GD Land for the year ended 31 December 2024 were presented in the consolidated financial statements as discontinued operations in accordance with HKFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. The consolidated statement of profit or loss distinguished the discontinued operations from the continuing operations, and the comparative figures have been restated accordingly.

### Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows:

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China City Water Supply Investment Holding Limited	Cayman Islands/ Hong Kong	US\$10,000	–	100%	Investment holding
東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd. ▲) ("Qingxi Water Co.") <sup>(4)(6)</sup>	Mainland China	RMB180,000,000	–	43.86%	Water distribution operation
Dongguan Yuehai Yinping Development and Construction Limited ("Dongguan Yuehai Yinping") <sup>(3)(8)</sup>	Mainland China	RMB1,585,700,000	100%	–	Construction and management of road operation
恩施粵海水務有限公司 (Enshi Guangdong Water Co., Ltd.▲) <sup>(1)</sup>	Mainland China	RMB210,000,000	–	74%	Water distribution operation

# NOTES TO THE FINANCIAL STATEMENTS

## 1 Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows: (continued)

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Fill Success Investments Limited	Hong Kong	HK\$2 ordinary HK\$2 non-voting deferred	–	100%	Hotel ownership
GH Water Supply (Holdings) Limited ("GH Water Holdings")	Cayman Islands/ Hong Kong	HK\$1,000,000 ordinary HK\$100 Class A special shares	96.04%	–	Investment holding
Global Head Developments Limited ("Global Head")	British Virgin Islands/ Hong Kong	US\$1	100%	–	Property investment
Guangdong Hotel Limited	Hong Kong	HK\$2 ordinary HK\$5,000,000 non-voting deferred	–	100%	Hotel ownership and operation
粵海酒店管理(珠海)有限公司 (Guangdong Hotel Management (Zhu Hai) Co., Ltd.) <sup>(4)</sup>	Mainland China	RMB133,000,000	–	100%	Hotel ownership and operation
珠海粵海酒店 (Guangdong Hotel (Zhu Hai)) <sup>(3)</sup>	Mainland China	US\$9,990,000	–	100%	Hotel ownership and operation
Guangdong Land Holdings Limited ("GD Land")	Bermuda/Hong Kong	HK\$171,153,685 (Authorised share capital: HK\$500,000,000)	73.82%	–	Property development and investment
Guangdong Power (International) Limited	British Virgin Islands/ Hong Kong	US\$8,690,750	51%	–	Property investment
廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited) <sup>(1)</sup>	Mainland China	RMB840,000,000	11.51%	64.62%	Property investment and investment holding
廣東粵海天河城商業有限公司 (GDH Teem Commercial Co., Ltd.) <sup>(4)</sup>	Mainland China	RMB50,000,000	–	85.20%	Department store operation
Guangdong Water Holdings Limited ("Water Holdings")	Hong Kong	HK\$5,727,226,631	100%	–	Investment holding
廣東粵海水務投資有限公司 (Guangdong Water Investment Co., Ltd.) <sup>(4)</sup>	Mainland China	RMB2,000,000,000	–	100%	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

## 1 Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows: (continued)

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
深圳粵港工程技術有限公司 (Shenzhen Yuegang Gongcheng Jishu Company Limited) <sup>(4)</sup>	Mainland China	RMB10,000,000	–	100%	Waterworks construction operation
Guangdong Yue Gang Water Supply Company Limited ("WaterCo") <sup>(2)(5)</sup>	Mainland China	HK\$6,116,000,000	–	95.08%	Water distribution operation
廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) <sup>(4)(9)</sup>	Mainland China	RMB308,000,000	–	73.82%	Property development and investment
廣西粵海高速公路有限公司 (Guangxi GDH Highway Co., Ltd.) ("GDH Highway") <sup>(4)</sup>	Mainland China	RMB818,000,000	–	100%	Toll road operation
廣州粵海萬亞投資發展有限公司 (Guangzhou Yuehai Wanye Investment Development Company Limited) <sup>(4)(6)</sup>	Mainland China	RMB230,000,000	–	31.06%	Property development and investment
江西粵海公用事業集團有限公司 (Jiangxi Guangdong Public Utilities Holdings Co., Ltd.) ("Jiangxi Guangdong") <sup>(4)(11)</sup>	Mainland China	RMB296,666,700	–	100%	Water distribution, sewage treatment operation and related construction services in the PRC
六盤水粵海環保有限公司 (Liupanshui Guangdong Huanbao Co., Ltd.) <sup>(4)</sup>	Mainland China	RMB360,000,000	–	90%	Sewage treatment operation
揭陽粵海水務有限公司 (Jieyang Guangdong Water Company Limited) <sup>(4)</sup>	Mainland China	RMB1,361,966,067	–	60%	Water distribution operation
梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.) <sup>(2)</sup>	Mainland China	RMB326,666,700	–	70%	Water distribution and sewage treatment operation
邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd.) <sup>(4)</sup>	Mainland China	RMB510,827,700	–	74.47%	Water distribution operation
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.) <sup>(4)</sup>	Mainland China	RMB883,199,607	–	51%	Water distribution operation

# NOTES TO THE FINANCIAL STATEMENTS

## 1 Corporate and group information (continued)

### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows: (continued)

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Rosy Canton Holdings Limited ("Rosy Canton")	British Virgin Islands/ Hong Kong	US\$1	100%	–	Investment holding
Sen International Ventures Corporation (Hong Kong) Limited	Hong Kong	HK\$2	–	100%	Hotel operation
深圳粵海酒店企業有限公司 (Shenzhen Guangdong Hotel Enterprise Ltd.▲) <sup>(2)(4)</sup>	Mainland China	HK\$40,000,000	99%	–	Hotel ownership and operation
深圳市海潤水業有限責任公司 (Shenzhen Hairun Shuiye Company Limited▲) <sup>(3)</sup>	Mainland China	RMB2,000,000,000	–	100%	Investment holding
廣州粵海動漫星城有限公司 (Guangzhou Yuehai Comic City Co., Ltd.▲) <sup>(4)</sup>	Mainland China	RMB50,000,000	–	64.71%	Marketing management and property investment
Tianjin YueHai Teem Shopping Center Co., Ltd. <sup>(3)</sup>	Mainland China	RMB1,810,000,000	–	76.02%	Property investment
湛江市鶴地供水營運有限公司 (Zhanjiang City Hedi Water Supply Operation Co., Ltd.▲) <sup>(4)</sup>	Mainland China	RMB900,000,000	–	65%	Water distribution operation
中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.▲) ("GDH Energy") <sup>(2)</sup>	Mainland China	RMB1,114,688,900	–	71.25%	Generation and sale of electricity and steam
中山粵海置地有限公司 (Zhongshan Yuehai Land Co., Ltd.▲) <sup>(4)</sup>	Mainland China	RMB1,470,000,000	–	72.08%	Property development
廣東粵海置地集團有限公司 (Guangdong Yuehai Land Holdings Limited▲) <sup>(4)</sup>	Mainland China	RMB4,000,000,000	–	73.82%	Property development and investment
廣東粵海投資財務管理有限公司 (Guangdong Yuehai Investment Financial Management Co., Limited▲) <sup>(3)</sup>	Mainland China	RMB10,000,000	100%	–	Finance
南昌縣供水有限責任公司 (Nanchang Water Supply Company Limited▲) <sup>(4)</sup>	Mainland China	RMB83,000,000	–	100%	Water distribution operation

# NOTES TO THE FINANCIAL STATEMENTS

## 1 Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows: (continued)

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.▲) <sup>(4)</sup>	Mainland China	RMB1,260,000,000	–	37.65%	Property development
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) <sup>(4)</sup>	Mainland China	RMB362,050,900	–	53%	Environmental engineering
汕尾粵海清源環保有限公司 (Shanwei Guangdong Qingyuan Huanbao Co., Ltd.▲) <sup>(4)</sup>	Mainland China	RMB482,274,000	–	95%	Sewage treatment operation
珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Limited▲) <sup>(4)(10)</sup>	Mainland China	RMB930,000,000	–	73.82%	Property development
佛山粵海置地有限公司 (Foshan Yuehai Land Co., Ltd.▲) <sup>(4)</sup>	Mainland China	RMB1,000,000,000	–	73.82%	Property development
廣東粵海置地發展有限公司 (Guangdong Yuehai Land Development Co., Limited▲) <sup>(4)</sup>	Mainland China	RMB4,600,000,000	–	73.82%	Property development
佛山粵海置地發展有限公司 (Foshan Yuehai Land Development Co., Limited▲) <sup>(4)</sup>	Mainland China	RMB600,000,000	–	37.65%	Property development
Guangzhou Nansha Yuehai Water Co., Ltd.) (“Nansha GDH”) <sup>(4) (7)</sup>	Mainland China	RMB596,027,377	–	60%	Water distribution operation

Notes:

- (1) Sino-foreign equity joint venture.
- (2) Sino-foreign co-operative joint venture.
- (3) Wholly-foreign-owned enterprise.
- (4) Limited company established in Mainland China.
- (5) Pursuant to WaterCo's articles of association, Guangdong Holdings, which directly holds a 1% equity interest in WaterCo, is not entitled to receive any distributed profits of WaterCo for the first fifteen years of operation (the "Period"). 100% of the distributed profits of WaterCo in the Period shall be made to GH Water Holdings, its holding company holding a 99% equity interest. Starting from the sixteenth year of WaterCo's operation (from 18 August 2015 onwards), 1.01% of the distributed profits of WaterCo for the Period plus simple interest at a rate of 8% per annum on the unpaid amount of the distributed profits shall be made to Guangdong Holdings (collectively referred to as the "Deferred Dividend"). Once Guangdong Holdings has received the Deferred Dividend in full, all of the remaining WaterCo's distributable profits would be distributed to GH Water Holdings and Guangdong Holdings according to their respective equity interests in WaterCo for the remaining operating period.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 Corporate and group information (continued)

### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows: (continued)

Notes: (continued)

- (6) Qingxi Water Co and Wanye are subsidiaries of non-wholly owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.
  - (7) This subsidiary was acquired by the Group during the year ended 31 December 2023, further details of which are set out in note 35 to these financial statements.
  - (8) During the year ended 31 December 2023, the Group contributed RMB24,956,110 to Dongguan Yuehai Yinping as paid-up capital.
  - (9) The shares of Guangdong Yuehai Property Development Co., Ltd. were pledged to secure certain bank borrowings as at 31 December 2023 (note 29).
  - (10) The shares of Zhuhai Yuehai Land Co., Limited were pledged to secure certain bank borrowings as at 31 December 2023 (note 29).
  - (11) 79% equity interest in Jiangxi Guangdong with an investment cost of HK\$1,756,857,000 (2023: HK\$1,795,251,000) was pledged to secure a bank loan (note 29).
- ▲ The English name of the entity marked with "▲" is a translation of its Chinese name, and is included herein and in other sections of these financial statements for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

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 THE FINANCIAL STATEMENTS

## 2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) 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 completed investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively known 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).

When the Company has, directly or indirectly, 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 Company and to the non-controlling equity holders of subsidiaries 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 THE FINANCIAL STATEMENTS

## 2.2 Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

### Amendments to HKAS 1, *Presentation of financial statements* (the 2020 and 2022 amendments, collectively the “HKAS 1 amendments”)

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. The amendments do not have a material impact on these financial statements.

### Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

### Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

### 2.4 Summary of material accounting policies

#### Investments in associates

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 is in a position to exercise 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.

The Group's investments in associates 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### Investments in associates (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates 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 associates, 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 are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, 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 upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate 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 that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. The non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### Business combinations and goodwill (continued)

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.

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 net assets acquired and liabilities assumed. If the sum of this consideration and other terms 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 ("CGU"), or groups of CGU, 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 CGU (group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGU) 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 CGU (or group of CGU) 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 CGU retained.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies *(continued)*

### Non-current assets held for sale and discontinued operations

(a) *Non-current assets held for distribution*

Non-current assets, or disposal group comprising assets and liabilities, are classified as held for distribution if it is highly probable that they will be recovered primarily through distribution rather than through continuing use.

(b) *Discontinued operations*

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for distribution. Where an operation is classified as discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

### Fair value measurement

The Group measures its completed investment properties and equity investments designated at fair value through other comprehensive income 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### Fair value measurement (continued)

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 investment properties stated at fair value, inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less cost 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 CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

An impairment loss is recognised only if the carrying amount of an asset or CGU 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### 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.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### Properties held for sale under development

Properties held for sale under development are investments in land and buildings on which construction work and development have not been completed, and are stated at the lower of cost and net realisable value. Borrowing costs incurred during the construction period and up to the date of completion of construction are capitalised as development costs. Net realisable value represents the estimated selling price less estimated costs of completion and estimated selling expenses. On completion, the properties are reclassified to completed properties held for sale at the then carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and estimated net realisable value. In respect of unsold properties, cost is determined by apportionment of the total land and development costs, other direct expenses and where applicable borrowing costs attributable to unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the end of the reporting period, or by management estimates of anticipated sale proceeds based on prevailing market conditions.

#### 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. 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 recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount 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.

When the owner occupied properties are transferred to investment properties, valuations are performed before the transfer. Changes in the values of properties are dealt with as movements in the asset revaluation reserve.

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, and is generally recognised in profit or loss. The principal annual rates used for this purpose are as follows:

Hotel properties	2.30% – 5%
Land and buildings	2% – 6%
Tunnels, dams, water mains, reservoirs and pipelines	3% – 9%
Plant and machinery	4% – 25%
Furniture, fixtures and equipment	4% – 45%
Leasehold improvements	Over the shorter of three to five years and the lease terms
Motor vehicles	8% – 30%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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 sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### Investment properties

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit and loss.

Any gains or losses on disposal of investment property are recognised in profit or loss.

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 "Leases" 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". For a transfer from completed properties held for sale or 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.

Properties under development for future use as investment properties have been accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under development are capitalised as part of the carrying amounts of the investment properties under development. Investment properties under development are measured at fair value as at the end of the reporting period. Any difference between the fair values of the investment properties under development and their carrying amounts is recognised in the statement of profit or loss in the period in which they arise.

If the fair value of an investment property under development is at present not reliably determinable but is expected to be reliably determinable when construction is completed, such investment property under development is stated at cost until either its fair value becomes reliably determinable or development is completed, whichever is earlier.

### Leases

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

#### *The 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### Leases (continued)

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

##### (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 any 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. 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:

Properties	Over the lease terms
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If ownership of the leased asset is transferred 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 a right-of-use asset meets the definition of an 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".

##### (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 properties (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### Leases (continued)

#### *The Group as a lessor*

The Group determines at lease inception whether each lease is a finance lease or an operating 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. 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.

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 recognition exemption described in the accounting policy stated under “The Group as a lessee”, the Group classifies the sublease as an operating lease.

### Service concession arrangements

A service concession arrangement refers to a contractual service arrangement granted by a government authority in Mainland China (the “Grantor”) to allow the Group to operate an infrastructure to provide service to the public. Such arrangement involves the Group to develop, finance, operate, and maintain the public-service infrastructure for a specified period of time for a service fee. At the end of the service period, the Group is obliged to hand over the infrastructure to the Grantor in a specified condition for little or no incremental consideration.

Such service concession arrangement is governed by a contract between the Group and the relevant Grantor which sets out, inter alia, performance standards, the mechanism for service fee adjustment, specific obligations of the Group for the maintenance of the infrastructure and arrangement for arbitrating disputes.

A service concession arrangement is classified as a financial asset model under HK(IFRIC)-Int 12 and is recognised as a financial asset – *Receivables under a service concession arrangement* when (a) the Group has an unconditional right to receive cash or another financial asset from, or at the direction of, the Grantor for the construction service rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service; and (b) the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the Grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and the specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. During the period of construction of the infrastructures, the relevant portion of consideration of construction services rendered included in the receivables under service concession arrangements is accounted for as “contract assets”. Upon completion of construction, the relevant portion of consideration of construction services rendered included in the receivables under a service concession arrangement is accounted for as financial assets under the accounting policy for “financial assets at amortised cost”.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### Service concession arrangements (continued)

A service concession arrangement is classified as an intangible asset model under HK(IFRIC)-Int 12 and is recognised as an intangible asset – *Operating concession rights* when the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent to the extent that the public uses the service. During the period of construction of the infrastructures, the relevant portion of consideration of construction services rendered included in the operating concession rights is accounted for as “contract assets” and “intangible assets (other than goodwill)”. Upon completion of construction, the relevant portion of consideration of construction services rendered included in operating concession rights is accounted for as “intangible assets (other than goodwill)”.

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

#### 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 as 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 economic useful 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.

An intangible asset is derecognised on 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 period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Amortisation of operating concession rights other than a toll road is provided on the straight-line basis to write off their costs over the concession periods of the respective service concession arrangements.

Amortisation of a toll road is provided to write off the costs on a unit-of-usage basis where the amortisation is provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the service concession periods. It is the Group’s policy to review regularly, the projected total traffic volume throughout the concession periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

Purchased trademark, licence and contract rights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 20 years.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### 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 (equity investment), 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.

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.

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

#### *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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### Investments and other financial assets (continued)

##### *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 investment 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, 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, 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 investment designated at fair value through other comprehensive income is 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 equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of 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.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### 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 90 days past due from the end of the credit term. 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies *(continued)*

### Impairment of financial assets *(continued)*

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

### Financial liabilities

#### *Initial recognition and measurement*

The Group's financial liabilities include payables, accruals and other liabilities, amounts due to non-controlling equity holders of subsidiaries and bank and other borrowings.

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.

#### *Subsequent measurement*

Subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at amortised cost*

After initial recognition, interest-bearing loans and 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 method 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 expected credit loss 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### Financial liabilities (continued)

##### *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.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of 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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### 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 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. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

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;
- in respect of taxable temporary differences associated with investments in subsidiaries, 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; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

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 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 a 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
- in respect of deductible temporary differences, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of 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 based on the expected manner of the realisation and settlement of the carrying amount of the assets and liabilities, with 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 values 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 revenue 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.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

#### 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the assets may be transferred over time or at a point of time.

The Group satisfied a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation and the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### Revenue recognition (continued)

#### *Revenue from contracts with customers (continued)*

When the Group provides more than one service in a contract, the transaction price will be allocated to each performance obligation by reference to their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or the adjusted market assessment approach, depending on the availability of observable information.

- (i) **Construction services income and income from water pipeline installation**  
Revenue 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 construction and installation services.
- (ii) **Water distribution income**  
Revenue is recognised either when the water is supplied to customers or over the service period, depending on the terms of the contracts and the laws that apply to the contracts.

With respect to the water distribution to Hong Kong, revenue is recognised generally when the control of the water is transferred to the customers, adjusted based on the water price deduction mechanism where annual basic water price would be deducted basing on the quantity of water supplied to Hong Kong which is conserved in a particular year using a unit rate specified in the contracts; and with respect to the water distribution to the Mainland China, revenue is recognised at the point in time when the control of the water is transferred to the customers which generally coincides with delivery of the water sold.

- (iii) **Income from provision of sewage treatment services**  
Revenue is recognised over the service period when the customers simultaneously receive and consume the benefits over the period of the services rendered by the Group.
- (iv) **Income from sale of properties**  
Revenue is recognised at the point in time when the customer obtains the physical possession or the legal title of the completed properties and the Group has present right to payment and the collection of the consideration is probable.
- (v) **Income from sale of goods, machineries, electricity and steam**  
Revenue is recognised at the point in time when the control of the assets is transferred to the customers which generally coincides with delivery and acceptance of the assets sold.
- (vi) **Commission income from concessionaire sales**  
Commission income is recognised at the point in time when the control of goods is passed to customers by department stores which generally coincides with delivery and acceptance of the assets sold.
- (vii) **Income from toll road and bridge operation**  
Revenue is recognised over the period upon the passage of vehicles through the expressway.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### Revenue recognition (continued)

#### *Revenue from contracts with customers (continued)*

(viii) Income from hotel operation

Revenue is recognised over the period in which such services have been rendered when the customers simultaneously receive and consume the benefits over the period of the services rendered by the Group.

(ix) Income from property management, hotel management, road and bridge management, maintenance and consultancy services

Revenue is recognised over the period in which the related services are rendered when customers receive and consume the benefits over the period of the services rendered by the Group.

#### *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.

Finance income from service concession arrangements 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.

#### *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 in profit or loss on the date on which the Group's right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, 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.

### 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).

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### Contract costs

Other than the costs which are capitalised as 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.

### Other employee benefits

#### *Retirement benefit schemes*

##### Defined contribution plan

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 eligible employees. Contributions are made based on a percentage of the employees' basic salaries/relevant income 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 mandatory contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are proportionately refunded to the Group upon the employee's termination of services in accordance with the vesting scales of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes (the "CP Schemes") operated by the respective local municipal governments. These subsidiaries are required to contribute certain percentages of their payroll costs to the CP Schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the CP Schemes.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Summary of material accounting policies (continued)

Other employee benefits (continued)

*Retirement benefit schemes* (continued)

Defined benefit plan

The Group operates defined benefit pension plans which require contributions to be made to a separately administered fund. The benefits are unfunded. The costs of providing benefits under the defined benefit plans are determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined obligation under “cost of sales” and “administrative expenses” in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.4 Summary of material accounting policies (continued)

### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

### Foreign currencies

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

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 subsidiaries and associates operating in Mainland China are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income 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, cash flows of subsidiaries operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 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:

(i) *Impairment of assets*

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

#### 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.

(i) *Estimation of fair values of investment properties*

The best evidence of fair value is current prices in an active market for similar lease terms and other contracts. In the absence of such information, 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 in less active markets, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices;
- (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 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 cash flows;
- (d) residual approach, which is estimated by reference to its development potential by deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation; and

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Significant accounting judgements and estimates (continued)

#### Estimation uncertainty (continued)

(i) *Estimation of fair values of investment properties (continued)*

- (e) income capitalisation approach, which is based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cash flow profile.

The carrying amount of investment properties (including those classified as held for distribution) at fair value as at 31 December 2024 was HK\$24,758,362,000 (2023: HK\$25,502,014,000).

(ii) *Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Intangible assets with indefinite lives are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) *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 level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses as at 31 December 2024 was HK\$41,688,000 (2023: HK\$270,721,000). The amount of unrecognised tax losses as at 31 December 2024 was HK\$1,322,933,000 (2023: HK\$1,238,684,000). Further details are set out in note 31 to the financial statements.

(iv) *Estimation of net realisable values of properties held for sale under development and completed properties held for sale*

The Group assesses the carrying amounts of properties held for sale under development and completed properties held for sale according to their estimated net realisable value based on the realisability of these properties, taking into account construction costs to completion based on committed contracts, the existing development plans and the expected selling prices of the properties based on comparable market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The carrying amounts of properties held for sale under development and completed properties held for sale (including those classified as held for distribution) as at 31 December 2024 were HK\$12,652,159,000 (2023: HK\$23,591,871,000) and HK\$13,549,314,000 (2023: HK\$9,236,027,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 4 Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has seven reportable operating segments as follows:

- (i) The water resources segment engages in water distribution, sewage treatment, construction of water supply and sewage treatment infrastructure, water pipeline installation and consultancy services and sale of machineries for customers in Mainland China and Hong Kong;
- (ii) The property investment segment mainly invests in various properties in Mainland China and Hong Kong that are held for rental income purposes. This segment also provides property management services to certain commercial properties;
- (iii) The department store operation segment operates department stores, which engages in sale of goods and concessionaire sales, and management and sub-letting of operating area, in Mainland China;
- (iv) The electric power generation segment operates coal-fired power plants supplying electricity and steam in Guangdong Province, the PRC;
- (v) The hotel operation and management segment operates the Group's hotels and provides hotel management services to certain third parties' hotels in Mainland China and Hong Kong;
- (vi) The road and bridge segment invests in road and bridge projects, which engages in toll road operation and road management in Mainland China; and
- (vii) The "others" segment provides treasury services in Mainland China and Hong Kong and engages in the provision of corporate services to other segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) from continuing operations, which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that bank interest income, interest income from other financial assets at amortised cost, interest income from financial assets at fair value through profit or loss, dividends received from equity investments designated at fair value through other comprehensive income, net loss on disposal of subsidiaries, gain on deemed disposal of associates, finance costs (other than interest on lease liabilities) and share of profits less losses of associates are excluded from such measurement.

Segment assets include total assets, exclude assets classified as held for distribution, and exclude deferred tax assets, tax recoverable, cash and bank balances, restricted bank balances, other financial assets at amortised cost, equity investments designated at fair value through other comprehensive income and other unallocated assets as these assets are managed on a group basis.

Segment liabilities include total liabilities, exclude liabilities directly associated with assets classified as held for distribution, and exclude bank and other borrowings, tax payable, deferred tax liabilities and other unallocated liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. Intersegment sales are eliminated in full on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

## 4 Operating segment information (continued)

### (a) Operating segments

	Water resources		Property investment		Department store operation		Electric power generation		Hotel operation and management	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	(Restated) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue from continuing operations</b>										
Revenue from external customers	13,511,006	15,329,381	1,576,863	1,426,843	861,612	758,786	1,268,698	1,475,698	648,379	648,780
Intersegment sales	-	-	91,201	92,272	-	-	335,415	342,295	-	-
Other income and gains from external sources	82,353	75,711	6,132	6,797	17,557	16,531	19,573	41,113	22	97
Other income from intersegment transactions	-	-	3,516	-	-	-	-	-	-	-
<b>Total</b>	<b>13,593,359</b>	<b>15,405,092</b>	<b>1,677,712</b>	<b>1,525,912</b>	<b>879,169</b>	<b>775,317</b>	<b>1,623,686</b>	<b>1,859,106</b>	<b>648,401</b>	<b>648,877</b>
<b>Segment results from continuing operations</b>										
Bank interest income										
Interest income from other financial assets at amortised cost										
Interest income from financial assets at fair value through profit or loss										
Dividends received from equity investments designated at fair value through other comprehensive income										
Loss on disposal of subsidiaries, net	-	(3,544)	-	-	-	-	-	-	-	-
Gain on deemed disposal of associates	-	13,814	-	-	-	-	-	-	-	-
Finance costs										
Share of profits less losses of associates	101,537	95,201	-	-	(4,173)	8,584	74,657	89,626	-	-
Profit before tax from continuing operations										
Income tax expense										
Profit for the year from continuing operations										

# NOTES TO THE FINANCIAL STATEMENTS

## 4 Operating segment information (continued)

### (a) Operating segments (continued)

	Road and bridge		Others		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Restated) HK\$'000
<b>Segment revenue from continuing operations</b>								
Revenue from external customers	638,735	682,990	-	-	-	-	18,505,293	20,322,478
Intersegment sales	-	-	26,908	21,660	(453,524)	(456,227)	-	-
Other income and gains from external sources	141,355	147,731	8,223	-	-	-	275,215	287,980
Other income from intersegment transactions	-	-	7,036	5,786	(10,552)	(5,786)	-	-
<b>Total</b>	<b>780,090</b>	<b>830,721</b>	<b>42,167</b>	<b>27,446</b>	<b>(464,076)</b>	<b>(462,013)</b>	<b>18,780,508</b>	<b>20,610,458</b>
<b>Segment results from continuing operations</b>	<b>438,316</b>	<b>500,713</b>	<b>(140,901)</b>	<b>(148,169)</b>	<b>207,030</b>	<b>122,029</b>	<b>7,019,318</b>	<b>7,053,917</b>
Bank interest income							124,761	148,977
Interest income from other financial assets at amortised cost							37,745	-
Interest income from financial assets at fair value through profit or loss							32,058	-
Dividends received from equity investments designated at fair value through other comprehensive income							26	-
Loss on disposal of subsidiaries, net	-	-	-	-	-	-	-	(3,544)
Gain on deemed disposal of associates	-	-	-	-	-	-	-	13,814
Finance costs							(892,075)	(980,802)
Share of profits less losses of associates	-	-	-	-	-	-	172,021	193,411
Profit before tax from continuing operations							6,493,854	6,425,773
Income tax expense							(1,852,764)	(1,658,283)
Profit for the year from continuing operations							4,641,090	4,767,490

# NOTES TO THE FINANCIAL STATEMENTS

## 4 Operating segment information (continued)

### (a) Operating segments (continued)

Segment assets and liabilities:

	Water resources		Property investment		Department store operation		Electric power generation		Hotel operation and management	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Segment assets	52,149,340	53,267,723	16,994,202	60,992,028	334,442	963,169	2,717,818	2,900,129	2,193,045	2,112,463
Unallocated assets										
Assets classified as held for distribution										
Total assets										
Segment liabilities	11,119,142	11,799,551	1,011,872	15,286,140	870,400	1,510,226	326,852	447,202	389,037	234,580
Unallocated liabilities										
Liabilities directly associated with assets classified as held for distribution										
Total liabilities										
Other segment information:										
Investments in associates	2,578,520	2,722,596	-	-	123,953	131,240	904,843	849,113	-	-
Capital expenditure*	1,192,852	5,636,629	147,152	571,426	4,380	64,268	10,299	1,266	245,699	24,040

	Road and bridge		Others		Eliminations		Consolidated	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Segment assets	5,073,350	5,301,994	38,936	46,636	(426,554)	(662,010)	79,074,579	124,922,132
Unallocated assets							15,857,755	15,043,840
Assets classified as held for distribution							40,663,069	-
Total assets							135,595,403	139,965,972
Segment liabilities	285,940	274,451	172,335	163,627	(71,703)	(158,359)	14,103,875	29,557,418
Unallocated liabilities							29,613,479	52,378,929
Liabilities directly associated with assets classified as held for distribution							35,202,576	-
Total liabilities							78,919,930	81,936,347
Other segment information:								
Investments in associates	-	-	-	-	-	-	3,607,316	3,702,949
Capital expenditure*	11,965	3,474	934	3,130	-	(2,395)	1,613,281	6,301,838

\* Capital expenditure consists of additions to property, plant and equipment, operating concession rights, right-of-use assets, other intangible assets and investment properties including assets from the acquisitions.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Operating segment information (continued)

#### (a) Operating segments (continued)

Other segment information:

	Water resources		Property investment		Department store operation		Electric power generation		Hotel operation and management	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation and amortisation	1,847,550	1,798,318	83,078	115,024	53,168	65,137	125,516	126,854	135,029	131,508
Exchange differences, net	(14,979)	8,329	(61,937)	(44,771)	9,612	6,516	(9,280)	(6,123)	273	133
Provision/(reversal) of impairment losses for trade receivables, net	1,853	2,752	604	1,113	(251)	29	-	-	(6)	-
Impairment of goodwill	30,708	-	-	-	-	-	-	-	-	-
Changes in fair value of investment properties	(1,299)	(3,370)	33,408	(107,039)	29,090	51,666	-	-	6,495	(41,329)
(Gain)/loss on disposal of property, plant and equipment, net	(18,229)	(156)	441	125	56,758	89	2,912	8	153	117

	Road and bridge		Others		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)
Depreciation and amortisation	233,102	232,184	3,355	3,621	(1,201)	(698)	2,479,597	2,471,948
Exchange differences, net	7,257	4,702	31,168	29,852	(875)	216	(38,761)	(1,146)
Provision/(reversal) of impairment losses for trade receivables, net	-	-	-	-	-	-	2,200	3,894
Impairment of goodwill	-	-	-	-	-	-	30,708	-
Changes in fair value of investment properties	-	-	127	(126)	-	-	67,821	(100,198)
(Gain)/loss on disposal of property, plant and equipment, net	16	30	-	(27)	-	-	42,051	186

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Operating segment information (continued)

#### (b) Geographical information

The following table presents the Group's geographical information regarding revenue and certain assets for the years ended 31 December 2024 and 2023.

	2024 <i>HK\$'000</i>	2023 (Restated) <i>HK\$'000</i>
<b>Revenue from external customers</b>		
<b>Continuing operations</b>		
Mainland China	18,224,345	20,047,219
Hong Kong	280,948	275,259
	<b>18,505,293</b>	20,322,478
<b>Discontinued operations</b>		
Mainland China	6,759,320	3,877,416

The revenue information above is based on the locations of the sales transactions.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>		
Mainland China	68,855,610	81,106,996
Hong Kong	2,390,750	2,262,856
	<b>71,246,360</b>	83,369,852

The non-current assets information above is based on the locations of the assets and excludes other financial assets at amortised cost, equity investments designated at fair value through other comprehensive income and deferred tax assets.

#### (c) Information about a major customer

Revenue of HK\$5,135,725,000 (2023: HK\$5,016,305,000) was derived from sales by the water resources segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Revenue, and other income and gains, net, from continuing operations

Revenue from continuing operations

(i) *Disaggregated revenue information*

	2024 <i>HK\$'000</i>	2023 (Restated) <i>HK\$'000</i>
<b>(a) Types of goods or services:</b>		
<b>Water resources segment</b>		
Income from water distribution – Mainland China	4,539,512	4,532,910
Income from water distribution – Hong Kong	5,135,725	5,016,305
Income from sewage treatment services	872,428	868,706
Income from construction services	520,719	2,199,388
Income from water pipeline installation and consultancy services	1,186,710	1,556,107
Sale of machineries	382,237	318,484
<b>Property investment segment</b>		
Management fee income	239,958	203,992
<b>Department store operation segment</b>		
Commission income from concessionaire sales	330,331	401,606
Sale of goods	487,508	298,433
Management fee income	6,500	12,717
<b>Electric power generation segment</b>		
Sale of electricity and steam	1,268,698	1,475,698
<b>Hotel operation and management segment</b>		
Hotel income	597,701	603,703
Management fee income	16,901	11,316
<b>Road and bridge segment</b>		
Toll revenue	618,848	664,252
Management and maintenance fee income	19,887	18,738
<i>Revenue from contracts with customers</i>	<b>16,223,663</b>	18,182,355
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	873,675	837,481
Rental income	1,407,955	1,302,642
	<b>18,505,293</b>	20,322,478

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Revenue, and other income and gains, net, from continuing operations (continued)

Revenue from continuing operations (continued)

(i) Disaggregated revenue information (continued)

	2024 HK\$'000	2023 (Restated) HK\$'000
<b>(b) Geographical locations*:</b>		
<b>Mainland China</b>		
Water resources segment	12,637,331	14,491,900
Property investment segment	239,958	203,992
Department store operation segment	824,339	712,756
Electric power generation segment	1,268,698	1,475,698
Hotel operation and management segment	401,909	403,562
Road and bridge segment	638,735	682,990
	<b>16,010,970</b>	17,970,898
<b>Hong Kong</b>		
Hotel operation and management segment	212,693	211,457
<i>Revenue from contracts with customers</i>	<b>16,223,663</b>	18,182,355
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	873,675	837,481
Rental income	1,407,955	1,302,642
	<b>18,505,293</b>	20,322,478

\* The geographical location is based on the location of which the services were rendered or goods were delivered from.

(ii) Performance obligations

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

Water distribution

With respect to the water distribution to the Mainland China, the performance obligation is satisfied upon the supply of water to customers and payment is generally due within 60 days from the date of billing.

With respect to the water distribution to Hong Kong, the performance obligation is satisfied upon the supply of water to customers in accordance with the water price deduction mechanism and contract terms and payment is generally due within 30 days from the date of billing.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Revenue, and other income and gains, net, from continuing operations (continued)

#### Revenue from continuing operations (continued)

##### (ii) Performance obligations (continued)

###### Construction services under water resources segment

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 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.

###### Water pipeline installation and consultancy services

The performance obligation is satisfied over time as services are rendered. The payment is generally due within 30 days to 90 days from the date of billing.

###### Sewage treatment services

The performance obligation is satisfied over time as services are rendered. The payment is generally due within 90 days from the date of billing.

###### Toll road and bridge operation services

The performance obligation is satisfied over time upon the passage of vehicles through the expressways. The payment is generally due upon the passage.

###### Construction services under toll and bridge segment

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

###### Management and maintenance services

The performance obligation is satisfied over time as services are rendered. The payment is generally due within 30 days from the date of billing.

###### Hotel operation

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. The payment is generally due when the services are rendered.

###### Sale of electricity and steam

The performance obligation is satisfied upon supply of the electricity and steam. The payment is generally due within 30 days from the date of billing.

###### Sale of goods and commission income from concessionaire sales

The performance obligation is satisfied upon delivery of the goods at the Group's department stores to customers and payment is generally due upon delivery.

###### Sale of machineries

The performance obligation is satisfied upon delivery and acceptance of the machineries by the customers. The payment is generally due within 30 days from the date of billing.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Revenue, and other income and gains, net, from continuing operations (continued)

#### Revenue from continuing operations (continued)

##### (ii) Performance obligations (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) with an original expected duration of one year or more as at 31 December 2024 are as follows:

	<b>2024</b>	2023 (Restated)
	<b>HK\$'000</b>	HK\$'000
Expected to be recognised within one year	<b>7,797,960</b>	7,697,774
Expected to be recognised after one year	<b>38,833,472</b>	46,527,449
	<b>46,631,432</b>	54,225,223

The amounts of transaction prices associated with unsatisfied or partially unsatisfied performance obligations do not include variable consideration that is constrained.

For all other contracts, in which the performance obligations are expected to be recognised as revenue with an original expected duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### Other income and gains, net from continuing operations

	<b>2024</b>	2023 (Restated)
	<b>HK\$'000</b>	HK\$'000
Bank interest income	<b>124,761</b>	148,977
Interest income from other financial assets at amortised cost	<b>37,745</b>	–
Interest income from financial assets at fair value through profit or loss	<b>32,058</b>	–
Interest income from receivables under a cooperative arrangement	<b>136,545</b>	144,649
Others	<b>138,696</b>	153,601
	<b>469,805</b>	447,227

## NOTES TO THE FINANCIAL STATEMENTS

### 6 Profit before tax from continuing operations

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

	Notes	2024 HK\$'000	2023 (Restated) HK\$'000
Cost of inventories sold*		1,777,545	1,836,942
Cost of services rendered*		5,370,499	7,319,786
Depreciation of property, plant and equipment		843,185	847,326
Depreciation of right-of-use assets		66,791	78,145
Amortisation of operating concession rights*	19(a)	1,534,788	1,511,190
Amortisation of other intangible assets		34,833	35,287
Impairment on items of property, plant and equipment	13	1,327	1,047
Impairment of goodwill^	16	30,708	–
Provision of impairment losses for trade receivables, net^		2,200	3,894
Auditor's remuneration		8,852	8,700
Employee benefit expenses:			
Wages and salaries (excluding directors' fee)		1,924,216	1,956,241
Pension schemes contributions:			
– defined contribution plans		271,535	253,827
– defined benefit plans		327	331
Less: Forfeited contributions		(22)	(18)
Net pension scheme contributions#		271,840	254,140
Less: Amount capitalised		(30,104)	(86,777)
		2,165,952	2,123,604
Gross rental income from investment properties		(1,294,803)	(1,136,036)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		155,269	170,955
Net rental income from investment properties		(1,139,534)	(965,081)
Lease payments not included in the measurement of lease liabilities	15(c)	9,884	7,681
Gain on lease modification^	15(c)	–	(616)
Gain on remeasurement of right-of-use assets and lease liabilities^	15(c)	(1,723)	–
Loss on disposal of property, plant and equipment, net^		42,051	186
Loss on disposal of subsidiaries, net		–	3,544
Gain on deemed disposal of associates		–	(13,814)
Government subsidies***^		(72,206)	(83,603)

## NOTES TO THE FINANCIAL STATEMENTS

### 6 Profit before tax from continuing operations (continued)

- \* These costs and expenses are included in "Cost of sales" on the face of the consolidated statement of profit or loss.
- \*\* The government subsidies recognised during the year mainly represented subsidies received from certain government authorities in respect of the fulfilment of certain specific criteria by the Group.
- # As at 31 December 2024 and 2023, the Group had no material forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future years.
- ^ Included in "Other operating (expenses)/income, net" on the face of the consolidated statement of profit or loss.

### 7 Finance costs from continuing operations

An analysis of finance costs from continuing operations is as follows:

	2024 <i>HK\$'000</i>	2023 (Restated) <i>HK\$'000</i>
Interest on bank and other borrowings	770,650	867,721
Interest on loans from fellow subsidiaries	91,101	106,623
Interest on loans from an associate	29,026	23,449
Interest on lease liabilities	27,519	27,576
Interest related to defined benefit obligations (note 42)	2,520	3,627
Finance costs incurred	920,816	1,028,996
Less: Interest capitalised	(1,222)	(20,618)
Finance costs charged for the year	919,594	1,008,378

The capitalised interest rates applied to funds borrowed and used for the construction in progress and operating concession rights are between 2.5% and 3.2% per annum (2023: between 3.3% and 3.7% per annum (restated)).

## NOTES TO THE FINANCIAL STATEMENTS

### 8 Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), 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:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fees:		
Executive directors	–	–
Independent non-executive directors	<b>2,919</b>	2,919
Non-executive directors	–	–
	<b>2,919</b>	2,919
Other emoluments:		
Salaries, allowances and benefits in kind	<b>7,369</b>	7,370
Performance related bonuses	<b>2,437</b>	2,227
Pension scheme contributions	<b>1,542</b>	1,549
Less: Forfeited contributions	–	–
Net pension scheme contributions	<b>1,542</b>	1,549
Total directors' remuneration	<b>14,267</b>	14,065

#### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
CHAN Cho Chak, John	<b>749</b>	749
FUNG Daniel Richard	<b>700</b>	700
CHENG Mo Chi, Moses	<b>700</b>	700
LI Man Bun, Brian David	<b>770</b>	770
	<b>2,919</b>	2,919

There were no other emoluments paid to the independent non-executive directors during the year (2023: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 8 Directors' remuneration (continued)

#### (b) Executive directors and other non-executive directors

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Net pension scheme contributions HK\$'000	Total HK\$'000
<b>2024</b>					
<b>Executive directors:</b>					
BAI Tao	-	-	-	-	-
LIN Tiejun	-	2,424	815	611	3,850
WEN Yinheng	-	2,236	583	569	3,388
TSANG Hon Nam	-	1,467	771	60	2,298
LIANG Yuanjuan	-	1,242	268	302	1,812
	-	7,369	2,437	1,542	11,348
<b>Non-executive directors:</b>					
CAI Yong	-	-	-	-	-
LAN Runing*	-	-	-	-	-
FENG Qingchun	-	-	-	-	-
	-	7,369	2,437	1,542	11,348

\* Resigned as Non-executive Director of the Company on 18 June 2024.

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Net pension scheme contributions HK\$'000	Total HK\$'000
<b>2023</b>					
<b>Executive directors:</b>					
BAI Tao	-	-	-	-	-
LIN Tiejun	-	2,424	801	609	3,834
WEN Yinheng	-	2,237	670	578	3,485
TSANG Hon Nam	-	1,467	470	60	1,997
LIANG Yuanjuan	-	1,242	286	302	1,830
HOU Wailin <sup>#</sup>	-	-	-	-	-
	-	7,370	2,227	1,549	11,146
<b>Non-executive directors:</b>					
CAI Yong	-	-	-	-	-
LAN Runing	-	-	-	-	-
FENG Qingchun	-	-	-	-	-
	-	7,370	2,227	1,549	11,146

<sup>#</sup> Resigned as Executive Director of the Company on 26 October 2023.

## NOTES TO THE FINANCIAL STATEMENTS

### 9 Five highest paid employees

The five highest paid employees during the year included two (2023: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the other three (2023: three) highest paid employees who are not directors of the Company are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	5,093	3,660
Performance related bonuses	4,528	7,685
Pension scheme contributions	1,211	1,831
	<b>10,832</b>	13,176

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HK\$3,000,001 – HK\$3,500,000	2	–
HK\$3,500,001 – HK\$4,000,000	–	2
HK\$4,000,001 – HK\$4,500,000	1	–
HK\$5,500,001 – HK\$6,000,000	–	1
	<b>3</b>	3

### 10 Income tax expense from continuing operations

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the PRC Corporate Income Tax Law, enterprises are subject to corporate income tax at a rate of 25% (2023: 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2024 <i>HK\$'000</i>	2023 (Restated) <i>HK\$'000</i>
<b>Current – Mainland China</b>		
Charge for the year	2,004,032	1,280,838
Over-provision in prior years	(41,932)	(13,928)
<b>Current – Hong Kong</b>		
Charge for the year	12,597	10,911
Over-provision in prior years	(3)	(12)
<b>Deferred tax</b>	<b>(121,930)</b>	380,474
Total tax charge for the year	<b>1,852,764</b>	1,658,283

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Income tax expense from continuing operations (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024					
	Hong Kong		Mainland China		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	(266,155)		6,760,009		6,493,854	
Tax at the statutory tax rates	(43,915)	16.5	1,690,002	25.0	1,646,087	25.3
Lower tax rates for specific provinces or enacted by local authority	-	-	(131,388)	(1.9)	(131,388)	(2.0)
Adjustments in respect of current tax of previous periods	(3)	-	(41,932)	(0.7)	(41,935)	(0.7)
Profits attributable to associates	-	-	(43,005)	(0.6)	(43,005)	(0.7)
Income not subject to tax	(70,953)	26.7	(59,522)	(0.9)	(130,475)	(2.0)
Expenses not deductible for tax	132,494	(49.8)	150,224	2.2	282,718	4.4
Effect of withholding tax on the distributable profits on the Group's PRC subsidiaries	-	-	211,150	3.1	211,150	3.3
Tax losses utilised from previous periods	-	-	(25,110)	(0.4)	(25,110)	(0.4)
Tax losses not recognised	-	-	80,733	1.2	80,733	1.2
Others	(8)	-	3,997	0.1	3,989	0.1
Tax charge at the Group's effective rates	17,615	(6.6)	1,835,149	27.1	1,852,764	28.5

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Income tax expense from continuing operations (continued)

	2023					
	Hong Kong		Mainland China		Total	
	(Restated) HK\$'000	(Restated) %	(Restated) HK\$'000	(Restated) %	(Restated) HK\$'000	(Restated) %
Profit before tax	132,761		6,293,012		6,425,773	
Tax at the statutory tax rates	21,906	16.5	1,573,253	25.0	1,595,159	24.8
Lower tax rates for specific provinces or enacted by local authority	–	–	(148,806)	(2.4)	(148,806)	(2.3)
Adjustments in respect of current tax of previous periods	(12)	–	(13,928)	(0.2)	(13,940)	(0.2)
Profits attributable to associates	–	–	(48,353)	(0.8)	(48,353)	(0.8)
Income not subject to tax	(152,582)	(114.9)	(43,381)	(0.7)	(195,963)	(3.0)
Expenses not deductible for tax	148,567	111.8	168,437	2.8	317,004	5.0
Effect of withholding tax on the distributable profits on the Group's PRC subsidiaries	–	–	160,709	2.6	160,709	2.5
Tax losses utilised from previous periods	(4)	–	(23,420)	(0.4)	(23,424)	(0.4)
Tax losses not recognised	–	–	57,690	0.9	57,690	0.9
Temporary difference not recognised	–	–	(23,004)	(0.4)	(23,004)	(0.4)
Others	(840)	(0.6)	(17,949)	(0.3)	(18,789)	(0.3)
Tax charge at the Group's effective rates	17,035	12.8	1,641,248	26.1	1,658,283	25.8

### 11 Dividends

	2024 HK\$'000	2023 HK\$'000
Interim – HK23.97 cents (2023: HK18.71 cents) per ordinary share	1,567,116	1,223,226
Proposed final – HK7.27 cents (2023: HK12.33 cents) per ordinary share	475,300	806,113
	<b>2,042,416</b>	2,029,339

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The total final dividend payable is based on the total number of shares as at the date of approval of these financial statements by the board of directors which includes the shares issued subsequent to the end of the reporting period.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

On 9 December 2024, the Company's Board of Directors recommended the payment of a special dividend in the form of a distribution in specie of 1,261,799,537 shares of GD Land held directly by the Company to the shareholders of the Company, on a pro-rata basis, at the rate of 0.193 shares of GD Land for every one share of the Company held by the shareholders, conditional upon the passing of an ordinary resolution by the shareholders of the Company. On 8 January 2025, the resolution to approve the Proposed Distribution was passed by the shareholders of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 12 Earnings/(loss) per share attributable to ordinary equity holders of the company

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company arising from continuing operations and discontinued operations, respectively, and the weighted average number of ordinary shares in issue during the year.

The calculation of the basic and diluted earnings/(loss) per share is based on:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings:		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculation:		
– Continuing operations	<b>4,102,893</b>	4,221,183
– Discontinued operations	<b>(960,755)</b>	(1,099,114)
	<b>3,142,138</b>	3,122,069
	<b>Number of shares</b>	
	<b>2024</b>	2023
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<b>6,537,821,440</b>	6,537,821,440

No adjustment has been made to the basic earnings/(loss) per share amount presented for the years ended 31 December 2024 and 2023 in the calculation of diluted earnings/(loss) per share as there were no potential dilutive ordinary shares during the years ended 31 December 2024 and 2023.

# NOTES TO THE FINANCIAL STATEMENTS

## 13 Property, plant and equipment

	Hotel properties HK\$'000	Land and buildings HK\$'000	Tunnels, dams, water mains, reservoirs and pipelines HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 1 January 2024:									
Cost	2,509,409	4,623,828	1,999,312	5,398,389	1,226,911	530,812	80,370	396,975	16,766,006
Accumulated depreciation and impairment	(1,293,144)	(1,155,353)	(430,258)	(2,527,752)	(700,592)	(332,889)	(36,321)	-	(6,476,309)
Net carrying amount	1,216,265	3,468,475	1,569,054	2,870,637	526,319	197,923	44,049	396,975	10,289,697
At 1 January 2024, net of accumulated depreciation and impairment									
Cost	1,216,265	3,468,475	1,569,054	2,870,637	526,319	197,923	44,049	396,975	10,289,697
Additions	-	17,317	22,351	96,783	72,617	18,391	5,281	731,964	964,704
Disposals and write-offs	(1,209)	(16,489)	-	(12,281)	(48,885)	(4,588)	(1,473)	(31,904)	(116,829)
Surplus of revaluation	-	9,671	-	-	-	-	-	-	9,671
Impairment	-	-	-	(1,157)	(170)	-	-	-	(1,327)
Depreciation provided during the year	(78,038)	(197,166)	(95,273)	(284,730)	(151,658)	(44,446)	(6,271)	-	(857,582)
Transfer to investment properties, net (note 14)	-	(21,196)	-	-	-	-	-	-	(21,196)
Transfers	1,942	31,597	161,678	38,966	46,067	11	-	(280,261)	-
Transfer to assets classified as held for distribution (note 36(d))	-	(52,653)	-	-	(18,787)	(3,558)	(1,519)	-	(76,517)
Exchange realignment	(28,116)	(80,303)	(27,284)	(54,741)	(10,018)	(640)	(309)	(23,533)	(224,944)
At 31 December 2024, net of accumulated depreciation and impairment	1,110,844	3,159,253	1,630,526	2,653,477	415,485	163,093	39,758	793,241	9,965,677
At 31 December 2024:									
Cost	2,459,323	4,464,760	2,141,147	5,410,241	1,200,607	531,024	74,167	793,241	17,074,510
Accumulated depreciation and impairment	(1,348,479)	(1,305,507)	(510,621)	(2,756,764)	(785,122)	(367,931)	(34,409)	-	(7,108,833)
Net carrying amount	1,110,844	3,159,253	1,630,526	2,653,477	415,485	163,093	39,758	793,241	9,965,677

# NOTES TO THE FINANCIAL STATEMENTS

## 13 Property, plant and equipment (continued)

	Hotel properties HK\$'000	Land and buildings HK\$'000	Tunnels, dams, water mains, reservoirs and pipelines HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 1 January 2023:									
Cost	2,518,148	2,144,337	1,618,020	5,016,028	1,051,015	528,107	68,643	438,519	13,382,817
Accumulated depreciation and impairment	(1,227,321)	(1,016,115)	(362,811)	(2,275,970)	(595,725)	(301,791)	(33,145)	(161)	(5,813,039)
Net carrying amount	1,290,827	1,128,222	1,255,209	2,740,058	455,290	226,316	35,498	438,358	7,569,778
At 1 January 2023, net of accumulated depreciation and impairment									
Cost	1,290,827	1,128,222	1,255,209	2,740,058	455,290	226,316	35,498	438,358	7,569,778
Additions	-	12,565	8,650	49,633	93,715	18,801	11,786	531,829	726,979
Business combinations through acquisition of subsidiaries (note 35)	-	1,906,790	277,782	159,060	74,309	-	6,061	412,146	2,836,148
Disposals and write-offs	(584)	(30,835)	(181)	(940)	(2,695)	(1,716)	(239)	(9,432)	(46,622)
Surplus on revaluation	-	42,620	-	-	-	-	-	-	42,620
Impairment	-	(293)	-	(600)	(152)	-	(2)	-	(1,047)
Depreciation provided during the year	(71,460)	(221,426)	(73,997)	(292,685)	(143,731)	(47,157)	(8,674)	-	(859,130)
Transfer from/(to) investment properties, net (note 14)	7,740	139,199	-	-	(207)	-	-	-	146,732
Transfers	-	534,464	124,187	254,415	54,119	2,217	-	(969,402)	-
Exchange realignment	(10,258)	(42,831)	(22,596)	(38,304)	(4,329)	(538)	(381)	(6,524)	(125,761)
At 31 December 2023, net of accumulated depreciation and impairment									
Cost	1,216,265	3,468,475	1,569,054	2,870,637	526,319	197,923	44,049	396,975	10,289,697
At 31 December 2023:									
Cost	2,509,409	4,623,828	1,999,312	5,398,389	1,226,911	530,812	80,370	396,975	16,766,006
Accumulated depreciation and impairment	(1,293,144)	(1,155,353)	(430,258)	(2,527,752)	(700,592)	(332,889)	(36,321)	-	(6,476,309)
Net carrying amount	1,216,265	3,468,475	1,569,054	2,870,637	526,319	197,923	44,049	396,975	10,289,697

As at 31 December 2024, property ownership certificates of certain buildings with a net carrying value of HK\$103,488,000 (2023: HK\$90,729,000) have not been issued. The Group is in the process of obtaining the certificates.

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Investment properties

	Completed at fair value <i>HK\$'000</i>	Under development at fair value <i>HK\$'000</i>	Total <i>HK\$'000</i>
Carrying amount at 1 January 2023	20,041,445	5,031,689	25,073,134
Additions	14,198	524,981	539,179
Transfer from investment properties under development to completed investment properties	5,809,588	(5,809,588)	–
Transfer from completed properties held for sale to completed investment properties	20,783	–	20,783
Business combinations through acquisition of subsidiaries (note 35)	69,177	–	69,177
Net gain from fair value adjustments	77,395	252,918	330,313
Transfer to property, plant and equipment, net (note 13)	(146,732)	–	(146,732)
Transfer from right-of-use assets, net (note 15(a))	7,911	–	7,911
Lease modification	(14,332)	–	(14,332)
Exchange realignment	(377,419)	–	(377,419)
Carrying amount at 31 December 2023 and 1 January 2024	<b>25,502,014</b>	–	<b>25,502,014</b>
Additions	<b>108,200</b>	–	<b>108,200</b>
Net loss from fair value adjustments	<b>(93,093)</b>	–	<b>(93,093)</b>
Transfer from property, plant and equipment, net (note 13)	<b>21,196</b>	–	<b>21,196</b>
Transfer to right-of-use assets, net (note 15(a))	<b>(248,399)</b>	–	<b>(248,399)</b>
Transfer to assets classified as held for distribution (note 36(d))	<b>(8,871,756)</b>	–	<b>(8,871,756)</b>
Exchange realignment	<b>(531,556)</b>	–	<b>(531,556)</b>
Carrying amount at 31 December 2024	<b>15,886,606</b>	–	<b>15,886,606</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Investment properties (continued)

As at 31 December 2024, completed investment properties of fair value Nil (2023: HK\$6,583,925,000) were pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (note 29).

The carrying amounts of investment properties (including those classified as held for distribution of HK\$8,871,756,000 (2023: Nil) at fair value as at 31 December 2024 were HK\$24,758,362,000 (2023: HK\$25,502,014,000).

As at 31 December 2024, a property ownership certificate of an investment property with a carrying value of HK\$90,712,000 (2023: Nil) has not been issued. The Group is in the process of obtaining the certificate.

On an annual basis, the Group engages external, independent and professionally qualified valuers to determine the fair values of the Group's investment properties. As at 31 December 2024, the fair values at an aggregate amount of HK\$24,758,362,000 (2023: HK\$25,502,014,000) were mainly determined by Vigers Appraisal & Consulting Limited and Guangdong Zhixin Asset Evaluation Co., Ltd (2023: Vigers Appraisal & Consulting Limited and Guangdong Zhixin Asset Evaluation Co., Ltd), (including those classified as held for distribution) on an open market, existing use basis.

The Group's property manager and the chief financial officer have discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed.

Certain investment properties are leased to third parties, Guangdong Holdings, GDH Limited and certain fellow subsidiaries under operating leases, further summary details of which are included in notes 15 and 40(a) to the financial statements.

Further particulars of the Group's investment properties are included on pages 202 to 203.

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Investment properties (continued)

#### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties, including those classified as held for distribution:

	Fair value measurement as at 31 December 2024 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	
Recurring fair value measurement for:				
Warehouse and residential/ non-residential properties	–	–	127,337	127,337
Commercial properties	–	–	24,127,840	24,127,840
Hotel properties	–	–	503,185	503,185
	–	–	24,758,362	24,758,362

	Fair value measurement as at 31 December 2023 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	
Recurring fair value measurement for:				
Warehouse and residential/ non-residential properties	–	–	134,962	134,962
Commercial properties	–	–	24,846,798	24,846,798
Hotel properties	–	–	520,254	520,254
	–	–	25,502,014	25,502,014

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

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Investment properties (continued)

#### Fair value hierarchy (continued)

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

	Warehouse and residential/ non- residential properties HK\$'000	Commercial properties HK\$'000	Investment properties under development HK\$'000	Hotel properties HK\$'000	Total HK\$'000
Carrying amount at 1 January 2023	158,809	19,390,155	5,031,689	492,481	25,073,134
Additions	–	14,198	524,981	–	539,179
Transfer from investment properties under development at fair value to completed investment properties at fair value	–	5,809,588	(5,809,588)	–	–
Transfer from completed properties held for sale to completed investment properties at fair value	–	20,783	–	–	20,783
Business combinations through acquisition of subsidiaries	–	69,177	–	–	69,177
Net gains/(losses) from fair value adjustments	(21,724)	57,791	252,918	41,328	330,313
Transfer to property, plant and equipment, net	–	(138,992)	–	(7,740)	(146,732)
Transfer from/(to) right-of-use assets, net	–	9,314	–	(1,403)	7,911
Lease modification	–	(14,332)	–	–	(14,332)
Exchange realignment	(2,123)	(370,884)	–	(4,412)	(377,419)
Carrying amount at 31 December 2023 and at 1 January 2024	<b>134,962</b>	<b>24,846,798</b>	–	<b>520,254</b>	<b>25,502,014</b>
Additions	–	<b>108,200</b>	–	–	<b>108,200</b>
Net losses from fair value adjustments	<b>(4,812)</b>	<b>(81,786)</b>	–	<b>(6,495)</b>	<b>(93,093)</b>
Transfer from property, plant and equipment, net	–	<b>21,196</b>	–	–	<b>21,196</b>
Transfer to right-of-use assets, net	–	<b>(248,399)</b>	–	–	<b>(248,399)</b>
Exchange realignment	<b>(2,813)</b>	<b>(518,169)</b>	–	<b>(10,574)</b>	<b>(531,556)</b>
Carrying amount at 31 December 2024	<b>127,337</b>	<b>24,127,840</b>	–	<b>503,185</b>	<b>24,758,362</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 14 Investment properties (continued)

### Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties, including those classified as held for distribution:

	Valuation techniques	Significant unobservable inputs	Range	
			2024	2023
Investment properties held by companies other than GD Land:				
Commercial properties located in Hong Kong:				
Office	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.ft. and per month)	HK\$20 to HK\$33	HK\$15 to HK\$33
		Market rent (per sq.ft. and per month)	HK\$29 to HK\$34	HK\$30 to HK\$36
		Term yield	4.25%	4.5%
		Market yield	4.5%	4.6%
Retail	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.ft. and per month)	HK\$110	HK\$110
		Market rent (per sq.ft. and per month)	HK\$85	HK\$93
		Term yield	5.5%	5.5%
		Market yield	5.75%	6%
Hotel properties located in Hong Kong	Income approach	Market yield	4%	3.9% to 4%
		Estimated net income (per annum)	HK\$19,000,000 to HK\$26,050,000	HK\$23,268,000 to HK\$35,865,000
Commercial properties located in Mainland China:				
Office	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.m. and per month)	HK\$56 to HK\$2,484	HK\$61 to HK\$2,428
		Market rent (per sq.m. and per month)	HK\$46 to HK\$2,105	HK\$21 to HK\$2,064
		Term yield	4.75% to 7.9%	4.75% to 7.9%
		Market yield	4.75% to 8%	4.75% to 8%
Retail	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.m. and per month)	HK\$2.6 to HK\$6,605	HK\$2.6 to HK\$6,936
		Market rent (per sq.m. and per month)	HK\$2.6 to HK\$4,901	HK\$2.8 to HK\$5,032
		Term yield	5% to 12%	5% to 15%
		Market yield	5.5% to 12%	5.5% to 15%
Retail	Income approach, more specifically, a term and reversion approach	Net market rent (per sq.m. and per month)	HK\$91 to HK\$162	HK\$24 to HK\$193
		Market yield	5%	5%
Retail	Market approach	Market price (per sq.m.)	HK\$11,739 to HK\$13,381	HK\$11,995 to HK\$13,673

# NOTES TO THE FINANCIAL STATEMENTS

## 14 Investment properties (continued)

### Fair value hierarchy (continued)

	Valuation techniques	Significant unobservable inputs	Range	
			2024	2023
Investment properties held by companies other than GD Land: (continued)				
Commercial properties located in Mainland China: (continued)				
Car parking space	Market approach	Market price (per car parking space)	HK\$107,990 to HK\$264,576	HK\$110,350 to HK\$165,525
Hotel properties located in Mainland China	Income approach	Market yield	5.5%	5.5% to 6.5%
		Estimated net income (per annum)	HK\$7,270,000 to HK\$19,100,000	HK\$11,916,000 to HK\$19,509,000
Investment properties held by GD Land:				
Commercial properties located in Mainland China:				
Retail	Income approach	Capitalisation rate Market rent/estimated rental (per sq.m. and per month)	4.72% to 5.47% HK\$140 to HK\$350	5.09% to 5.49% HK\$144 to HK\$370
Retail	Market approach	Estimated land value (per sq.m.) Market price (per sq.m.)	N/A HK\$30,379 to HK\$32,682	HK\$32,330 HK\$32,112 to HK\$33,436
Car parking space	Income approach	Capitalisation rate Market rent per month (per car park space)	4.2% to 4.27% HK\$604 to HK\$1,020	4% to 4.5% HK\$611 to HK\$1,111
Warehouse and residential/ non-residential properties located in Mainland China	Market approach	Estimated land value (per sq.m.)	HK\$2,961	HK\$3,000
	Depreciated replacement cost method	Estimated cost of construction (per sq.m.)	N/A	HK\$3,777

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Investment properties (continued)

#### Fair value hierarchy (continued)

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

A significant decrease/increase in the estimated cost of construction would result in a significant increase/decrease in the fair values of the investment properties.

#### *Income approach*

Income approach is based on the income potential by adopting appropriate capitalisation rate, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The estimated rental adopted in the valuation have referred to valuers' view of recent lettings, within the subject properties and other comparable properties.

Term and reversion approach is a specific approach of income approach, under which fair value is estimated on the basis of capitalisation of existing rental income and reversionary market rental income potential. The market rentals of the investment properties are assessed and capitalised at market yield expected by investors for this type of properties. The market rents are assessed by reference to the rentals achieved in the investment properties as well as other lettings of similar properties in the neighbourhood. The market yield, which is the capitalisation rate adopted, is made by reference to the yields derived from analysing the leasing and sales transactions of similar properties and adjusted to take account of the valuers' knowledge of the market expectation from property investors to reflect factors specific to the Group's investment properties.

#### *The market approach*

Market approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

#### *Depreciated replacement cost method*

The depreciated replacement cost method considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales.

## NOTES TO THE FINANCIAL STATEMENTS

### 15 Leases

#### The Group as lessee

The Group has lease contracts for properties used in its operations. Leases of properties generally have lease periods of 1 to 20 years (2023: 1 to 20 years). Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 21 to 50 years (2023: 21 to 50 years), and no ongoing payments will be made under the terms of these land leases.

(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:

	Properties HK\$'000	Leasehold land HK\$'000	Total HK\$'000
Carrying amount at 1 January 2023	249,725	361,642	611,367
Additions	74,471	48,690	123,161
Business combinations through acquisition of subsidiaries (note 35)	–	447,945	447,945
Lease modification	(22,599)	–	(22,599)
Transfer (to)/from investment properties, net (note 14)	(9,314)	1,403	(7,911)
Depreciation charge during the year	(49,386)	(29,684)	(79,070)
Disposal and write-offs	(1,491)	–	(1,491)
Exchange realignment	(3,461)	(10,981)	(14,442)
Carrying amount at 31 December 2023 and 1 January 2024	<b>237,945</b>	<b>819,015</b>	<b>1,056,960</b>
Additions	<b>223,125</b>	<b>–</b>	<b>223,125</b>
Transfer from/(to) investment properties (note 14)	<b>248,512</b>	<b>(113)</b>	<b>248,399</b>
Transfer to assets classified as held for distribution (note 36(d))	<b>(1,799)</b>	<b>–</b>	<b>(1,799)</b>
Depreciation charge during the year	<b>(39,498)</b>	<b>(28,277)</b>	<b>(67,775)</b>
Remeasurement of right-of-use assets	<b>(388,377)</b>	<b>–</b>	<b>(388,377)</b>
Disposal and write-offs	<b>(3,691)</b>	<b>(3,652)</b>	<b>(7,343)</b>
Exchange realignment	<b>(4,733)</b>	<b>(15,277)</b>	<b>(20,010)</b>
Carrying amount at 31 December 2024	<b>271,484</b>	<b>771,696</b>	<b>1,043,180</b>

As at 31 December 2024, land use right certificates of certain leasehold land with a carrying value of HK\$28,463,000 (2023: HK\$31,542,000) have not been issued. The Group is in the process of obtaining the certificates.

## NOTES TO THE FINANCIAL STATEMENTS

### 15 Leases (continued)

The Group as lessee (continued)

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	605,820	640,906
New leases	221,042	74,471
Accretion of interest recognised during the year	27,584	27,628
Lease modification	–	(37,547)
Remeasurement of lease liabilities	(390,100)	–
Payments	(74,144)	(88,811)
Disposal and write-offs	(2,720)	(1,718)
Transfer to liabilities held for distribution (note 36(d))	(1,858)	–
Exchange realignment	(6,490)	(9,109)
Carrying amount at 31 December	379,134	605,820
Analysed into:		
Current portion	84,756	47,707
Non-current portion	294,378	558,113
	379,134	605,820

The maturity analysis of lease liabilities is disclosed in note 45 to the financial statements.

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

	2024 HK\$'000	2023 (restated) HK\$'000
<b>Continuing operations</b>		
Interest on lease liabilities	27,519	27,576
Depreciation charge of right-of-use assets	66,791	78,145
Expense relating to short-term leases	9,336	7,541
Gain on lease modification	–	(616)
Gain on remeasurement of right-of-use assets and lease liabilities	(1,723)	–
Variable lease payments not included in the measurement of lease liabilities	548	140
Total amount recognised in profit or loss	102,471	112,786

(d) *The total cash outflow for leases is disclosed in note 37(d) to the financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS

### 15 Leases (continued)

#### The Group as a lessor

The Group leases its investment properties (note 14) consisting of properties in Hong Kong and the PRC 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\$1,407,955,000 (2023: HK\$1,302,642,000 (restated)), 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	1,201,140	1,001,871
After one year but within two years	790,962	695,199
After two years but within three years	427,278	370,023
After three years but within four years	208,738	179,333
After four years but within five years	105,046	102,637
After five years	140,098	144,294
	<b>2,873,262</b>	2,493,357

### 16 Goodwill

	2024 HK\$'000	2023 HK\$'000
Cost and net carrying amount at 1 January	851,725	841,202
Business combinations through acquisition of subsidiaries (note 35)	–	17,641
Impairment loss (note 6)	(30,708)	–
Exchange realignment	(10,029)	(7,118)
At 31 December, net of accumulated impairment losses	<b>810,988</b>	851,725
At 31 December:		
Cost	841,225	851,725
Accumulated impairment losses	(30,237)	–
Net carrying amount	<b>810,988</b>	851,725

## NOTES TO THE FINANCIAL STATEMENTS

### 16 Goodwill (continued)

#### Impairment testing of goodwill

The carrying amounts of goodwill acquired through business combinations have been allocated to the relevant cash-generating units of the corresponding business operations for impairment testing, which are summarised as follows:

	2024 HK\$'000	2023 HK\$'000
Water distribution operations	509,698	515,022
Sewage treatment operations	301,290	336,703
	<b>810,988</b>	851,725

#### Water distribution operations

The recoverable amount of individual or groups of water distribution cash-generating units has been determined based on a value in use calculation using cash flow projections approved by the Company's directors covering the remaining concession periods of 6 to 29 years (2023: 7 to 30 years). The pre-tax discount rates applied to the cash flow projections range from 8% to 14% (2023: 8% to 15%).

The cash flow projections have been prepared based on the actual results of the relevant individual or groups of water distribution cash-generating units for the years ended 31 December 2024 and 2023. Cash flows for each of the water distribution cash-generating units depend principally on the pricing and volume of water distributed. Revenue from the water supply to the Hong Kong Special Administrative Region ("HKSAR") during the cash flow projection period is projected with reference to the latest Hong Kong Water Supply Agreement entered into in 2023 where the annual water revenue receivable from the HKSAR for the years 2024, 2025 and 2026 are HK\$5,136.24 million, HK\$5,259.00 million and HK\$5,384.69 million, respectively. No growth in the revenue from the water supply to the HKSAR is extrapolated beyond 2026 (no growth in the revenue was considered solely for the purposes of the impairment test to arrive at a conservative projection of cash flows and does not reflect the forecasted long-term industry growth or the Group's expectation of the business performance). Revenue for other projects is projected at growth rates of 1% to 7% per annum (2023: 1% to 7% per annum) over the projection periods. Operating expenses are expected to increase by 1% to 7% per annum (2023: 1% to 10% per annum) during the projection periods.

#### Sewage treatment operations

The recoverable amount of individual or groups of the sewage treatment cash-generating units has been determined based on a value in use calculation using cash flow projections approved by the Company's directors covering the remaining concession periods of 9 to 41 years (2023: 5 to 42 years) and a five-year projection period with cash flows beyond the five-year period extrapolated using the estimated growth rate of 3% (2023: 3%). The pre-tax discount rates applied to the cash flow projections range from 8% to 16% (2023: 8% to 15%). The cash flow projections have been prepared based on the actual historical results of the relevant individual or groups of sewage treatment cash-generating units. Cash flows for each of the sewage treatment cash-generating units depend principally on the pricing and volume of the waste water treated. Revenue is projected with growth rates of 1% to 5% per annum (2023: 1% to 5% per annum) over the projection periods. Operating expenses are expected to increase by 1% to 5% per annum (2023: 1% to 7% per annum) during the projection periods.

The impairment of HK\$30,708,000 (2023: Nil) recognised in "Other operating (expenses)/income, net" during the year solely relates to the Group's sewage treatment operations based in Mainland China. As the CGU has been reduced to its recoverable amount of HK\$2,371,460,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

### 17 Other intangible assets

	Licence HK\$'000	Trademark HK\$'000	Contract rights HK\$'000	Total HK\$'000
Cost at 1 January 2024, net of accumulated amortisation	38,425	18,252	603,388	660,065
Amortisation during the year	(2,564)	(282)	(32,269)	(35,115)
Transfer to assets classified as held for distribution (note 36(d))	–	(17,584)	–	(17,584)
Exchange realignment	(782)	(386)	(12,410)	(13,578)
At 31 December 2024, net of accumulated amortisation	35,079	–	558,709	593,788
At 31 December 2024:				
Cost	41,964	–	635,498	677,462
Accumulated amortisation	(6,885)	–	(76,789)	(83,674)
Net carrying amount	35,079	–	558,709	593,788
	Licence HK\$'000	Trademark HK\$'000	Contract rights HK\$'000	Total HK\$'000
Cost at 1 January 2023, net of accumulated amortisation	41,600	19,668	645,077	706,345
Amortisation during the year	(2,597)	(1,143)	(32,690)	(36,430)
Exchange realignment	(578)	(273)	(8,999)	(9,850)
At 31 December 2023, net of accumulated amortisation	38,425	18,252	603,388	660,065
At 31 December 2023:				
Cost	42,881	22,697	649,386	714,964
Accumulated amortisation	(4,456)	(4,445)	(45,998)	(54,899)
Net carrying amount	38,425	18,252	603,388	660,065

## NOTES TO THE FINANCIAL STATEMENTS

### 18 Investments in associates

	2024 HK\$'000	2023 HK\$'000
Share of net assets	3,581,662	3,675,385
Goodwill on acquisition	104,971	106,881
	<b>3,686,633</b>	3,782,266
Less: Impairment	<b>(79,317)</b>	(79,317)
	<b>3,607,316</b>	3,702,949

The Group's receivable/payable balances from/to associates are disclosed in notes 25, 27 and 40(d) to the financial statements.

Particulars of the material associates are as follows:

Company	Registered and paid-up capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
廣東粵電靖海發電有限公司 (Guangdong Yudean Jinghai Power Generation Co., Ltd.▲) ("Yudean Jinghai")	RMB2,919,272,000	Mainland China	25%	Power plant operation
汕頭市粵海水務有限公司 (Shantou Guangdong Water Company Limited▲) ("Shantou Water Co")	RMB2,949,849,600	Mainland China	49%	Water distribution and waterworks construction operation

## NOTES TO THE FINANCIAL STATEMENTS

### 18 Investments in associates (continued)

Yudean Jinghai and Shantou Water Co, which are considered as material associates of the Group, engage in power supply operation and water distribution and waterworks construction operation, respectively, and are accounted for using the equity method.

The following table illustrates the summarised financial information of Yudean Jinghai, adjusted for any differences in accounting policies and fair value adjustments and reconciled to the carrying amount in the consolidated financial statements:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current assets	<b>1,567,572</b>	2,274,830
Non-current assets	<b>9,206,634</b>	7,713,715
Goodwill on acquisition of the associate	<b>17,570</b>	17,570
Current liabilities	<b>(4,942,454)</b>	(4,326,310)
Non-current liabilities	<b>(2,282,661)</b>	(2,336,064)
<b>Net assets</b>	<b>3,566,661</b>	3,343,741
<b>Net assets, excluding goodwill</b>	<b>3,549,091</b>	3,326,171
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	<b>25%</b>	25%
Group's share of net assets of the associate, excluding goodwill	<b>887,273</b>	831,543
Goodwill on acquisition	<b>17,570</b>	17,570
Carrying amount of the investment	<b>904,843</b>	849,113
Revenue	<b>7,113,901</b>	8,359,489
Profit for the year	<b>298,630</b>	358,504
Other comprehensive income for the year	<b>(75,710)</b>	(45,484)
<b>Total comprehensive income for the year</b>	<b>222,920</b>	313,020

## NOTES TO THE FINANCIAL STATEMENTS

### 18 Investments in associates (continued)

The following table illustrates the summarised financial information in respect of Shantou Water Co and its subsidiaries, adjusted for any differences in accounting policies and fair value adjustments and reconciled to the carrying amount in the consolidated financial statements:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current assets	<b>1,566,163</b>	1,592,766
Non-current assets	<b>2,727,204</b>	2,891,593
Goodwill on acquisition of the associate	<b>87,401</b>	89,311
Current liabilities	<b>(533,089)</b>	(620,167)
Non-current liabilities	<b>(285,171)</b>	(317,990)
<b>Net assets</b>	<b>3,562,508</b>	3,635,513
<b>Net assets, excluding goodwill</b>	<b>3,475,107</b>	3,546,202
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	<b>49%</b>	49%
Group's share of net assets of the associate, excluding goodwill	<b>1,702,802</b>	1,737,639
Goodwill on acquisition	<b>87,401</b>	89,311
Carrying amount of the investment	<b>1,790,203</b>	1,826,950
Dividend received	<b>18,582</b>	35,044
Revenue	<b>533,517</b>	582,981
Profit for the year	<b>40,532</b>	40,515
Other comprehensive income for the year	<b>(77,603)</b>	(23,038)
Total comprehensive income for the year	<b>(37,071)</b>	17,477

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Share of the associates' profits less losses for the year	<b>77,503</b>	83,933
Share of the associates' other comprehensive income	<b>(20,807)</b>	(15,859)
Share of the associates' total comprehensive income	<b>56,696</b>	68,074
Aggregate carrying amount of the Group's investments in the associates	<b>912,270</b>	1,026,886

## NOTES TO THE FINANCIAL STATEMENTS

### 19 Service concession arrangements

#### (a) Operating concession rights

	Water distribution operations <i>HK\$'000</i> <i>(note (i))</i>	Road and bridge operation <i>HK\$'000</i> <i>(note (ii))</i>	Total <i>HK\$'000</i>
At 1 January 2024:			
Cost	38,299,051	4,211,369	42,510,420
Accumulated amortisation and impairment	(19,463,796)	(1,408,434)	(20,872,230)
Net carrying amount	18,835,255	2,802,935	21,638,190
At 1 January 2024, net of accumulated amortisation and impairment	18,835,255	2,802,935	21,638,190
Additions	306,534	–	306,534
Amortisation during the year <i>(note 6)</i>	(1,304,161)	(230,627)	(1,534,788)
Exchange realignment	(323,501)	(45,986)	(369,487)
At 31 December 2024, net of accumulated amortisation and impairment	17,514,127	2,526,322	20,040,449
At 31 December 2024:			
Cost	38,245,303	4,131,634	42,376,937
Accumulated amortisation and impairment	(20,731,176)	(1,605,312)	(22,336,488)
Net carrying amount	17,514,127	2,526,322	20,040,449

## NOTES TO THE FINANCIAL STATEMENTS

### 19 Service concession arrangements (continued)

#### (a) Operating concession rights (continued)

	Water distribution operations <i>HK\$'000</i> <i>(note (i))</i>	Road and bridge operation <i>HK\$'000</i> <i>(note (ii))</i>	Total <i>HK\$'000</i>
At 1 January 2023:			
Cost	36,964,657	4,272,817	41,237,474
Accumulated amortisation and impairment	(18,196,555)	(1,197,959)	(19,394,514)
<b>Net carrying amount</b>	<b>18,768,102</b>	<b>3,074,858</b>	<b>21,842,960</b>
At 1 January 2023, net of accumulated amortisation and impairment			
Additions	18,768,102	3,074,858	21,842,960
Business combinations through acquisition of subsidiaries (note 35)	620,777	–	620,777
Amortisation during the year (note 6)	938,472	–	938,472
Exchange realignment	(1,282,021)	(229,169)	(1,511,190)
	(210,075)	(42,754)	(252,829)
<b>At 31 December 2023, net of accumulated amortisation and impairment</b>	<b>18,835,255</b>	<b>2,802,935</b>	<b>21,638,190</b>
At 31 December 2023:			
Cost	38,299,051	4,211,369	42,510,420
Accumulated amortisation and impairment	(19,463,796)	(1,408,434)	(20,872,230)
<b>Net carrying amount</b>	<b>18,835,255</b>	<b>2,802,935</b>	<b>21,638,190</b>

#### Notes:

- (i) The operating concession rights of the Group's water distribution operations mainly arise from the operating concession of WaterCo, a subsidiary of GH Water Holdings, details of which are as follows:

Prior to the acquisition by the Group of an 81% interest in GH Water Holdings in 2000, WaterCo acquired the operating right from Guangdong Holdings to operate the water distribution business, which supplies natural water to the HKSAR, Shenzhen and Dongguan, for a period of 30 years commencing from 18 August 2000. The operating right also grants WaterCo a right and licence to take up to 2.423 billion cubic metres of natural water annually from the Dongjiang River at Qiaotou Township in Dongguan, the exclusive right to supply natural water to the HKSAR and the non-exclusive right to supply natural water to Shenzhen and Dongguan for a period of 30 years commencing from 18 August 2000 or such longer period as extended in accordance with the terms stipulated in a service concession agreement dated 18 August 2000 entered into between the Guangdong Provincial Government (the "GPG") and WaterCo (the "Concession Agreement"). Upon dissolution of WaterCo after the expiration of the operating period, WaterCo is required, at its cost and expense and without compensation, to return all of the assets related to the operating right to the GPG.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 Service concession arrangements (continued)

### (a) Operating concession rights (continued)

Notes: (continued)

#### (i) (continued)

At 31 December 2024 and 2023, the Group held certain temporary land use right certificates for the existing water distribution operations issued by the Shenzhen and Dongguan Land Authorities in 2000. The procedures for the conversion from the temporary land use right certificates to the formal land use right certificates were in progress as at 31 December 2024. For the land related to the Phase IV Renovation Project on the water distribution operation facilities, the application for land use right certificates has been submitted and these land use right certificates were not yet issued by the relevant offices of the Land Authorities in the PRC as at 31 December 2024 and 2023.

At 31 December 2024 and 2023, the Group was in the process of applying for the change of registration of the title certificates with respect to certain land use rights of certain water distribution operation facilities, other than WaterCo, to which the Group's service concession arrangements relate.

Notwithstanding the above, the directors are of the opinion that the Group has obtained the beneficial titles to these land parcels as at 31 December 2024 and 2023 and the land use right certificates can be received.

#### (ii) The operating concession rights of the Group's road and bridge operations mainly arise from the operating concession of GDH Highway, a subsidiary of Rosy Canton, details of which are as follows:

Prior to the acquisition by the Group of a 100% interest in Rosy Canton in 2015, GDH Highway was granted an operating right by 廣西壯族自治區交通廳 to operate a toll road, namely the Xingliu Expressway(興六高速公路) for a period of 30 years from 2003. The Xingliu Expressway is located in the Guangxi Province and runs from Xingye County, Yulin City to Liujiang Town, Heng County in Nanning City. At the expiry of the operating right, GDH Highway is required, at its cost and expense and without compensation, to return all of the assets relating to the operating right of the Xingliu Expressway to 廣西壯族自治區交通廳.

### (b) Receivables under service concession arrangements

	2024 HK\$'000	2023 HK\$'000
Receivables under service concession arrangements	17,581,443	17,770,193
Less: Portion classified as current assets	(615,399)	(578,348)
Non-current portion	<b>16,966,044</b>	17,191,845

Receivables under service concession arrangements were due from the government authorities in Mainland China in respect of the Group's water distribution and sewage treatment operations.

### (c) As at 31 December 2024, bank and other loans of HK\$12,413,063,000 (2023: HK\$12,838,341,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements (note 29).

## NOTES TO THE FINANCIAL STATEMENTS

### 19 Service concession arrangements (continued)

#### (d) Contract assets

As at 31 December 2024, contract assets which were presented as operating concession rights and receivables under service concession arrangements amounted to HK\$573,548,000 (2023: HK\$514,943,000) and HK\$1,559,488,000 (2023: HK\$1,465,184,000), respectively.

Contract assets are initially recognised for revenue earned from the provision of construction services for the infrastructures during the period of construction under the service concession arrangements. Pursuant to the service concession agreements, the Group receives no payment from the Grantors during the construction period and receives service fees when the relevant provision of services are rendered. The receivables under service concession arrangements (including the contract assets therein) are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will then be transferred to trade receivables (note 25). The Group's trading terms and credit policy with customers are disclosed in note 25 to the financial statements.

- (e) The expected credit loss rate for the Group's contract assets and receivables under service concession arrangements is minimal. No impairment loss was recognised by the Group as at 31 December 2024 in respect of these assets (2023: Nil).

### 20 Receivables under a cooperative arrangement

	2024 HK\$'000	2023 HK\$'000
Receivables under a cooperative arrangement	2,170,334	2,222,396
Less: Portion classified as current assets	(357,325)	(256,293)
Non-current portion	1,813,009	1,966,103

Balance as at 31 December 2024 mainly represented an advance of RMB1,672,783,000 (equivalent to approximately HK\$1,806,438,000) (2023: RMB1,686,081,000 (equivalent to approximately HK\$1,860,590,000)) and accrued interest of RMB284,895,000 (equivalent to approximately HK\$307,658,000) (2023: RMB272,668,000 (equivalent to approximately HK\$300,889,000)) in respect of a public-private-partnership project for the development of certain public roads in 銀瓶創新區 ("Yinping Innovation Zone") (the "Yinping PPP Project").

The advance and accrued interest are unsecured, interest-bearing at 8% per annum and repayable in 10 annual instalments, from the acceptance of each public road. Further details of the Yinping PPP Project are set out in note 39(b) to the financial statements.

The balance relates to receivables which were not yet due. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

## NOTES TO THE FINANCIAL STATEMENTS

### 21 Other financial assets at amortised cost

As at 31 December 2024, other financial assets at amortised cost of the Group represent deposits placed by the Group in a number of licensed banks in the PRC with the principal sums denominated in Renminbi (“RMB”) that will be matured within three years with principal protected upon the maturity dates.

### 22 Properties held for sale under development and completed properties held for sale

At the end of the reporting period, completed properties held for sale of HK\$92,520,000 (2023: completed properties held for sale and properties held for sale under development of HK\$23,910,331,000), were expected to be recovered after more than one year.

At the end of the reporting period, properties held for sale under development of Nil (2023: HK\$2,353,734,000) and completed properties held for sale of Nil (2023: HK\$152,776,000) were pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (note 29).

Certain of completed properties held for sale and properties held for sale under development were transferred to assets classified as held for distribution, further details of which are set out in note 36(d) to these financial statements.

### 23 Equity investments designated at fair value through other comprehensive income

	2024 HK\$'000	2023 HK\$'000
Non-current:		
Unlisted equity investments, at fair value	16,738	56,829

The balance as at 31 December 2023 included an investment in 粤海物業管理有限公司 (Yuehai Property Management Co., Ltd.▲), which was transferred to assets classified as held for distribution during the year ended 31 December 2024, further details of which are set out in note 36(d) to these financial statements.

These equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these equity investments to be strategic in nature. The tax effect for the fair value change during the year amounted to Nil (2023: Nil).

### 24 Inventories

	2024 HK\$'000	2023 HK\$'000
Raw materials	275,569	334,519
Finished goods	33,791	21,299
	309,360	355,818

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Receivables, prepayments and other receivables

	Notes	2024 HK\$'000	2023 HK\$'000
Trade and bills receivables, net of impairment	(i)	3,837,959	3,487,921
Other receivables	(ii)	959,368	1,087,035
Prepayments and deposits		224,467	211,174
Value-added tax receivables		27,849	1,293,851
Contract assets	(iii)	768,414	739,811
Contract costs	(iv)	–	99,407
Due from the ultimate holding company	40(d)	69	61
Due from fellow subsidiaries	40(d)	107,447	187,504
Due from associates	40(d)	172,709	61,687
		<b>6,098,282</b>	7,168,451
Less: Portion classified as non-current assets		<b>(519,303)</b>	(510,304)
Current portion		<b>5,578,979</b>	6,658,147

Notes:

- (i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The various group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group's trade and bills receivables relate principally to the water distribution and sewage treatment businesses. The Group has a certain concentration of credit risk whereby 8% (2023: 6%) of the total trade and bills receivables was due from one customer. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest bearing.

An ageing analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the payment due date and net of loss allowance, is as follows:

	2024 HK\$'000	2023 HK\$'000
Current or less than 3 months past due	2,282,981	2,280,458
3 months to 6 months past due	303,668	304,550
6 months to 1 year past due	661,312	591,212
More than 1 year past due	627,659	351,275
	<b>3,875,620</b>	3,527,495
Less: Loss allowance	<b>(37,661)</b>	(39,574)
	<b>3,837,959</b>	3,487,921

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Receivables, prepayments and other receivables (continued)

Notes: (continued)

(i) (continued)

Movement in the loss allowance account in respect of trade and bills receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	39,574	35,897
Business combinations through acquisition of subsidiaries (note 35)	–	3,982
Provision of impairment losses, net	2,235	3,894
Amount written off	(3,317)	(3,627)
Exchange realignment	(831)	(572)
At 31 December	37,661	39,574

The Group measures loss allowances at each reporting date using a provision matrix. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

#### As at 31 December 2024

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.27%	0.20%	1.71%	10.42%	0.97%
Gross carrying amount (HK\$'000)	1,996,383	1,251,577	409,055	218,605	3,875,620
Expected credit losses (HK\$'000)	5,337	2,551	6,984	22,789	37,661

#### As at 31 December 2023

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.36%	0.55%	5.59%	10.71%	1.12%
Gross carrying amount (HK\$'000)	1,918,771	1,257,449	230,814	120,461	3,527,495
Expected credit losses (HK\$'000)	6,896	6,874	12,908	12,896	39,574

(ii) The Group disposed one of its property, plant and equipment in 2023 and one of its investment properties in 2022 to third parties under relocation compensation agreements for the city renovation project. The contractual right of receiving the residential properties under the relocation compensation agreements amounted to HK\$238,505,000 as at 31 December 2024 and HK\$243,718,000 as at 31 December 2023 were included in assets classified as held for distribution and other receivables, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Receivables, prepayments and other receivables (continued)

Notes: (continued)

- (iii) As at 31 December 2024, contract assets which represented the services consideration received amounted to HK\$768,414,000 (2023: HK\$739,811,000).

Contract assets are initially recognised for revenue earned from the provision of water pipeline installation services as the services consideration is received conditional on completion of installation. Upon completion of installation and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables.

- (iv) The contract costs which represented the sales commissions paid directly attributable to obtaining contracts amounted to HK\$73,556,000 as at 31 December 2024 and HK\$99,407,000 as at 31 December 2023 were included in assets classified as held for distribution and contract costs, respectively.

### 26 Cash and bank balances and restricted bank balances

	Notes	2024 HK\$'000	2023 HK\$'000
Cash and bank balances <sup>#</sup>	(i)	11,051,366	11,055,992
Non-pledged time deposits with:			
Original maturity of more than three months when acquired (note 37(c))		151,186	1,200,167
Original maturity of less than three months when acquired <sup>#</sup>		951,477	337,457
Cash and bank balances as stated in the consolidated statement of financial position as at 31 December (note 37(c))	(ii)	12,154,029	12,593,616
Restricted bank balances		19,457	487,884
Cash and bank balances and restricted bank balances	(iii)	12,173,486	13,081,500

Notes:

- (i) As at 31 December 2024, included in the balance represented bank deposits of RMB1,043,319,000 (equivalent to approximately HK\$1,126,680,000) (2023: RMB2,635,725,000 (equivalent to approximately HK\$2,908,522,000)) placed at a non-banking financial institution in the PRC, which is a fellow subsidiary of the Group (note 40(d)).
- (ii) 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 one year depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.
- (iii) Pre-sale proceeds of HK\$803,070,000 as at 31 December 2024 and HK\$1,269,925,000 as at 31 December 2023 from properties held for sale under development placed at designated bank accounts under supervision pursuant to relevant regulations in the PRC were included in assets classified as held for distribution, cash and bank balances and restricted bank balances, respectively.

According to relevant regulations, balances of HK\$430,734,000 as at 31 December 2024 and HK\$450,608,000 as at 31 December 2023 which cannot be released until certain conditions are fulfilled were included in assets classified as held for distribution and restricted bank balances, respectively. The remaining amounts can be released to the Group for meeting the payment needs for certain prescribed costs associated with the property development.

- <sup>#</sup> At the end of the reporting period, these balances included an amount of HK\$11,740,914,000 (2023: HK\$11,031,073,000) which was denominated in Renminbi ("RMB"). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

## NOTES TO THE FINANCIAL STATEMENTS

### 27 Payables, accruals and other liabilities, and contract liabilities

#### (a) Payables, accruals and other liabilities

	Notes	2024 HK\$'000	2023 HK\$'000
Trade and bills payables	(i)	5,611,573	6,070,290
Accruals, other payables and other liabilities		5,685,071	9,850,034
Defined benefit obligations	42	78,747	81,354
Deferred revenue		339,717	324,425
Due to the immediate holding company	40(d)	11,177	13,050
Due to the ultimate holding company	40(d)	3,958	275,630
Due to fellow subsidiaries	40(d)	295,415	1,040,334
Due to associates	40(d)	35,419	65,102
		<b>12,061,077</b>	17,720,219
Less: Portion classified as non-current liabilities	30	<b>(1,267,816)</b>	(1,344,709)
Current portion		<b>10,793,261</b>	16,375,510

Note:

- (i) An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 3 months	5,590,197	6,053,121
3 months to 6 months	21,376	17,169
	<b>5,611,573</b>	6,070,290

Except for certain bills payables, the Group's payables, accruals and other liabilities are non-interest-bearing and are normally settled on 60-day terms.

## NOTES TO THE FINANCIAL STATEMENTS

### 27 Payables, accruals and other liabilities, and contract liabilities

(continued)

#### (b) Contract liabilities

	Note	2024 HK\$'000	2023 HK\$'000
Advances received from customers			
Water distribution, sewage treatment and construction services		1,042,133	996,167
Sale of properties		–	9,517,294
Property management service		15,816	4,041
Sale of goods		260,152	315,612
Sale of electricity		15,684	12,309
Loyalty points programme		5,740	11,282
		<b>1,339,525</b>	10,856,705
Less: Portion classified as non-current liabilities	30	<b>(38,428)</b>	(38,476)
Current portion		<b>1,301,097</b>	10,818,229

Notes:

- (i) Contract liabilities include advances received for the provision of water distribution, sewage treatment and construction services, property management service, and the sale of properties, goods and electricity, and a portion of the transaction price allocated to the loyalty points programme. During the year ended 31 December 2024, advances received for the sale of properties of HK\$9,385,824,000 were transferred to liabilities held for distribution, further details of which are set out in note 36(d) to these financial statements.
- (ii) The following table shows the amounts of revenue, including continuing operations and discontinued operations, recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Water distribution, sewage treatment and construction services	756,928	758,156
Sale of properties	4,703,059	2,063,269
Property management service	2,281	1,925
Sale of goods and loyalty points programme	141,147	142,911
Sale of electricity	12,233	7,791
	<b>5,615,648</b>	2,974,052

## NOTES TO THE FINANCIAL STATEMENTS

### 28 Balances with non-controlling equity holders of subsidiaries

Balance as at 31 December 2024 included proceeds of HK\$716,362,000 (2023: HK\$732,017,000) from the sale of properties to 廣州市番禺資訊技術投資發展有限公司, a non-controlling equity holder of a subsidiary, which is unsecured and non-interest-bearing. The balance will be settled by way of the payable to the non-controlling interest of Wanye of a capital reduction to be effected. As at 31 December 2024 and the date of approval of these financial statements, the Group and the non-controlling equity holder of a subsidiary were discussing the arrangement of the capital reduction.

The remaining current balances are unsecured, non-interest-bearing and have no specific terms of repayment or are repayable within one year. The non-current portion of the balances as at 31 December 2023 are unsecured, non-interest-bearing and repayable by 2025.

The carrying amounts of the balances with non-controlling equity holders of subsidiaries approximate to their fair values.

### 29 Bank and other borrowings

	2024			2023		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
<b>Current</b>						
Bank loans – unsecured	1.50% – 4.27%	2025	4,628,062	1.50% – 6.02%	2024	7,709,666
Bank loans – secured	2.19% – 4.45%	2025	1,091,580	2.28% – 4.55%	2024	2,133,930
Other loans – unsecured	–	On demand	47,507	–	On demand	59,580
Other loans – unsecured	1.20% – 5.20%	2025	1,563,026	1.20% – 5.85%	2024	5,032,170
Other loans – secured	–	–	–	3.30% – 3.80%	2024	317,146
			<b>7,330,175</b>			<b>15,252,492</b>
<b>Non-current</b>						
Bank loans – unsecured	1.50% – 3.30%	2026 – 2033	1,681,282	1.50% – 3.80%	2025 – 2033	1,935,484
Bank loans – secured	2.19% – 4.45%	2026 – 2049	12,023,419	2.28% – 4.55%	2025 – 2049	15,366,466
Other loans – unsecured	1.20% – 4.75%	2026 – 2052	2,666,381	1.20% – 4.75%	2025 – 2052	9,364,387
Other loans – unsecured	–	2026 – 2033	160,748	–	2026 – 2033	164,058
Other loans – secured	–	–	–	3.35% – 3.80%	2025 – 2040	344,789
			<b>16,531,830</b>			<b>27,175,184</b>
Total bank and other borrowings			<b>23,862,005</b>			<b>42,427,676</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 29 Bank and other borrowings (continued)

	2024 HK\$'000	2023 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year/on demand	5,719,642	9,843,596
In the second year	1,446,139	2,216,143
In the third to fifth years, inclusive	3,116,657	5,072,171
Over five years	9,141,905	10,013,636
	<b>19,424,343</b>	27,145,546
Other loans repayable:		
Within one year/on demand	1,610,533	5,408,896
In the second year	777,037	1,358,621
In the third to fifth years, inclusive	766,090	7,349,636
Over five years	1,284,002	1,164,977
	<b>4,437,662</b>	15,282,130
Total bank and other borrowings	<b>23,862,005</b>	42,427,676
Less: Portion classified as current liabilities	<b>(7,330,175)</b>	(15,252,492)
Non-current portion	<b>16,531,830</b>	27,175,184

Bank and other borrowings of Nil (2023: HK\$3,760,364,000) are secured by the following pledged assets:

	2024 HK\$'000	2023 HK\$'000
Completed investment properties (Note 14)	–	6,583,925
Completed properties held for sale (Note 22)	–	152,776
Properties held for sale under development (Note 22)	–	2,353,734
	–	9,090,435

Notes:

- (a) As at 31 December 2024, all bank and other borrowings were denominated in Hong Kong dollars, except for bank and other loans of HK\$19,356,059,000 (2023: HK\$35,145,736,000) which were denominated in RMB.
- (b) As at 31 December 2024, bank loans of Nil (2023: HK\$736,001,000) and HK\$701,936,000 (2023: HK\$827,625,000) were also secured by pledges of 100% and 79% equity interests of certain subsidiaries, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 29 Bank and other borrowings (continued)

Notes: (continued)

- (c) As at 31 December 2024, bank and other loans of HK\$12,413,063,000 (2023: HK\$12,838,341,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements.
- (d) As at 31 December 2024, included in secured and unsecured other borrowings represented loans from Guangdong Holdings of Nil (2023: HK\$1,922,297,000), loans from fellow subsidiaries of HK\$2,570,889,000 (2023: HK\$6,551,271,000) and loans from an associate of HK\$917,915,000 (2023: HK\$1,103,500,000) (note 40(d)). During the year ended 31 December 2024, loans from Guangdong Holdings of HK\$4,040,986,000 and loans from fellow subsidiaries of HK\$3,367,833,000 were transferred to liabilities held for distribution, further details of which are set out in note 36(d) to these financial statements.
- (e) Included in the unsecured bank and other borrowings was an aggregate amount of Nil (2023: HK\$4,414,000,000) which was guaranteed by Guangdong Holdings. The Group signed a counter-guarantee agreement with Guangdong Holdings to provide counter-guarantee for the guarantee obligations of Guangdong Holdings to the Group. During the year ended 31 December 2024, unsecured bank and other borrowings of HK\$4,319,600,000 were transferred to liabilities held for distribution, further details of which are set out in note 36(d) to these financial statements.
- (f) On 30 August 2022, Commercial Mortgage Backed Securities ("CMBS") amounted to RMB330,000,000 were issued in Shanghai Stock Exchange and repayable in installments. The CMBS were secured by certain investment properties and their operating income receivables. As at 31 December 2023, the interest rates of the CMBS classified as priority A level with the outstanding principal amount of RMB165,850,000 (equivalent to approximately HK\$183,015,000) was fixed at 3.35% per annum and that of priority B level of RMB150,000,000 (equivalent to approximately HK\$165,525,000) was fixed at 3.8% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year, the ninth year, the twelfth year, the fifteenth year and the eighteenth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance. During the year ended 31 December 2024, the outstanding amount was fully settled.

### 30 Other liabilities and contract liabilities

	Notes	2024 HK\$'000	2023 HK\$'000
Deferred revenue		339,717	363,033
Deposits received		203,121	212,358
Defined benefit obligations	27(a)	78,747	81,354
Other payables and accruals		646,231	687,964
	27(a)	1,267,816	1,344,709
Contract liabilities	27(b)	38,428	38,476
		1,306,244	1,383,185

## NOTES TO THE FINANCIAL STATEMENTS

### 31 Deferred tax

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

#### Deferred tax liabilities

	2024							
	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Temporary differences related to service concession arrangements HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation of investment properties HK\$'000	Revaluation of property, plant and equipment and right-of-use assets HK\$'000	Withholding tax levied on dividend HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	2,293,453	288,574	678,759	1,864,453	200,304	1,145,268	678,446	7,149,257
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year	(231,484)	80,489	38,386	(19,567)	(2,971)	(97,140)	(30,579)	(262,866)
Deferred tax charged to revaluation reserve	-	-	-	-	2,418*	-	-	2,418
Transfer to liabilities held for distribution (note 36(d))	(881,345)	-	-	(372,419)	-	-	(449,875)	(1,703,639)
Exchange differences	(45,503)	(13,802)	(8,593)	(32,630)	(5,833)	(23,542)	(5,696)	(135,599)
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2024	1,135,121	355,261	708,552	1,439,837	193,918	1,024,586	192,296	5,049,571

#### Deferred tax assets

	2024							
	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Depreciation expense in excess of related depreciation allowance HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Customer loyalty programme HK\$'000	Provisions and accruals HK\$'000	Provision for land appreciation tax HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	(1,032)	(1,279)	(270,721)	(6,550)	(67,256)	(574,475)	(340,167)	(1,261,480)
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	49	96	216,345	3,326	(5,055)	358,688	115,923	689,372
Transfer to assets classified as held for distribution (note 36(d))	-	-	10,844	-	-	200,270	144,825	355,939
Exchange differences	21	26	1,844	89	3,439	6,791	4,978	17,188
Gross deferred tax assets recognised in the consolidated statement of financial position at 31 December 2024	(962)	(1,157)	(41,688)	(3,135)	(68,872)	(8,726)	(74,441)	(198,981)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 Deferred tax (continued)

### Deferred tax liabilities

	2023							
	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Temporary differences related to service concession arrangements HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation of investment properties HK\$'000	Revaluation of property, plant and equipment and right-of-use assets HK\$'000	Withholding tax levied on dividend HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	2,201,231	272,592	643,843	1,834,574	195,643	1,014,528	414,397	6,576,808
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(70,986)	20,013	51,423	56,410	(3,154)	150,965	261,265	465,936
Deferred tax charged to revaluation reserve	-	-	-	-	10,655*	-	-	10,655
Business combinations through acquisition of subsidiaries (note 35)	200,647	-	-	-	-	-	-	200,647
Exchange differences	(37,439)	(4,031)	(16,507)	(26,531)	(2,840)	(20,225)	2,784	(104,789)
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2023	2,293,453	288,574	678,759	1,864,453	200,304	1,145,268	678,446	7,149,257

\* These amounts represent the tax charge of HK\$2,418,000 (2023: HK\$10,655,000) arising from fair value gains of property, plant and equipment upon transfer to investment property of HK\$9,671,000 (2023: HK\$42,620,000). Net of tax amounts are disclosed in the consolidated statement of comprehensive income.

### Deferred tax assets

	2023							
	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Depreciation expense in excess of related depreciation allowance HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Customer loyalty programme HK\$'000	Provisions and accruals HK\$'000	Provision for land appreciation tax HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	(3,835)	(849)	(241,857)	(3,262)	(134,315)	(610,151)	(287,563)	(1,281,832)
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	2,767	(474)	(32,035)	(3,357)	66,959	27,139	(58,088)	2,911
Business combinations through acquisition of subsidiaries (note 35)	-	-	-	-	(1,725)	-	1,340	(385)
Exchange differences	36	44	3,171	69	1,825	8,537	4,144	17,826
Gross deferred tax assets recognised in the consolidated statement of financial position at 31 December 2023	(1,032)	(1,279)	(270,721)	(6,550)	(67,256)	(574,475)	(340,167)	(1,261,480)

## NOTES TO THE FINANCIAL STATEMENTS

### 31 Deferred tax (continued)

#### Deferred tax assets (continued)

The Group has unrecognised tax losses arising in Hong Kong of Nil (2023: HK\$56,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has unrecognised tax losses and other deductible temporary differences arising in Mainland China of HK\$1,322,933,000 (2023: HK\$3,047,624,000). The unrecognised tax losses 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 the directors considered that it is not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised by the Group.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2024, except for withholding tax provided for under deferred tax liabilities, the aggregate amount of temporary differences associated with unremitted earnings that are subject to withholding taxes of the Group's subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled HK\$3,055,478,000 (2023: HK\$3,936,464,000).

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

### 32 Share capital

#### Shares

	2024 HK\$'000	2023 HK\$'000
<b>Issued and fully paid:</b>		
6,537,821,440 (2023: 6,537,821,440) ordinary shares	<b>8,966,177</b>	8,966,177

## NOTES TO THE FINANCIAL STATEMENTS

### 33 Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

- (i) Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are established/registered in Mainland China has been transferred to the expansion fund reserve which is restricted as to use.
- (ii) The capital reserve mainly represents the capital reserve arising from group reorganisations in prior years.
- (iii) The defined benefit plan reserve represents remeasurement of gains and losses arising from the defined benefit plans of certain subsidiaries and an associate, comprising actuarial gains and losses and the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

### 34 Partly-owned subsidiaries with material non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests are set out as follows:

	2024	2023
Percentage of equity interest held by Guangdong Teem's non-controlling equity holders	23.87%	23.87%
	2024 HK\$'000	2023 HK\$'000
Profit for the year allocated to Guangdong Teem's non-controlling equity holders	228,435	254,664
Dividends paid to Guangdong Teem's non-controlling equity holders	56,811	7,625
Accumulated balances of Guangdong Teem's non-controlling interests at the end of the reporting period	7,036,953	6,951,551

## NOTES TO THE FINANCIAL STATEMENTS

### 34 Partly-owned subsidiaries with material non-controlling interests

(continued)

The following tables illustrate the summarised financial information of Guangdong Teem. The amounts disclosed are before any inter-company eliminations:

	2024 HK\$'000	2023 HK\$'000
Revenue	2,414,698	2,221,314
Changes in fair value of investment properties	(51,517)	52,251
Total expenses, net	(1,577,214)	(1,368,172)
Profit for the year	785,967	905,393
Total comprehensive income for the year	348,754	619,044
Current assets	10,369,838	4,284,603
Non-current assets	13,584,944	20,491,015
Current liabilities	(1,522,514)	(1,796,355)
Non-current liabilities	(2,298,264)	(2,858,515)
Net cash flows from operating activities	651,793	605,318
Net cash flows used in investing activities	(612,919)	(1,094,096)
Net cash flows used in financing activities	(642,652)	(246,101)
Effect of foreign exchange rate changes, net	(13,797)	(4,431)
Net decrease in cash and cash equivalents	(617,575)	(739,310)

### 35 Business combinations through acquisition of subsidiaries

Year ended 31 December 2023

During the year ended 31 December 2023, the Group acquired a number of subsidiaries which are principally engaged in water distribution and provision of construction services for water resources projects in Mainland China as follows:

- (i) In January 2023, the Group acquired 51% equity interests in each of 中山市新涌口粵海水務有限公司 (Zhongshan City Xinyongkou Guangdong Water Co., Ltd.▲), 中山市南鎮粵海水務有限公司 (Zhongshan City Nanzhen Guangdong Water Co., Ltd.▲), 中山市橫欄粵海水務有限公司 (Zhongshan City Henglan Guangdong Water Co., Ltd.▲) and 清遠市龍塘粵海水務有限公司 (Qingyuan City Longtang Guangdong Water Co., Ltd.▲) from Guangdong Holdings, at an aggregated adjusted cash consideration of RMB217,676,000 (equivalent to approximately HK\$243,688,000);

## NOTES TO THE FINANCIAL STATEMENTS

### 35 Business combinations through acquisition of subsidiaries (continued)

Year ended 31 December 2023 (continued)

- (ii) In January 2023, the Group acquired a 100% equity interest in 東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Co., Ltd.▲) and a 99% equity interest in 東莞市常粵水務工程有限公司 (Dongguan City Changyue Water Engineering Co., Ltd.▲) from 廣東粵海水務股份有限公司 (Guangdong Yuehai Water Co., Ltd.▲) (“Guangdong Yuehai Water”) (a wholly-owned subsidiary of Guangdong Holdings), at an aggregated adjusted cash consideration of RMB479,754,000 (equivalent to approximately HK\$537,085,000);
- (iii) In January 2023, the Group acquired additional 11% equity interests in each of Nansha GDH and 廣州南粵市政工程有限公司 (Guangzhou Nanyue Municipal Engineering Co., Ltd.▲) (“Nanyue Municipal”) from Guangdong Yuehai Water at an aggregated adjusted cash consideration of RMB94,464,000 (equivalent to approximately HK\$105,752,000). Before the acquisition, the Group had equity interests of 49% in each of Nansha GDH and Nanyue Municipal, which were accounted as associates of the Group. Upon the acquisition, the Group increased its equity interests in each of Nansha GDH and Nanyue Municipal to 60%, and Nansha GDH (together with its subsidiary) and Nanyue Municipal were accounted as subsidiaries of the Group;
- (iv) In January 2023, the Group acquired a 51% equity interest in 汕尾粵海水務有限公司 (Shanwei Guangdong Water Co., Ltd.▲) from an independent third party at a cash consideration of RMB41,361,000 (equivalent to approximately HK\$46,304,000) and through capital injection of RMB204,811,000 (equivalent to approximately HK\$229,285,000).

These acquisitions were made as part of the Group’s strategy to expand its market share in the water resources segment in Mainland China.

The Group has elected to measure the non-controlling interests in these acquisitions at the respective non-controlling interests’ proportionate share of the acquirees’ identifiable net assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 Business combinations through acquisition of subsidiaries (continued)

Year ended 31 December 2023 (continued)

The fair values of the identifiable assets and liabilities acquired as at the respective dates of acquisitions are set out as follows:

	<i>HK\$'000</i>
Property, plant and equipment	2,836,148
Investment properties	69,177
Right-of-use assets	447,945
Operating concession rights	938,472
Receivables, prepayments and other receivables	444,219
Deferred tax assets	385
Inventories	99,550
Cash and bank balances	252,108
Payables, accruals and other liabilities	(990,355)
Bank and other borrowings	(1,418,325)
Contract liabilities	(54,357)
Tax payable	(15,736)
Deferred tax liabilities	(200,647)
<b>Total identifiable net assets at fair values</b>	<b>2,408,584</b>
<b>Non-controlling interests</b>	<b>(839,285)</b>
	1,569,299
<b>Goodwill on acquisitions</b>	<b>17,641</b>
	1,586,940
Satisfied by:	
Cash consideration	1,162,114
Fair value of the previously held interests	424,826
	1,586,940

As at the dates of acquisitions, the fair values of the receivables were their gross contractual amounts, of which trade receivables of HK\$3,982,000 were expected to be uncollectible.

The goodwill arising from the above acquisitions pertains to, but not limited to, the expected synergies in the Group arising from the acquisitions.

The Group incurred transaction costs of HK\$3,008,000 in connection with the acquisitions. The transaction costs have been included in administrative expenses in the consolidated statement of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 Business combinations through acquisition of subsidiaries (continued)

Year ended 31 December 2023 (continued)

An analysis of the cash flows in respect of the acquisitions are as follows:

	<i>HK\$'000</i>
Total cash consideration	(1,162,114)
Cash consideration paid in last year	272,742
Cash paid in form of capital injection	145,535
Cash consideration payables	729,945
Cash and bank balances acquired	252,108
Net inflow of cash and cash equivalents included in cash flows used in investing activities	238,216
Transaction costs for the acquisitions included in cash flows from operating activities	(3,008)
	235,208

Since the acquisitions, the above newly acquired businesses contributed revenue of HK\$1,072,769,000 and net profit of HK\$96,922,000 to the Group for the year ended 31 December 2023.

Had the combinations taken place at the beginning of the year ended 31 December 2023, the revenue and the profit of the Group for that year would have been HK\$24,204,929,000 and HK\$2,805,874,000, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 36 Discontinued operations

On 9 December 2024, the Company's Board of Directors recommended the Proposed Distribution as mentioned in note 1 to these financial statements. The Proposed Distribution was completed on 21 January 2025. GD Land mainly engaged in the property development and investment businesses. As at 31 December 2024, GD Land was classified as a disposal group held for distribution and as discontinued operations. With GD Land being classified as discontinued operations, the property development business is no longer included in note 4 to these financial statements for operating segment information.

(a) The results of discontinued operations are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue (note)</b>	<b>6,759,320</b>	3,877,416
Cost of sales	<b>(6,296,106)</b>	(3,456,790)
<b>Gross profit</b>	<b>463,214</b>	420,626
Other income and gains, net	<b>41,408</b>	78,625
Changes in fair value of investment properties	<b>(25,272)</b>	230,115
Selling and distribution expenses	<b>(284,192)</b>	(358,236)
Administrative expenses	<b>(188,000)</b>	(258,151)
Exchange differences, net	<b>(5,018)</b>	(8,550)
Other operating expenses, net	<b>(1,015,659)</b>	(1,645,223)
Finance costs	<b>(316,723)</b>	(280,924)
<b>Loss before tax</b>	<b>(1,330,242)</b>	(1,821,718)
Income tax expense	<b>(163,089)</b>	(131,917)
<b>Loss for the year from discontinued operations</b>	<b>(1,493,331)</b>	(1,953,635)

Note:

The amounts of HK\$8,566,480,000 (2023: HK\$8,666,338,000) of remaining unsatisfied performance obligations resulting from property sales with an original expected duration within one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 36 Discontinued operations (continued)

(b) The results of discontinued operations are arrived at after charging/crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Depreciation of property, plant and equipment	14,397	11,804
Depreciation of right-of-use assets	984	925
Amortisation of other intangible assets	282	1,143
Gross rental income from investment properties	(20,432)	(23,101)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	37,700	6,264
Net rental expense/(income) from investment properties	17,268	(16,837)
Write-down of properties held sale under development	248,512	841,970
Write-down of completed properties held for sale	785,203	967,026
Loss/(gain) on disposal of property, plant and equipment, net	563	(149,189)
Interest on lease liabilities	65	52

(c) The cash flows of discontinued operations are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cash flows generated from operating activities	1,935,988	3,606,861
Cash flows used in investing activities	(6,041)	(489,182)
Cash flows used in financing activities	(4,641,545)	(1,620,311)
Net cash flows	(2,711,598)	1,497,368

## NOTES TO THE FINANCIAL STATEMENTS

### 36 Discontinued operations (continued)

#### (d) Assets and liabilities held for distribution

The following assets and liabilities were reclassified as held for distribution in relation to the discontinued operations as at 31 December 2024:

	Notes	2024 HK\$'000
<b>Assets classified as held for distribution</b>		
Property, plant and equipment		76,517
Investment properties		8,871,756
Right-of-use assets		1,799
Other intangible assets		17,584
Equity investments designated at fair value through other comprehensive income		41,209
Deferred tax assets		355,939
Properties held for sale under development		12,652,159
Completed properties held for sale		13,456,794
Tax recoverable		383,662
Receivables, prepayments and other receivables		1,393,941
Restricted bank balances	(i)	2,086,729
Cash and bank balances		1,324,980
<b>Total assets classified as held for distribution</b>		<b>40,663,069</b>
<b>Liabilities directly associated with assets classified as held for distribution</b>		
Payables, accruals and other liabilities		(3,688,705)
Contract liabilities		(9,385,824)
Tax payable		(826,432)
Due to a non-controlling equity holder of a subsidiary	(ii)	(441,312)
Bank and other borrowings	(iii)	(19,154,806)
Lease liabilities		(1,858)
Deferred tax liabilities		(1,703,639)
<b>Total liabilities directly associated with assets classified as held for distribution</b>		<b>(35,202,576)</b>
<b>Net assets directly associated with the disposal group</b>		<b>5,460,493</b>
Accumulated income/(expense) recognised in other comprehensive income:		
Fair value reserve		3,559
Exchange fluctuation reserve		(428,511)
		<b>(424,952)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 36 Discontinued operations (continued)

#### (d) Assets and liabilities held for distribution (continued)

Notes:

- (i) As at 31 December 2024, a pledged deposit of HK\$1,619,850,000 was in association with a bank loan amounting to HK\$4,319,600,000 and the deposit was placed at a designated bank account. The pledge was released on 1 January 2025.
- (ii) As at 31 December 2024, the balance of HK\$441,312,000 represented capital reduction payable to a non-controlling equity holder. The balance due is unsecured, non-interest-bearing and has no specific terms of repayment.
- (iii) As at 31 December 2024, bank and other borrowings of HK\$5,840,518,000 were secured by completed properties held for sale, properties held for sale under development, property, plant and equipment and completed investment properties amounted to HK\$1,187,747,000, HK\$238,650,000, HK\$52,556,000 and HK\$8,119,601,000, respectively.

As at 31 December 2024, included in the unsecured other borrowings was an aggregate amount of HK\$4,319,600,000 (2023: HK\$4,414,000,000) which was guaranteed by Guangdong Holdings. The Group signed a counter-guarantee agreement with Guangdong Holdings to provide counter-guarantee for the guarantee obligations of Guangdong Holdings to the Group.

As at 31 December 2024, included other borrowings represented loans from Guangdong Holdings of HK\$4,040,986,000 which are unsecured, interest-bearing at effective interest rate of 3.63% per annum and repayable within 1 to 3 years and loans from fellow subsidiaries of HK\$3,367,833,000 which are unsecured, interest-bearing ranging from 2.8% to 4.75% per annum and repayable within 1 to 5 years.

### 37 Notes to the consolidated statement of cash flows

#### (a) Major non-cash transactions

- (i) The Group had non-cash additions to right-of-use assets and lease liabilities of HK\$223,125,000 (2023: HK\$74,471,000) and HK\$221,042,000 (2023: HK\$74,471,000), respectively, in respect of lease arrangements for properties.
- (ii) As at 31 December 2024, the Group had payables for property, plant and equipment of HK\$17,378,000 (2023: HK\$22,823,000) and for investment properties of HK\$38,089,000 (2023: HK\$47,844,000) which were included in payables, accruals and other liabilities.
- (iii) As at 31 December 2024, the Group had dividend payables to non-controlling equity holders of the Group of HK\$249,768,000 (2023: HK\$307,016,000), of which HK\$13,491,000 (2023: HK\$16,960,000) was included in payables, accruals and other liabilities and HK\$236,277,000 (2023: HK\$290,056,000) was included in amounts due to non-controlling equity holders of subsidiaries.
- (iv) During the year ended 31 December 2023, the Group had non-cash additions of operating concession rights of HK\$451,384,000 and other receivables of HK\$51,344,000, which were financed by an other loan of HK\$502,728,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 37 Notes to the consolidated statement of cash flows (continued)

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

	<b>Dividend payables to shareholders</b> <i>HK\$'000</i>	<b>Bank and other borrowings</b> <i>HK\$'000</i>	<b>Lease liabilities</b> <i>HK\$'000</i>
At 1 January 2023	–	40,735,588	640,906
Changes from financing cash flows	(4,009,646)	263,529	(88,811)
Dividends	4,009,646	–	–
New leases	–	–	74,471
Lease modification	–	–	(37,547)
Interest expense	–	–	27,628
Increase arising from business combinations through acquisition of subsidiaries ( <i>note 35</i> )	–	1,418,325	–
Non-cash transaction ( <i>note 37(a)(iv)</i> )	–	502,728	–
Disposal and write-offs	–	–	(1,718)
Foreign exchange movement	–	(492,494)	(9,109)
At 31 December 2023 and at 1 January 2024	<b>–</b>	<b>42,427,676</b>	<b>605,820</b>
Changes from financing cash flows	<b>(2,373,229)</b>	<b>1,387,799</b>	<b>(74,144)</b>
Dividends	<b>2,373,229</b>	–	–
New leases	–	–	<b>221,042</b>
Remeasurement of lease liabilities	–	–	<b>(390,100)</b>
Interest expense	–	–	<b>27,584</b>
Disposal and write-offs	–	–	<b>(2,720)</b>
Reclassification to liabilities held for distribution ( <i>note 36(d)</i> )	–	<b>(19,154,806)</b>	<b>(1,858)</b>
Foreign exchange movement	–	<b>(798,664)</b>	<b>(6,490)</b>
At 31 December 2024	<b>–</b>	<b>23,862,005</b>	<b>379,134</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 37 Notes to the consolidated statement of cash flows (continued)

#### (c) Cash and cash equivalents

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances as stated in the consolidated statement of financial position as at 31 December (note 26)	12,154,029	12,593,616
Non-pledged time deposits with original maturity of more than three months when acquired (note 26)	(151,186)	(1,200,167)
Cash and cash equivalents as stated in the consolidated statement of financial position as at 31 December	12,002,843	11,393,449
Cash and cash equivalents included in assets classified as held for distribution (note 36(d))	1,324,980	–
Cash and cash equivalents as stated in the consolidated statement of cash flows as at 31 December	13,327,823	11,393,449

#### (d) Total cash outflow for leases

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

	2024 HK\$'000	2023 HK\$'000
Within operating activities	11,735	13,243
Within financing activities	74,144	88,811
	85,879	102,054

### 38 Contingent liabilities

As at 31 December 2024, the Group provided guarantees to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties held for sale. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the relevant outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group, is entitled, but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2024, the Group's outstanding guarantees amounted to HK\$4,714,446,000 for these guarantees, of which HK\$4,709,488,000 were from GD Land (2023: HK\$4,675,936,000, of which HK\$4,665,595,000 were from GD Land).

## NOTES TO THE FINANCIAL STATEMENTS

### 39 Commitments

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

	Notes	2024 HK\$'000	2023 HK\$'000
Commitments in respect of property, plant and equipment, investment properties, intangible assets and properties under development:			
Contracted for	(i)	8,861,296	12,100,485
Capital commitments in respect of capital contribution payable to associates and an unlisted equity investment:			
Contracted for	(ii)	41,817	42,732
Commitments in respect of project financing payable to an associate:			
Contracted for	(iii)	1,699,508	1,736,649

Notes:

- (i) Included in the balance was HK\$6,267,666,000 (2023: HK\$7,557,725,000) which represented commitments in respect of properties under development from GD Land.
- (ii) Included in the balance was HK\$10,691,000 (2023: HK\$10,925,000) which represented the capital commitments in respect of capital contribution payable to an unlisted equity investment from GD Land.
- (iii) On 18 May 2019, the Company, Guangdong Yuehai Water, 江蘇中和永泰建設工程有限公司 (Jiangsu Chunghe Yongtai Construction Engineering Co., Ltd.▲) ("Jiangsu Chunghe Yongtai"), an independent third party, and China First Metallurgical Group Co., Ltd. ("CFMG"), an independent third party, successfully bid for the Yangtze River water diversion project in Xinghua, Jiangsu, the PRC (the "Xinghua Project"), which is owned as to 46% and 14.5% by the Company and Guangdong Yuehai Water, respectively. After taking into account the proportionate registered capital contribution from Guangdong Yuehai Water, Jiangsu Chunghe Yongtai and CFMG, the maximum amount (including registered capital and project financing and/or joint guarantees) for which the Company is responsible in respect of Xinghua Project is approximately RMB1,891 million (equivalent to approximately HK\$2,042 million).
- (b) On 8 June 2016, the Company entered into a cooperation agreement with 東莞市謝崗鎮人民政府 in respect of the Yinping PPP Project for the development of certain public roads which are not toll roads (the "Project Roads") in Yinping Innovation Zone in Dongguan, Guangdong, the PRC.

The Group shall be responsible for, inter alia, the provision of funding for the development of the Project Roads with the development costs not exceeding RMB4.754 billion (equivalent to approximately HK\$5.134 billion), and project management and maintenance of the Project Roads. At the end of the reporting period, the cumulative development costs in relation to the Yinping PPP Project amounted to RMB2,077,131,000 (equivalent to approximately HK\$2,243,094,000) (2023: RMB1,987,174,000 (equivalent to approximately HK\$2,192,847,000)).

Further details of the Yinping PPP Project are set out in the Company's announcements dated 8 June 2016 and 31 May 2023.

## NOTES TO THE FINANCIAL STATEMENTS

### 40 Related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

#### (a) Transactions with related parties

	Notes	2024 HK\$'000	2023 HK\$'000
Rental income received from Guangdong Holdings and certain subsidiaries of Guangdong Holdings*	(i)	26,524	20,631
Rental income received from GDH Limited <sup>#</sup>	(i)	11,027	12,684
Water resources related income received from fellow subsidiaries*	(ii)	188,803	36,420
Water resources related income received from an associate	(ii)	18,630	33,052
Dividends paid and payable to GDH Limited and certain subsidiaries of GDH Limited by GH Water Holdings	(iii)	13,491	38,545
Dividends paid and payable to GDH Limited and certain of its subsidiaries by the Company	(iii)	1,378,499	2,265,195
Interest expenses charged by Guangdong Holdings	(iv)	131,545	130,137
Interest expenses charged by fellow subsidiaries*	(v)	206,219	377,137
Interest expenses charged by associates*	(v)	29,026	23,449
Sale of electricity to fellow subsidiaries and an associate*	(vi)	205,740	133,625
Sale of electricity to an associate	(vii)	21,951	27,235
Consultancy service fee paid to fellow subsidiaries <sup>#</sup>	(viii)	112,306	96,323
Consultancy service fee paid to an associate <sup>#</sup>	(ix)	16,586	–
Property management fee paid to fellow subsidiaries*	(x)	196,560	219,887
Information service fee paid to fellow subsidiaries <sup>#</sup>	(xi)	4,846	5,695
Hotel management fees received from fellow subsidiaries	(xii)	4,199	3,634
Interest income received from a fellow subsidiary	(xiii)	37,358	50,625
Capital contribution from non-controlling equity holders of a subsidiary	(xiv)	–	826,251
Capital reduction to a non-controlling equity holder of a subsidiary	(xv)	448,177	35,687

\* These related party transactions also constitute connected transactions and continuing connected transactions as defined in Rules 14A.23, 14A.31 and 14A.76(2) of the Listing Rules.

<sup>#</sup> These related party transactions also constitute connected transactions and continuing connected transactions as defined in Rules 14A.23, 14A.31 and 14A.76(1) of the Listing Rules.

# NOTES TO THE FINANCIAL STATEMENTS

## 40 Related party transactions (continued)

### (a) Transactions with related parties (continued)

Notes:

- (i) The rental income was received in accordance with the terms of the respective agreements.
- (ii) The income on the supply of untreated water was received in accordance with the terms of respective agreements.
- (iii) The dividends paid and payable were made pursuant to the dividend rates proposed and declared at the respective boards of directors and shareholders' meetings.
- (iv) The interest expenses were charged at effective interest rates of 3.63% and 4.75% per annum (2023: 4.75% and 5.5% per annum), which solely relates to discontinued operations.
- (v) The interest expenses were charged at effective interest rates between RMB benchmark 1-year loan prime rate per annum announced by the People's Bank of China minus 1.15% to RMB benchmark 5-year loan prime rate per annum announced by the People's Bank of China minus 0.9% and 4.75% (2023: RMB benchmark 1-year loan prime rate per annum announced by the People's Bank of China minus 1.15% to RMB benchmark 5-year loan prime rate per annum announced by the People's Bank of China and 4.75%). The interest expenses of HK\$115,118,000 (2023: HK\$270,514,000) were related to discontinued operations.
- (vi) The Group received income from the sale of electricity of HK\$205,740,000 (2023: HK\$133,625,000) to fellow subsidiaries in accordance with the terms of the agreements, which is net of tax of HK\$26,746,000 (2023: HK\$17,371,000) for the year ended 31 December 2024.
- (vii) The income from the sale of electricity were received in accordance with the terms of the agreement.
- (viii) The consultancy service fee was charged in accordance with the terms of the agreements entered into between the Group and fellow subsidiaries.
- (ix) The consultancy service fee was charged in accordance with the terms of the agreement entered into between the Group and an associate.
- (x) The property management fee was charged in accordance with the terms of the respective agreements.
- (xi) The information service fee was charged in accordance with the terms of the agreements entered into between the Group and fellow subsidiaries.
- (xii) The hotel management fees were charged in accordance with the terms of the agreements entered into between the Group and the respective fellow subsidiaries.
- (xiii) The interest income was arising from bank deposits placed at a non-banking financial institution in the PRC, which is a fellow subsidiary of the Group.
- (xiv) Being the non-controlling equity holder of a non-wholly owned subsidiary of the Group, a fellow subsidiary invested capital amounting to RMB734,510,000 (equivalent to approximately HK\$826,251,000) to that non-wholly owned subsidiary for the year ended 31 December 2023.
- (xv) Being the non-controlling equity holder of a non-wholly owned subsidiary of the Group, a fellow subsidiary reduced capital amounting to RMB408,660,000 (equivalent to approximately HK\$448,177,000) (2023: RMB32,340,000 (equivalent to approximately HK\$35,687,000)) to that non-wholly owned subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

### 40 Related party transactions (continued)

#### (b) Other transactions with related parties

- (i) On 27 April 2023, Guangdong Teem, as the tenant, entered into a lease agreement with 廣東粵海城市投資有限公司 (Guangdong Yuehai City Investment Co., Ltd.▲) (“Guangdong Yuehai City”), a subsidiary of Guangdong Holdings, as the landlord, in relation to the lease of a shopping centre and the related facilities located at No.21 of Zhujiang West Road, Zhujiang New Town, Tianhe District, Guangzhou (the “Premises”), with a total gross floor area of approximately 30,000 sq.m. Pursuant to the lease agreement, Guangdong Teem shall use the Premises for commercial operation and the rent payable to Guangdong Yuehai City shall be calculated as 75% of the net income generated from the operation of the Premises. The lease agreement has a term of 20 years from 27 April 2023.
- (ii) On 28 April 2023, 湛江市鶴地供水營運有限公司 (Zhanjiang City Hedi Water Supply Operation Co., Ltd.▲) (“Zhanjiang Hedi Water Co”), an indirect non-wholly owned subsidiary of the Company, as raw water supplier, entered into a water supply agreement (“Hedi Water Supply Agreement”) with 湛江市粵海自來水有限公司 (Zhanjiang City GDH Water Supply Co., Ltd.▲) (“Zhanjiang GDH Water Co”), an indirect non-wholly owned subsidiary of Guangdong Holdings, as processor of raw water, pursuant to which Zhanjiang Hedi Water Co would supply raw water (also known as natural water) to the water plant operated by Zhanjiang GDH Water Co (which will then provide municipal water (after processing) to end users) within certain districts in Zhanjiang City, Guangdong Province, for a term of 30 years commencing from 1 May 2023. The transaction constituted a connected transaction as defined in Chapter 14A of the Listing Rules. Further details are set out in the announcement of the Company dated 28 April 2023.

#### (c) Commitments with related parties

The Group entered into several tenancy agreements, as lessor, with Guangdong Holdings, GDH Limited and certain fellow subsidiaries of the Company (collectively, the “GDH Group”) for leasing out several units in Hong Kong and Mainland China as office premises. The total amounts received from the GDH Group for the year were included in note 40(a) to the financial statements. Details of the Group’s commitments with related parties are as follows:

As at 31 December 2024:

	Year ending 31 December 2025 HK\$'000	Year ending 31 December 2026 HK\$'000	Year ending 31 December 2027 HK\$'000
GDH Limited	12,180	10,471	5,817
Fellow subsidiaries	6,934	4,673	2,760

As at 31 December 2023:

	Year ending 31 December 2024 HK\$'000	Year ending 31 December 2025 HK\$'000	Year ending 31 December 2026 HK\$'000
GDH Limited	8,534	2,208	499
Fellow subsidiaries	9,914	1,294	–

## NOTES TO THE FINANCIAL STATEMENTS

### 40 Related party transactions (continued)

#### (d) Outstanding balances with related parties

	Notes	2024 HK\$'000	2023 HK\$'000
Balances due from related parties included in cash and bank balances, receivables, prepayments and other receivables:			
Ultimate holding company	(i)	69	61
Fellow subsidiaries	(i)	93,805	177,569
Fellow subsidiaries	(ii)	13,642	9,935
Associates	(i)	145,928	15,386
Associates	(ii)	26,781	46,301
Deposits placed at a fellow subsidiary	(v)	1,126,680	2,908,522
Balances due to related parties included in payables, accruals and other liabilities and other borrowings:			
Immediate holding company	(i)	11,177	13,050
Ultimate holding company	(iii)	3,958	275,630
Fellow subsidiaries	(i)	198,254	886,386
Fellow subsidiaries	(ii)	97,161	153,948
Associates	(i)	30,186	52,133
An associate	(ii)	5,233	12,969
Loans from the ultimate holding company	(vi)	–	1,922,297
Loans from fellow subsidiaries	(iv)	2,570,889	6,551,271
Loans from an associate	(vii)	917,915	1,103,500
Balances due from related parties included in assets classified as held for distribution:			
Immediate holding company	(i)	58	–
Ultimate holding company	(i)	1,296	–
Fellow subsidiaries	(i)	4,852	–
Fellow subsidiaries	(ii)	59	–
Deposits placed at a fellow subsidiary	(v)	5,232	–
Balances due to related parties included in liabilities directly associated with assets classified as held for distribution:			
Ultimate holding company	(i)	123,076	–
Fellow subsidiaries	(i)	587,113	–
Fellow subsidiaries	(ii)	4,932	–
Loans from the ultimate holding company	(vi)	4,040,986	–
Loans from fellow subsidiaries	(iv)	3,367,833	–

#### Notes:

- (i) The balances due are unsecured, non-interest-bearing and have no specific terms of repayment.
- (ii) The balances due are unsecured, non-interest-bearing and repayable within 30 days.
- (iii) Included in the balance was nil (2023: HK\$1,041,000) which represented rental deposits received from the ultimate holding company. The balance due is unsecured, non-interest-bearing and repayable upon the expiry of the rental agreements. The remaining balance due is unsecured, non-interest-bearing and has no specific term of repayment.

# NOTES TO THE FINANCIAL STATEMENTS

## 40 Related party transactions (continued)

### (d) Outstanding balances with related parties (continued)

Notes: (continued)

- (iv) Loan of Nil (2023: HK\$313,394,000) represented a loan from a fellow subsidiary which is secured and interest-bearing at 0.15% plus the RMB benchmark 1-year loan prime rate per annum announced by the People's Bank of China. This loan is repayable within one year. The remaining balances of HK\$5,938,722,000 (2023: HK\$6,237,877,000) represented loans from fellow subsidiaries which are unsecured and interest-bearing ranging from RMB benchmark 1-year loan prime rate minus 1.15% per annum announced by the People's Bank of China to 4.75% (2023: RMB benchmark 1-year loan prime rate minus 1.15% per annum announced by the People's Bank of China to 4.75%). These loans are repayable within 1 to 24 years. As at 31 December 2024, these loans of HK\$3,367,833,000 were included in liabilities held for distribution, further details of which are set out in note 36(d) to these financial statements.
- (v) The balance represented bank deposits placed at a fellow subsidiary, a non-banking financial institution in the PRC. The balance due is unsecured, with interest accrued at 50% higher than the RMB Agreed Deposit Rate offered by financial institutions as announced by the People's Bank of China.
- (vi) The loans as at 31 December 2024 were unsecured, interest-bearing at effective interest rate of 3.63% per annum and repayable within 1 to 3 years (2023: 4.75% per annum and repayable within one year). As at 31 December 2024, these loans of HK\$4,040,986,000 were included in liabilities held for distribution, further details of which are set out in note 36(d) to these financial statements.
- (vii) The loans are unsecured, interest-bearing at an effective interest rate of 3% (2023: 3%) per annum and repayable in one year.

### (e) Compensation of key management personnel of the Group

	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	9,806	9,597
Post-employment benefits	1,542	1,549
Total compensation paid to key management personnel	11,348	11,146

Further details of directors' emoluments are included in note 8 to the financial statements.

## 41 Pledge of assets

Details of the Group's assets, including those classified as held for distribution, which are pledged for the Group's bank and other borrowings, including those classified as held for distribution, are set out in notes 14, 19, 22, 29 and 36(d) to these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 42 Defined benefit obligations

The Group operates unfunded defined benefit plans for certain qualifying employees in Mainland China. Under the plan, the employees are entitled to retirement benefits at rates varying from 40% to 45% of their final salaries on attainment of retirement ages ranging from 50 to 63 (2023: 50 to 60).

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for pensioners.

The most recent actuarial valuations of the present value of the defined benefit obligations were carried out on 31 December 2024 by Willis Tower Waston, a member of the Society of Actuaries, using the project unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2024	2023
Discount rate	1.75% – 2.66%	2.65% – 2.69%
Expected rate of salary increases	6.00% – 9.00%	10.00%

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit obligations %	Decrease in rate %	Increase/ (decrease) in defined benefit obligations %
2024				
Discount rate	0.25	(3)	0.25	3
2023				
Discount rate	0.25	(3)	0.25	3

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

## NOTES TO THE FINANCIAL STATEMENTS

### 42 Defined benefit obligations (continued)

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current service cost	<b>327</b>	331
Interest cost	<b>2,520</b>	3,627
<b>Net benefit expenses</b>	<b>2,847</b>	3,958
Recognised in administrative expenses	<b>327</b>	331
Recognised in finance costs (note 7)	<b>2,520</b>	3,627
	<b>2,847</b>	3,958

The movements in the present value of the defined benefit obligations are as follows:

	<i>HK\$'000</i>
At 1 January 2023	122,320
Current service cost	331
Interest cost	3,627
Benefit paid	(3,041)
Actuarial gains	(39,053)
Exchange differences	(2,830)
<b>At 31 December 2023 and 1 January 2024</b>	<b>81,354</b>
Current service cost	<b>327</b>
Interest cost	<b>2,520</b>
Benefit paid	<b>(3,727)</b>
Exchange differences	<b>(1,727)</b>
<b>At 31 December 2024</b>	<b>78,747</b>

The expected maturity of expected benefit payment are over 1 year. The average duration of the defined benefit obligations at the end of the reporting period is 14 years (2023: 13 years).

## NOTES TO THE FINANCIAL STATEMENTS

### 42 Defined benefit obligations (continued)

The movements in the defined benefit obligations are as follows:

2024

	Pension cost charged to profit or loss					Remeasurement losses/(gains) in other comprehensive income					31 December 2024 HK\$'000
	1 January 2024 HK\$'000	Service cost HK\$'000	Net interest expense HK\$'000	Sub-total included in profit or loss HK\$'000	Benefit paid HK\$'000	Exchange differences HK\$'000	Actuarial changes arising from changes in financial assumptions HK\$'000	Experience adjustments HK\$'000	Sub-total included in other comprehensive income HK\$'000	Contribution by employer HK\$'000	
Defined benefit obligations	81,354	327	2,520	2,847	(3,727)	(1,727)	-	-	-	-	78,747

2023

	Pension cost charged to profit or loss					Remeasurement losses/(gains) in other comprehensive income					31 December 2023 HK\$'000
	1 January 2023 HK\$'000	Service cost HK\$'000	Net interest expense HK\$'000	Sub-total included in profit or loss HK\$'000	Benefit paid HK\$'000	Exchange differences HK\$'000	Actuarial changes arising from changes in financial assumptions HK\$'000	Experience adjustments HK\$'000	Sub-total included in other comprehensive income HK\$'000	Contribution by employer HK\$'000	
Defined benefit obligations	122,320	331	3,627	3,958	(3,041)	(2,830)	7,035	(46,088)	(39,053)	-	81,354

## NOTES TO THE FINANCIAL STATEMENTS

### 43 Financial instruments by category

#### Financial assets

2024

	Equity investments at fair value through other comprehensive income HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Other financial assets at amortised cost	–	3,384,857	3,384,857
Receivables under a cooperative arrangement	–	2,170,334	2,170,334
Equity investments designated at fair value through other comprehensive income	16,738	–	16,738
Financial assets included in receivables under service concession arrangements	–	16,021,955	16,021,955
Financial assets included in receivables, prepayments and other receivables	–	4,532,990	4,532,990
Due from non-controlling equity holders of subsidiaries	–	887,425	887,425
Restricted bank balances	–	19,457	19,457
Cash and bank balances	–	12,154,029	12,154,029
	<b>16,738</b>	<b>39,171,047</b>	<b>39,187,785</b>
Included in assets classified as held for distribution:			
Equity investments designated at fair value through other comprehensive income	41,209	–	41,209
Financial assets included in receivables, prepayments and other receivables	–	61,509	61,509
Restricted bank balances	–	2,086,729	2,086,729
Cash and bank balances	–	1,324,980	1,324,980
	<b>41,209</b>	<b>3,473,218</b>	<b>3,514,427</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 43 Financial instruments by category (continued)

Financial assets (continued)

2023

	Equity investments at fair value through other comprehensive income <i>HK\$'000</i>	Financial assets at amortised cost <i>HK\$'000</i>	Total <i>HK\$'000</i>
Receivables under a cooperative arrangement	–	2,222,396	2,222,396
Equity investments designated at fair value through other comprehensive income	56,829	–	56,829
Financial assets included in receivables under service concession arrangements	–	16,305,009	16,305,009
Financial assets included in receivables, prepayments and other receivables	–	4,198,881	4,198,881
Due from non-controlling equity holders of subsidiaries	–	901,896	901,896
Restricted bank balances	–	487,884	487,884
Cash and bank balances	–	12,593,616	12,593,616
	56,829	36,709,682	36,766,511

### Financial liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial liabilities included in payables, accruals and other liabilities	<b>9,888,517</b>	13,440,293
Due to non-controlling equity holders of subsidiaries	<b>422,615</b>	493,183
Bank and other borrowings	<b>23,862,005</b>	42,427,676
Lease liabilities	<b>379,134</b>	605,820
	<b>34,552,271</b>	56,966,972
Included in liabilities directly associated with assets classified as held for distribution:		
Financial liabilities included in payables, accruals and other liabilities	<b>2,845,555</b>	–
Due to a non-controlling equity holder of a subsidiary	<b>441,312</b>	–
Bank and other borrowings	<b>19,154,806</b>	–
Lease liabilities	<b>1,858</b>	–
	<b>22,443,531</b>	–

## NOTES TO THE FINANCIAL STATEMENTS

### 44 Fair value hierarchy of financial instruments

Aside from other financial assets at amortised cost, the non-current portion of receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other receivables, the non-current portion of financial liabilities included in payables, accruals and other liabilities, the non-current portion of bank and other borrowings, the non-current portion of amounts due to non-controlling equity holders of subsidiaries, the non-current portion of lease liabilities and the equity investments designated at fair value through other comprehensive income, management has assessed that the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts as at 31 December 2024 and 31 December 2023 because of the immediate or short-term maturities of these financial instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of other financial assets at amortised cost, the non-current portion of receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other receivables, the non-current portion of financial liabilities included in payables, accruals and other liabilities, the non-current portion of bank and other borrowings, the non-current portion of amounts due to non-controlling equity holders of subsidiaries and the non-current portion of lease liabilities 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 Group's own non-performance risk for bank and other borrowings as at 31 December 2024 and 2023 was assessed to be insignificant. The carrying amounts of these assets and liabilities approximate to their fair values.

The fair value of unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by a revenue measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding revenue measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For financial instrument in Level 3, prices are determined using valuation technique such as market-based valuation technique. Categorisation of fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement.

## NOTES TO THE FINANCIAL STATEMENTS

### 44 Fair value hierarchy of financial instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments in Level 3 as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market multiples	Average P/S multiple of peers	2024: 1.92 (2023: 1.58)	The higher the multiple, the higher the fair value

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

#### Fair value hierarchy

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

Assets measured at fair value:

	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	
<b>As at 31 December 2024</b>				
Equity investments designated at fair value through other comprehensive income	–	16,738	41,209	57,947
<b>As at 31 December 2023</b>				
Equity investments designated at fair value through other comprehensive income	–	17,140	39,689	56,829

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

The movements during the year in the balance of the Level 3 financial instruments are as follows:

	2024 HK\$'000	2023 HK\$'000
Equity investments at fair value through other comprehensive income:		
At 1 January	39,689	37,650
Total gains recognised in other comprehensive income	1,520	2,039
Transfer to assets classified as held for distribution (note 36(d))	(41,209)	–
At 31 December	–	39,689

## NOTES TO THE FINANCIAL STATEMENTS

### 45 Financial risk management objectives and policies

The Group's principal financial instruments, comprise bank and other borrowings, other financial assets at amortised cost, cash and bank balances, lease liabilities and short-term time 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 receivables under service concession arrangements, trade receivables and trade payables, which arise directly from its operations.

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.

#### (i) Interest rate risk

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

With all other variables held constant, a general increase of 100 basis points in the interest rate would have decreased the Group's profit before tax by HK\$219,748,000 for the year ended 31 December 2024. Whereas, a general decrease of 10 basis points in the interest rate would have increased the Group's profit before tax by HK\$21,975,000 for the year ended 31 December 2024.

With all other variables held constant, a general increase of 100 basis points in the interest rate would have decreased the Group's profit before tax by HK\$316,175,000 for the year ended 31 December 2023. Whereas, a general decrease of 10 basis points in the interest rate would have increased the Group's profit before tax by HK\$31,618,000 for the year ended 31 December 2023.

#### (ii) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from revenue or expenses of operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions were principally denominated in RMB and HK\$. The Group is exposed to foreign exchange risk arising from changes in the exchange rate of HK\$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future as may be necessary.

With all other variables held constant, if the Hong Kong dollar strengthened against the RMB exchange rate by three percent, the Group's profit before tax would have increased by HK\$39,014,000 (2023: HK\$38,409,000) for the year ended 31 December 2024. Whereas, if the Hong Kong dollar weakened against the RMB exchange rate by three percent, the Group's profit before tax would have decreased by HK\$39,014,000 (2023: HK\$38,409,000) for the year ended 31 December 2024.

#### (iii) Credit risk

The Group trades only with creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The table below shows 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 the end of the reporting period. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

Financial assets classified as held for distribution are not included in the tables below.

## NOTES TO THE FINANCIAL STATEMENTS

### 45 Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

31 December 2024	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	-	-	-	3,875,620	3,875,620
Receivables under a cooperative arrangement	2,170,334	-	-	-	2,170,334
Due from associates	172,709	-	-	-	172,709
Due from non-controlling equity holders of subsidiaries	887,425	-	-	-	887,425
Receivables and contract assets under service concession arrangements	18,154,991	-	-	-	18,154,991
Financial assets and contract assets included in receivables, prepayments and other receivables					
– Normal**	522,322	-	-	768,414	1,290,736
Restricted bank balances					
– Not yet past due	19,457	-	-	-	19,457
Cash and bank balances					
– Not yet past due	12,154,029	-	-	-	12,154,029
	<b>34,081,267</b>	<b>-</b>	<b>-</b>	<b>4,644,034</b>	<b>38,725,301</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 45 Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

31 December 2023	12-month	Lifetime ECLs			Simplified approach	Total
	ECLs	Stage 2	Stage 3			
	Stage 1	Stage 2	Stage 3			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Trade receivables*	–	–	–	3,527,495	3,527,495	
Receivables under a cooperative arrangement	2,222,396	–	–	–	2,222,396	
Due from associates	61,687	–	–	–	61,687	
Due from non-controlling equity holders of subsidiaries	901,896	–	–	–	901,896	
Receivables and contract assets under service concession arrangements	18,285,136	–	–	–	18,285,136	
Financial assets and contract assets included in receivables, prepayments and other receivables						
– Normal**	649,273	–	–	739,811	1,389,084	
Restricted bank balances						
– Not yet past due	487,884	–	–	–	487,884	
Cash and bank balances						
– Not yet past due	12,593,616	–	–	–	12,593,616	
	35,201,888	–	–	4,267,306	39,469,194	

\* For trade receivables to which the Group applies the simplified approach for estimating loss allowance, information based on the provision matrix is disclosed in note 25 to the financial statements.

\*\* The credit quality of the financial assets included in receivables, prepayments and other receivables 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”.

Except for the financial guarantees given by the Group as set out in note 38, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 38.

## NOTES TO THE FINANCIAL STATEMENTS

### 45 Financial risk management objectives and policies (continued)

#### (iv) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing bank and other borrowings.

The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements.

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:

	On demand/ less than 1 year <i>HK\$'000</i>	1 to 5 years <i>HK\$'000</i>	More than 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2024				
Financial liabilities included in payables, accruals and other liabilities	8,961,500	927,017	–	9,888,517
Due to non-controlling equity holders of subsidiaries	422,615	–	–	422,615
Bank and other borrowings	8,198,501	7,718,460	10,732,287	26,649,248
Lease liabilities	104,948	190,884	139,402	435,234
	<b>17,687,564</b>	<b>8,836,361</b>	<b>10,871,689</b>	<b>37,395,614</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 45 Financial risk management objectives and policies (continued)

#### (iv) Liquidity risk (continued)

	On demand/ less than 1 year <i>HK\$'000</i>	1 to 5 years <i>HK\$'000</i>	More than 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2023				
Financial liabilities included in payables, accruals and other liabilities	12,458,617	981,676	–	13,440,293
Due to non-controlling equity holders of subsidiaries	488,767	4,416	–	493,183
Bank and other borrowings	16,933,269	18,961,968	11,535,886	47,431,123
Lease liabilities	76,378	273,820	519,058	869,256
	29,957,031	20,221,880	12,054,944	62,233,855

Financial liabilities classified as held for distribution are not included in the tables above.

The Group is exposed to liquidity risk that arises from financial guarantees as set out in note 38 to the financial statements. As at 31 December 2024, the maximum amounts that the Group could be required to settle on demand under the arrangements for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees was HK\$4,714,446,000, of which HK\$4,709,488,000 were from GD Land (2023: HK\$4,675,936,000, of which HK\$4,665,595,000 were from GD Land).

## NOTES TO THE FINANCIAL STATEMENTS

### 45 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 and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a net debt to adjusted capital ratio which is net debt divided by total adjusted capital, taking into account future financial obligations and commitments. Net debt includes amounts due to non-controlling equity holders of subsidiaries and bank and other borrowings, less cash and bank balances.

Certain of amounts due to non-controlling equity holders of subsidiaries, bank and other borrowings and cash and bank balances were transferred to liabilities/assets classified as held for distribution, further details of which are set out in note 36(d) to these financial statements.

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Due to non-controlling equity holders of subsidiaries	<b>422,615</b>	493,183
Bank and other borrowings	<b>23,862,005</b>	42,427,676
Less: Cash and bank balances	<b>(12,154,029)</b>	(12,593,616)
Net debt	<b>12,130,591</b>	30,327,243
Equity attributable to owners of the Company	<b>41,658,024</b>	41,802,210
Net debt to adjusted capital ratio	<b>29%</b>	73%

## NOTES TO THE FINANCIAL STATEMENTS

### 46 Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	696	2,331
Investments in subsidiaries	12,479,429	16,601,716
Investments in associates	351,691	351,691
<b>Total non-current assets</b>	<b>12,831,816</b>	16,955,738
<b>Current assets</b>		
Amounts due from subsidiaries	4,004,615	7,294,449
Receivables, prepayments and other receivables	2,749	1,018
Cash and bank balances	982,217	586,909
	<b>4,989,581</b>	7,882,376
Assets classified as held for distribution	4,122,287	–
<b>Total current assets</b>	<b>9,111,868</b>	7,882,376
<b>Current liabilities</b>		
Amounts due to subsidiaries	(1,203,575)	(4,115,725)
Payables, accruals and other liabilities	(140,095)	(129,092)
Tax payable	–	(353)
Bank borrowings	(4,500,000)	(6,374,252)
<b>Total current liabilities</b>	<b>(5,843,670)</b>	(10,619,422)
<b>Net current assets/(liabilities)</b>	<b>3,268,198</b>	(2,737,046)
<b>Total assets less current liabilities</b>	<b>16,100,014</b>	14,218,692
<b>Non-current liabilities</b>		
Deferred tax liabilities	(47,907)	(48,954)
<b>Total non-current liabilities</b>	<b>(47,907)</b>	(48,954)
<b>NET ASSETS</b>	<b>16,052,107</b>	14,169,738
<b>Equity</b>		
Share capital	8,966,177	8,966,177
Reserves (note)	7,085,930	5,203,561
<b>Total equity</b>	<b>16,052,107</b>	14,169,738

**Bai Tao**  
Director

**Liang Yuanjuan**  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### 46 Statement of financial position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023	1,733,711	(14,813)	6,681,628	8,400,526
Profit and total comprehensive income for the year	–	–	812,681	812,681
Final 2022 dividend paid	–	–	(2,786,420)	(2,786,420)
Interim 2023 dividend paid	–	–	(1,223,226)	(1,223,226)
At 31 December 2023 and 1 January 2024	<b>1,733,711</b>	<b>(14,813)</b>	<b>3,484,663</b>	<b>5,203,561</b>
Profit and total comprehensive income for the year	–	–	<b>4,255,598</b>	<b>4,255,598</b>
Final 2023 dividend paid	–	–	<b>(806,113)</b>	<b>(806,113)</b>
Interim 2024 dividend paid	–	–	<b>(1,567,116)</b>	<b>(1,567,116)</b>
At 31 December 2024	<b>1,733,711</b>	<b>(14,813)</b>	<b>5,367,032</b>	<b>7,085,930</b>

### 47 Event after the reporting period

As disclosed in the Company's announcement dated 8 January 2025 on the poll results of the Extraordinary General Meeting ("EGM") held on 8 January 2025, the Proposed Distribution was approved at the EGM. As at 21 January 2025, a total of 1,261,799,423 GD Land shares (representing approximately 99.9% of GD Land shares held by the Company) was distributed to the shareholders. Consequently, the Company directly holds a total of 1,694,798 GD Land Shares (representing approximately 0.1% of the total number of issued GD Land Shares) and GD Land has ceased to be a subsidiary of the Company. Accordingly, the financial results of GD Land will no longer be consolidated in the financial statements of the Group and the respective net assets value (excluding non-controlling interests) will be recognised as dividend in the form of a distribution in specie. There is no material financial impact to the consolidated statement of profit or loss of the Group arising from the distribution. As at the date of these financial statements, GD Land's outstanding other borrowings to the Group (excluding GD Land) amounted to RMB500,000,000 (equivalent to approximately HK\$541,950,000) (31 December 2024: RMB1,200,000,000 (equivalent to approximately HK\$1,295,880,000)).

### 48 Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 24 March 2025.

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

During the year, the Group had the following connected transactions which are required to be disclosed in the annual report in accordance with the disclosure requirements of the Rules Governing the Listing of the Securities of the Stock Exchange of Hong Kong Limited (the “Listing Rules”). The transactions described in (a) to (j) below (collectively the “Transactions”) are continuing connected transactions subject to annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules and reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

Details of the Transactions during the year were as follows:

### (a) Electricity Service Framework Agreement

On 28 October 2022, 中山粵海能源服務有限公司 (Zhongshan GDH Energy Service Co., Ltd.▲, an indirect non-wholly owned subsidiary of the Company) (“GDH Energy Service”) and 廣東粵海水務股份有限公司 (Guangdong Yuehai Water Co., Ltd.▲, a wholly-owned subsidiary of Guangdong Holdings) (“Guangdong Yuehai Water”) entered into an agreement (the “Electricity Service Framework Agreement”) in relation to the supply of electricity by 中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.▲, an indirect non-wholly owned subsidiary of the Company), GDH Energy Service and their respective subsidiary(ies) (through the power grid operated by the relevant power grid operation company(ies) as authorised to transmit and distribute electricity in the Guangdong Province, the People’s Republic of China (the “PRC”)) to (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the Electricity Service Framework Agreement, save for the connected subsidiary(ies) of the Company, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company for the period from 1 January 2023 to 31 December 2025.

During the year ended 31 December 2024, the total amount received in accordance with the terms of the Electricity Service Framework Agreement amounted to approximately RMB242,303,000. The annual cap of the Electricity Service Framework Agreement for the year ended 31 December 2024 was RMB720,000,000 per the Company’s announcement dated 28 October 2022.

### (b) Financial Services Framework Agreements

On 1 September 2021, the Company entered into an agreement (the “2021 Financial Services Framework Agreement”) in relation to utilising certain financial services including (i) the loan services; (ii) deposit services; (iii) guarantee services; (iv) settlement services; and (v) other financial services offered by 粵海集團財務有限公司 (GDH Finance Co., Ltd, a wholly-owned subsidiary of Guangdong Holdings) (“GDH Finance”) for a term of three years from 1 September 2021 to 31 August 2024. The entering into of the 2021 Financial Services Framework Agreement was able to strengthen the source of funding and cater for the business development needs of the Group, as well as saving finance cost. The member(s) of the Group and GDH Finance would enter into specific agreements for the provision of financial services, which set out the detailed terms for the relevant transactions contemplated under the 2021 Financial Services Framework Agreement and were, in the ordinary and usual course of business, after arm’s length negotiation, on normal commercial terms or better and on terms which were no less favourable than those offered by independent third parties to the Group. Pursuant to the 2021 Financial Services Framework Agreement, no service fee would be charged by GDH Finance for settlement services. During the year ended 31 December 2024, GDH Finance entered into specific agreements for the provision of financial services to members of the Group, including Guangdong Water Holdings Limited (“Water Holdings”, a wholly-owned subsidiary of the Company), 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited, an indirect non-wholly owned subsidiary of the Company) (“GDH Teem”), Guangdong Land Holdings Limited (“GD Land”) and their respective subsidiaries.

# TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

## (b) Financial Services Framework Agreements *(continued)*

On 30 August 2024, in order to continue utilizing the financial services provided by GDH Finance in the mainland of the People's Republic of China and that the 2021 Financial Services Framework Agreement expired on 31 August 2024, the Company and GDH Finance entered into an agreement (the "2024 Financial Services Framework Agreement") for a term from 1 September 2024 to 31 December 2026. The entering into of the 2024 Financial Services Framework Agreement was able to strengthen the source of funding and cater for the business development needs of the Group, as well as saving finance cost. The member(s) of the Group and GDH Finance would enter into specific agreements for the provision of financial services, which set out the detailed terms for the relevant transactions contemplated under the 2024 Financial Services Framework Agreement and were, in the ordinary and usual course of business, after arm's length negotiation, on normal commercial terms or better and on terms which were no less favourable than those offered by independent third parties to the Group. Pursuant to the 2024 Financial Services Framework Agreement, no service fee would be charged by GDH Finance for settlement services. During the year ended 31 December 2024, GDH Finance entered into specific agreements for the provision of financial services to members of the Group, including Water Holdings, GDH Teem, GD Land and their respective subsidiaries.

During the year ended 31 December 2024, the maximum aggregate daily balance of (i) cash deposits (including the interest accrued thereon), (ii) the relevant fund balance(s) in respect of the bills of exchange payment services, and (iii) the relevant fund balance(s) in respect of the entrusted loan services, placed by the Group with GDH Finance did not exceed the fund balance caps of RMB2,800,000,000 and RMB1,100,000,000, respectively, under the 2021 Financial Services Framework Agreement and the 2024 Financial Services Framework Agreement. The total amount of service fees paid by the Group to GDH Finance under the 2021 Financial Services Framework Agreement and the 2024 Financial Services Framework Agreement amounted to approximately RMB448,000 and RMB396,000 during the year ended 31 December 2024, respectively. The annual caps of the services fee under the 2021 Financial Services Framework Agreement and the 2024 Financial Services Framework Agreement for the year ended 31 December 2024 were RMB25,000,000 and RMB1,000,000, respectively, per the Company's announcements dated 1 September 2021 and 30 August 2024.

## (c) Property Management Agreements

- (i) On 22 October 2020, 惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.▲, an indirect non-wholly owned subsidiary of the Company) ("Huiyang Yuehai") entered into an agreement (the "Huiyang Lijiang Garden Commercial Property Rental Services Agreement") with 廣東粵海天河城商業管理有限公司 (GDH Teem Commercial Management Co., Ltd., an indirect wholly-owned subsidiary of Guangdong Holdings) ("Teem Management Co."). Pursuant to the Huiyang Lijiang Garden Commercial Property Rental Services Agreement, Teem Management Co. agreed to provide commercial property rental services such as tenant referral, daily operation management, consumer relations management, tenant relations management and recovery of outstanding rent in respect of certain commercial properties in Huiyang Lijiang Garden for the period from 16 September 2020 to 31 December 2025. The service fees for the abovementioned services were agreed and paid by Huiyang Yuehai on a quarterly basis and were calculated at 11-16% of the actual rental income to be received by Huiyang Yuehai derived from the relevant tenancies in respect of Huiyang Lijiang Garden.

During the year ended 31 December 2024, the total amount paid in accordance with the terms of the Huiyang Lijiang Garden Commercial Property Rental Services Agreement amounted to approximately RMB40,000. For details of the Huiyang Lijiang Garden Commercial Property Rental Services Agreement, please refer to the joint announcement published by the Company and GD Land on 29 October 2020.

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### (c) Property Management Agreements *(continued)*

- (ii) On 26 March 2021, 江門市粵海置地房地產投資有限公司 (Jiangmen Yuehai Land Real Estate Investment Co., Ltd.▲, an indirect non-wholly owned subsidiary of the Company) (“GDL Jiangmen”) entered into an agreement (the “Yiguifu Preliminary Property Services Agreement”) with 粵海物業管理有限公司 (Yuehai Property Management Co., Ltd., a direct wholly-owned subsidiary of Guangdong Holdings) (“Yuehai Property Management”). Pursuant to the Yiguifu Preliminary Property Services Agreement, Yuehai Property Management agreed to provide property management services such as maintenance, cleaning, greening, parking maintenance and order maintenance for public areas and public facilities at the Yiguifu for three years commencing on 26 March 2021. The service fees for the abovementioned services were agreed and paid by GDL Jiangmen to Yuehai Property Management on a lump sum basis and were calculated at the fixed property service fees per square metre or per car parking space.

During the year ended 31 December 2024, the total amount paid in accordance with the terms of the Yiguifu Preliminary Property Services Agreement amounted to approximately RMB789,000. The annual cap of the Yiguifu Preliminary Property Services Agreement for the year ended 31 December 2024 was RMB800,000 per the Company’s announcement dated 26 March 2021.

- (iii) On 26 March 2021, 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.▲, an indirect non-wholly owned subsidiary of the Company) (“Jiangmen Yuehai Land”) entered into an agreement (the “Yuehai Laurel House Preliminary Property Services Agreement”) with Yuehai Property Management. Pursuant to the Yuehai Laurel House Preliminary Property Services Agreement, Yuehai Property Management agreed to provide property management services such as maintenance, cleaning, greening, parking management and order maintenance for public areas and public facilities at the Yuehai Laurel House for three years commencing on 26 March 2021. The service fees for the abovementioned services were agreed and paid by Jiangmen Yuehai Land to Yuehai Property Management on a lump sum basis and were calculated at the fixed property service fees per square metre or per car parking space.

During the year ended 31 December 2024, the total amount paid in accordance with the terms of the Yuehai Laurel House Preliminary Property Services Agreement amounted to approximately RMB566,000. The annual cap of the Yuehai Laurel House Preliminary Property Services Agreement for the year ended 31 December 2024 was RMB1,400,000 per the Company’s announcement dated 26 March 2021.

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### (c) Property Management Agreements *(continued)*

#### (iv) Property Management Services Framework Agreements

On 10 May 2021, the Company and Yuehai Property Management entered into an agreement (the “2021 Property Management Services Framework Agreement”) in relation to property management services provided by Yuehai Property Management and its subsidiaries (the “Yuehai Property Management Group”). Pursuant to the 2021 Property Management Services Framework Agreement, the Yuehai Property Management Group agreed to provide certain property management services such as maintenance of properties, on-site consulting services and construction site management services, and assisting in the sales of property units, in respect of the Group’s properties (including property projects under development) such as shopping malls, office buildings and other property for the period from 10 May 2021 to 9 May 2024. The service fees shall be paid by the Group to the Yuehai Property Management Group on a monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms. The service fees shall be calculated based on the type and gross floor area of the relevant properties and shall be determined after arm’s length negotiations. Since the commencement of the 2021 Property Management Services Framework Agreement, Yuehai Property Management entered into certain specific agreements with subsidiaries of the Company for the provision of property management services, which set out the detailed terms for the relevant transactions contemplated under the 2021 Property Management Services Framework Agreement.

On 30 January 2024, the Company and Yuehai Property Management entered into a new agreement (the “2024 Property Management Services Framework Agreement”) in relation to the provision of the 2024 Property Management Services by the Yuehai Property Management Group to the Group for the period from 30 January 2024 to 31 December 2026 (both days inclusive). Upon the effective date of the 2024 Property Management Services Framework Agreement (i.e. on 30 January 2024), the 2021 Property Management Services Framework Agreement was terminated and the 2024 Property Management Services Framework Agreement replaced and superseded the 2021 Property Management Services Framework Agreement. The service fees shall be paid by the Group to the Yuehai Property Management Group on a monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms. The service fees shall be calculated based on the type and gross floor area of the relevant properties and shall be determined after arm’s length negotiations. Since the commencement of the 2024 Property Management Services Framework Agreement, Yuehai Property Management entered into certain specific agreements with subsidiaries of the Company for the provision of property management services, which set out the detailed terms for the relevant transactions contemplated under the 2024 Property Management Services Framework Agreement.

During the year ended 31 December 2024, the total amount paid in accordance with the terms of the 2024 Property Management Services Framework Agreement amounted to approximately RMB160,151,000. The annual cap of the 2024 Property Management Services Framework Agreement for the year ended 31 December 2024 was RMB450,000,000 per the Company’s announcement dated 30 January 2024.

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### (d) Solar Power Plants Framework Agreement

On 18 May 2022, Water Holdings and 廣東粵海飛來峽水力發電有限公司 (Guangdong Yuehai Feilaixia Hydropower Co., Ltd.▲, a wholly-owned subsidiary of Guangdong Holdings) (“Feilaixia”) entered into an agreement (the “Solar Power Plants Framework Agreement”) in relation to the cooperation regarding the establishment of certain distributed solar photovoltaic power plants for generating electricity for, among others, Water Holdings and its subsidiaries’ self-consumption for the period from 1 June 2022 to 31 May 2025, pursuant to which, among other things:

- (i) Water Holdings and its subsidiaries (“Guangdong Water Group”) would provide Feilaixia with certain rooftops, pool surfaces and other vacant land resources at and/or around the water treatment plants of the Guangdong Water Group for the construction and operation of the solar power plants thereon in return for resource usage fees (“Resource Usage Fees”);
- (ii) the Guangdong Water Group would provide Feilaixia with daily maintenance services for those solar power plants in return for maintenance fees (“Maintenance Fees”); and
- (iii) Feilaixia would supply electricity generated by those solar power plants to the relevant members of the Guangdong Water Group in return for electricity consumption fees (“Electricity Consumption Fees”).

Subject to the relevant specific agreements, the Resource Usage Fees and the Maintenance Fees would be settled on quarterly, half-yearly or yearly basis (where applicable), and the Electricity Consumption Fees would be settled on monthly, quarterly, half-yearly or yearly basis (where applicable). Since the commencement of the Solar Power Plants Framework Agreement, Feilaixia entered into certain specific agreements, which set out the detailed terms for the relevant transactions contemplated under the Solar Power Plants Framework Agreement, with members of the Guangdong Water Group.

During the year ended 31 December 2024, the total amount of Resource Usage Fees and Maintenance Fees received in accordance with the terms of the Solar Power Plants Framework Agreement amounted to approximately RMB2,386,000; the total amount of Electricity Consumption Fees paid in accordance with the terms of the Solar Power Plants Framework Agreement amounted to approximately RMB37,541,000. The annual cap of the Resource Usage Fees and Maintenance Fees for the year ended 31 December 2024 was RMB3,300,000, and the annual cap of the Electricity Consumption Fees was RMB46,000,000 per the Company’s announcement dated 18 May 2022.

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### (e) Support Services Framework Agreement

On 29 June 2022, Water Holdings and GH Water Supply (Holdings) Limited (“GH Water Holdings”, a direct non-wholly owned subsidiary of the Company) entered into an agreement (the “Support Services Framework Agreement”) with 廣東粵海水務科技有限公司 (Guangdong Water Technology Co., Ltd.▲, an indirect wholly-owned subsidiary of Guangdong Holdings) (“Guangdong Water Technology”) in relation to the provision of certain support services by Guangdong Water Technology and its subsidiaries and Guangdong Holdings and/or its associate(s) (the “Guangdong Water Technology Group”) to Water Holdings, GH Water Holdings and their respective subsidiaries (“the GDI Water Group”). Pursuant to the Support Services Framework Agreement, the GDI Water Group engaged the Guangdong Water Technology Group for the provision of certain supporting services for the period from 29 June 2022 to 28 June 2025. The fees for the Support Services would be payable by the GDI Water Group to the relevant member(s) of the Guangdong Water Technology Group on a monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms. Since the commencement of the Support Services Framework Agreement, members of the Guangdong Water Technology Group entered into certain specific agreements for the provision of support services, which set out the detailed terms for the relevant transactions contemplated under the Support Services Framework Agreement, with members of the GDI Water Group.

During the year ended 31 December 2024, the total amount paid in accordance with the terms of the Support Services Framework Agreement amounted to approximately RMB182,528,000. The annual cap of the services fee under the Support Services Framework Agreement for the year ended 31 December 2024 was RMB510,000,000 per the Company’s announcement dated 29 June 2022.

### (f) Construction Services Framework Agreement

On 12 July 2022, Guangdong Yuehai Water and Water Holdings entered into an agreement (the “Construction Services Framework Agreement”) in relation to the provision of certain construction services by Guangdong Water Group to Guangdong Yuehai Water and its subsidiaries, and Guangdong Holdings and/or its associate(s) (the “GDH Water Co Group”). Pursuant to the Construction Services Framework Agreement, the Guangdong Water Group agreed to provide certain construction services to the GDH Water Co Group in respect of the construction projects of the GDH Water Co Group for the period from 12 July 2022 to 11 July 2025.

Subject to the relevant specific agreements, the service fees shall be paid by the GDH Water Co Group to the Guangdong Water Group on a project completion or project milestone basis (as applicable) or periodically on a monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms. Since the commencement of the Construction Services Framework Agreement, members of the Guangdong Water Group entered into certain specific agreements for the provision of construction services, which set out the detailed terms for the relevant transactions contemplated under the Construction Services Framework Agreement, with members of the GDH Water Co Group.

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### (f) Construction Services Framework Agreement *(continued)*

As for transactions contemplated under the Construction Services Framework Agreement where pricing was determined by public tendering, in accordance with relevant rules and regulations, the GDH Water Co Group would issue tender documents to unspecified bidders through public tendering, or, through competitive negotiation, inquiry or comparative pricing. The invitation contained the key terms of the transaction. If the Guangdong Water Group satisfied the requirements set by the GDH Water Co Group, it would submit a bid only after having the relevant personnel and management of the Group reviewed and assessed the key terms of the transaction and its proposed bid price to ensure that they were consistent with the principles and provisions set out in the Construction Services Framework Agreement, fair and reasonable and in the interests of the Company and its shareholders taken as a whole. Also, regular checks were conducted to review and assess whether the relevant continuing connected transactions were conducted in accordance with the terms of the related specific agreements and the price charged for a specific transaction was fair and reasonable and in accordance with the pricing policy.

During the year ended 31 December 2024 the total amount received in accordance with the terms of the Construction Services Framework Agreement amounted to approximately RMB259,714,000. The annual cap of the services fee under the Construction Services Framework Agreement for the year ended 31 December 2024 was RMB1,133,000,000 per the Company's announcement dated 12 July 2022.

### (g) Water Project Design and Survey Services Framework Agreement

On 1 September 2022, Water Holdings, Guangdong Yue Gang Water Supply Company Limited (廣東粵港供水有限公司, an indirect non-wholly owned subsidiary of the Company) ("WaterCo") and 廣東省水利電力勘测設計研究院有限公司 (Water Conservancy Electric Power Survey and Design Institute Company Limited\*, a direct wholly-owned subsidiary of Guangdong Holdings) ("Water Conservancy Design Institute") entered into an agreement ("the Design & Survey Services Framework Agreement") in relation to the provision of certain water project design and survey services by Water Conservancy Design Institute and its subsidiaries (the "Water Conservancy Design Institute Group") to Water Holdings, WaterCo and their respective subsidiaries (the "GDI Water Supply Group"). Pursuant to the Design & Survey Services Framework Agreement, the Water Conservancy Design Institute Group would provide certain design and surveying services to the GDI Water Supply Group for the period from 1 September 2022 to 28 June 2025.

Subject to the relevant specific agreements, the service fees shall be paid by the GDI Water Supply Group to the relevant member(s) of the Water Conservancy Design Institute Group based on a project milestone basis as set out in the specific agreements, in accordance with the relevant usual commercial practices and on fair and reasonable terms. Since the commencement of the Design & Survey Services Framework Agreement, members of the Water Conservancy Design Institute Group entered into certain specific agreements for the provision of design and survey services, which set out the detailed terms for the relevant transactions contemplated under the Design & Survey Services Framework Agreement, with members of the GDI Water Supply Group.

During the year ended 31 December 2024, the total amount payable in accordance with the terms of the Design & Survey Services Framework Agreement amounted to approximately RMB1,869,000. The annual cap of the services fee under the Design & Survey Services Framework Agreement for the year ended 31 December 2024 was RMB100,000,000 per the Company's announcement dated 1 September 2022.

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### (h) Zhanjiang Water Supply Agreement

On 28 April 2023, 湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd.▲, an indirect non-wholly owned subsidiary of the Company) (“Zhanjiang Hedi Water Co”), as raw water supplier, and 湛江市粵海自來水有限公司▲ (Zhanjiang City GDH Water Supply Co., Ltd.▲, an indirect non-wholly owned subsidiary of Guangdong Holdings) (“Zhanjiang GDH Water Co”), as processor of raw water, entered into the Zhanjiang water supply agreement (the “Zhanjiang Water Supply Agreement”), pursuant to which Zhanjiang Hedi Water Co would supply raw water to the water factories operated by Zhanjiang GDH Water Co, which would then provide municipal water to the end users in the Xiashan District (霞山區), Chikan District (赤坎區) and Mazhang District (麻章區) of the Zhanjiang City for a term of 30 years commencing from the date on which the water diversion project commences commercial operation (i.e. 1 May 2023). The raw water fee would be calculated and payable on a monthly basis.

During the year ended 31 December 2024, the total amount received in accordance with the terms of the Zhanjiang Water Supply Agreement amounted to approximately RMB62,133,000. The annual cap of the transactions under the Zhanjiang Water Supply Agreement for the year ended 31 December 2024 was RMB248,340,000 per the Company’s announcement dated 28 April 2023.

### (i) Yuehai Water Procurement Framework Agreement

On 10 November 2023, the Company and Guangdong Yuehai Water entered into a procurement framework agreement (the “Yuehai Water Procurement Framework Agreement”), pursuant to which the Group might from time to time purchase (including purchases through online platforms owned or operated by Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but excluding the members of the Group), as well as the connected subsidiary(ies) of the Company (collectively, the “Guangdong Holdings Group”)) various types of products (including but not limited to water purification products, office supplies, daily necessities, electrical appliances and furniture, food and beverages, and digital products) from the Guangdong Holdings Group for a term of three years commencing on 10 November 2023 to 9 November 2026.

During the year ended 31 December 2024, the total amount paid in accordance with the terms of the Yuehai Water Procurement Framework Agreement amounted to approximately RMB45,021,000. The annual cap of the transactions under the Yuehai Water Procurement Framework Agreement for the year ended 31 December 2024 was RMB50,000,000, per the Company’s announcement dated 10 November 2023.

### (j) Consortium Agreement and supplemental consortium agreement of Yangtze River Water Diversion Project

On 18 May 2019, the Company, Guangdong Yuehai Water, 江蘇中和永泰建設工程有限公司 (Jiangsu Chunghe Yongtai Construction Engineering Co., Ltd.) (“Jiangsu Chunghe Yongtai”), an independent third party, and China First Metallurgical Group Co. Ltd. (“CFMG”), an independent third party (together, the “Private Partners”) successfully bid for the Yangtze River Water Diversion Project. According to the relevant law, the Private Partners signed a consortium agreement on 7 January 2019, according to which, each of the Private Partners will be jointly and severally liable for the Yangtze River Water Diversion Project. As such, each of the Company and Guangdong Yuehai Water was contingently liable for the other’s liability, constituting the Company’s financial assistance to Guangdong Yuehai Water. After deducting the registered capital of approximately RMB231,132,300 injected by Xinghua City Investment into the joint venture company, a limited liability company to be established by the Private Partners and Xinghua City Investment in the PRC pursuant to the Joint Venture Agreement, the Company was likely to invest a maximum of approximately RMB2,528,656,700 in relation to the Yangtze River Water Diversion Project, inter alia, the Company would be liable in respect of the obligation of Guangdong Yuehai Water in the maximum amount of RMB400,169,405 (being 14.5% of the total investment of Guangdong Yuehai Water in the Yangtze River Water Diversion Project) (the “Financial Assistance”).

## TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### (j) Consortium Agreement and supplemental consortium agreement of Yangtze River Water Diversion Project *(continued)*

The Private Partners also signed a supplemental consortium agreement on 6 May 2019, pursuant to which, each of the Private Partners would inject the registered capital in the proportion of their equity interests at the same time whilst the Company and Guangdong Yuehai Water would be liable for not more than the balance of the total investment of the Yangtze River Water Diversion Project in the relevant proportion of their respective equity interests. It entails that the Company and Guangdong Yuehai Water would only undertake not more than the project financing and/or guarantee liability of the Yangtze River Water Diversion Project. Accordingly, taking into account the proportionate registered capital contributed by Jiangsu Chunghe Yongtai, CFMG and Guangdong Yuehai Water, which would be responsible for its proportionate registered capital as well as assuming the responsibility for the project financing and/or joint guarantees, the Company was likely to invest a maximum of RMB1,891,139,837.

During the year ended 31 December 2024, the amount of the Financial Assistance by the Company did not exceed the maximum amount of the Financial Assistance as mentioned in the announcement dated 20 May 2019.

The independent non-executive directors of the Company have reviewed the Transactions set out above and have unanimously confirmed that these Transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

Subsequent to the reporting period, on 1 April 2025, the Company entered into a leases framework agreement (the "Leases Framework Agreement") with Guangdong Yuehai Water in respect of the lease of properties and equipment by members of the Group (as lessor) to members of (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the Leases Framework Agreement, save for the connected subsidiary(ies) of the Company, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company (as lessee) for the period from 1 April 2025 to 31 December 2027 (both days inclusive). Before entering into any specific agreement under the Leases Framework Agreement, the relevant department or subsidiary performing leasing function is required to submit the proposed specific agreement (along with a detailed explanation and relevant supporting document (if any) on how the rent under the proposed specific agreement has been determined between the parties in accordance with the pricing policy as set out in the Leases Framework Agreement) to the relevant personnel of the legal and compliance, and finance department, the general counsel and chief compliance officer and company secretary of the Company for review, and then submit to the designated director of the Company for approval, to ensure that the rent has been determined by the parties in accordance with the pricing policy and that the terms are consistent with the principles and provisions as set out in the Leases Framework Agreement.

## MAJOR PROPERTIES HELD BY THE GROUP

### Details of Property, Plant and Equipment

Property	Lot No.	Use
Wharney Hotel 57-73 Lockhart Road and 84-88 Jaffe Road Wan Chai Hong Kong	Subsection 1 of Section E and Subsection 2 of Section D of Inland Lot No. 2819, Section F of Inland Lot No. 2818, the remaining portion of Inland Lot No. 2817, Section G of Inland Lot No. 2818 and the remaining portion of Section D of Inland Lot No. 2817	Hotel
Oasis Avenue-A GDH Hotel 18 Prat Avenue Tsimshatsui Kowloon Hong Kong	Kowloon Inland Lot Nos. 8340, 8342, 8550, 8748 and 8915	Hotel
Sheraton Guangzhou Hotel No. 208 Tianhe Road Tianhe District Guangzhou Guangdong Province PRC	N/A	Hotel
Guangdong Hotel (Shen Zhen) Shennan East Road Luohu District Shenzhen Guangdong Province PRC	N/A	Hotel
Guangdong Hotel (Zhu Hai) No. 1145 Yuehai Road East Gongbei, Zhuhai Guangdong Province PRC	N/A	Hotel
Holiday Inn Zhuhai City Center No. 39 Bailian Road Jida Xiangzhou District Zhuhai City Guangdong Province PRC	N/A	Hotel
GDH Energy Project Lands and various buildings and structures of Huang Pu Town Zhongshan City Guangdong Province PRC	N/A	Factory

## MAJOR PROPERTIES HELD BY THE GROUP

Property	Lot No.	Use
Nansha Water Distribution Facilities by the Southwest side of the interchange between Huanglan Expressway and Jingzhu Expressway, Huangge Town, Nansha District, Guangzhou City, Guangdong Province, PRC and No. 3 Gangang Road, Lanhe Town, Nansha District, Guangzhou City, Guangdong Province, PRC	N/A	Water distribution facilities
Qingxi Water Distribution Facilities by the side of Shangyuan Road Sanken Reservoir, by the side of Donghuan Road Qiyeshi Reservoir and No. 28 Qingxi Avenue Qingxi Town Dongguan Guangdong Province PRC	N/A	Water distribution facilities

## Details of Operating Concession Rights

Intangible Assets	Existing use
Water Supply Project's (from Dongguan to Shenzhen) land use rights, reservoirs and related buildings	Water Distribution
Toll Road Project's operating rights and related buildings	Toll Road

## Details of Investment Properties

Property	Interest in property attributable to the Group	Category of lease	Existing use
Teem Tower and Teemmall No. 208 Tianhe Road Tianhe District, Guangzhou Guangdong Province PRC	76.13%	Medium term	Commercial and shopping mall
Ground Floor, 1st Floor, 5th-10th Floors, Unit A and B2 of 11th Floor, 12th Floor, 16th Floor, Unit B on 19th Floor, Unit B on 20th Floor, Unit A on 22nd Floor, 23rd Floor, 25th-27th Floors, Unit B1 on 29th Floor and 30th Floor Guangdong Investment Tower 148 Connaught Road Central, Hong Kong	100%	Long term	Commercial

## MAJOR PROPERTIES HELD BY THE GROUP

Property	Interest in property attributable to the Group	Category of lease	Existing use
Tianjin Teem Shopping Mall No. 263 Heping Road Heping District Tianjin, PRC	76.02%	Medium term	Shopping mall
Panyu Teem Shopping Mall, No. 81 Wanhui 2 Road, No. 180 Wanbo 2 Road, Nancun Town, Panyu District, Guangzhou, Guangdong Province, PRC	31.06%	Medium term	Shopping mall
Guangzhou Comic City, The underground of No.1 Jixiang Road, Yuxiu District, Guangzhou City, Guangzhou Province, PRC	64.71%	Medium term	Shopping mall
Commercial portion of Northwestern Land, Northern Land and Southern Land of the Shenzhen GDH City 3008 Taibai Road, Luohu District, Shenzhen City, Guangdong, PRC^	73.82%	Medium term	Commercial

## Details of Properties held for sale Under Development^

Property	Interest in property attributable to the Group	Site area (sq. m.)	Gross floor area (sq. m.)	Existing use
Zhuhai Laurel House West of Jinhui Road and North of Jinhe East Road, Jinwan District, Zhuhai City, Guangdong, PRC	73.82%	66,090	167,278	Residential/ Commercial
Zhongshan GDH City Tsuihang New District, Zhongshan City, Guangdong, PRC	72.08%	98,811	247,028	Residential
Jiangmen GDH City (Land No. 4 and 5) East of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong, PRC	37.65%	133,764	270,569	Residential/ Business apartment/ Commercial

## MAJOR PROPERTIES HELD BY THE GROUP

Property	Interest in property attributable to the Group	Site area (sq. m.)	Gross floor area (sq. m.)	Existing use
Huizhou One Mansion Mamiao, Aotou, Dayawan District, Huizhou City, Guangdong, PRC	73.82%	30,698	92,094	Residential/ Business apartment/ Commercial
Guangzhou GDH Future City Core Area of Baiyun New Town, Baiyun District, Guangzhou City, Guangdong, PRC	73.82%	114,463	506,000	Residential/ Business apartment/ Commercial/ Offices
Foshan One Mansion West Side of Fenjiang Road, North Side of Lujing Road and East Side Luying West Street, Chancheng District, Foshan City, Guangdong, PRC	37.65%	40,642	118,122	Residential/ Commercial/ Offices

## Details of Completed Properties Held for Sale<sup>^</sup>

Property	Interest in property attributable to the Group	Gross floor area (sq. m.)	Existing use
Northwestern Land and Northern Land of the Shenzhen GDH City 3008 Taibai Road, Luohu District, Shenzhen, Guangdong, PRC	73.82%	275,209*	Business apartment/ Commercial/ Offices
Jiangmen One Mansion West of Fengxiang Road, Southeast of the intersection of Chenyuan Road and Longteng Road, Pengjiang District, Jiangmen City, Guangdong, PRC	73.82%	164,216	Residential/ Business apartment/ Commercial
Jiangmen GDH City (Land No. 3) East of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong, PRC	37.65%	122,331	Residential
Foshan Laurel House West of Wenhua Road, South of Liming Second Road, Chancheng District, Foshan City, Guangdong, PRC	73.82%	151,492	Residential

<sup>^</sup> Included in "Assets classified as held for distribution" on the face of the consolidated statement of financial position.

\* Represent the gross floor area of the entire project, including the commercial portion.



GUANGDONG INVESTMENT LIMITED  
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