上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 563

Achieving Solid Progress with PERSEVERANCE

ANNUAL REPORT 2023

Cozy Home

EXQUISITE LIFE

Shanghai Industrial Urban Development Group Limited ("SIUD") currently has 28 real estate projects in 10 major cities in China, mainly located at Shanghai, Beijing, Tianjin, Wuxi, Shenyang, Xi'an, Chongqing, Yantai, Wuhan and Shenzhen. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with approximately 3.48 million square meters future saleable areas and building a marvelous foundation for our long term development.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Haiping *(Chairman)*
Mr. Tang Jun *(President)*
Mr. Lou Jun
Mr. Ye Weiqi *(retired on 31 January 2024)*

Independent Non-Executive Directors

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony
Mr. Li Ka Fai, David, *M.H.*
Mr. Qiao Zhigang *(resigned on 5 January 2024)*

AUTHORIZED REPRESENTATIVES

Mr. Huang Haiping
Mr. Chan Kin Chu, Harry

BOARD COMMITTEES

Audit Committee

Mr. Li Ka Fai, David, *M.H. (Committee Chairman)*
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony

Remuneration Committee

Mr. Doo Wai-Hoi, William, *B.B.S., J.P. (Committee Chairman)*
Dr. Fan Ren Da, Anthony
Mr. Ye Weiqi *(retired on 31 January 2024)*

Nomination Committee

Mr. Huang Haiping *(Committee Chairman)*
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony

Investment Appraisal Committee

Dr. Fan Ren Da, Anthony *(Committee Chairman)*
Mr. Tang Jun
Mr. Qiao Zhigang *(resigned on 5 January 2024)*

COMPANY SECRETARY

Mr. Chan Kin Chu, Harry

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street,
Hamilton, HM11,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton, HM11,
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F, Henley Building,
No. 5 Queen's Road Central,
Hong Kong
Telephone: (852) 2544 8000
Facsimile: (852) 2544 8004

WEBSITE

http://www.siud.com

PRINCIPAL BANKERS

Shanghai Pudong Development Bank Company Limited
China Everbright Bank
Agricultural Bank of China Limited
China Construction Bank Corporation
The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited

AUDITOR

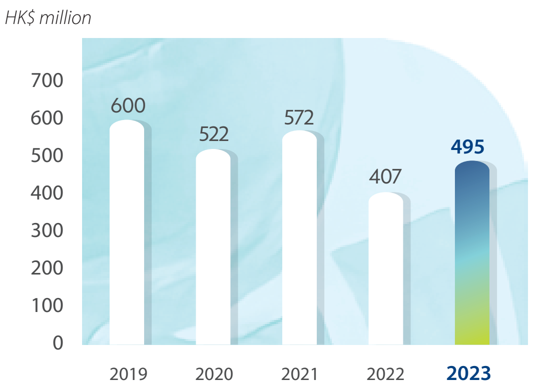
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F., One Pacific Place,
88 Queensway, Hong Kong

LISTING INFORMATION

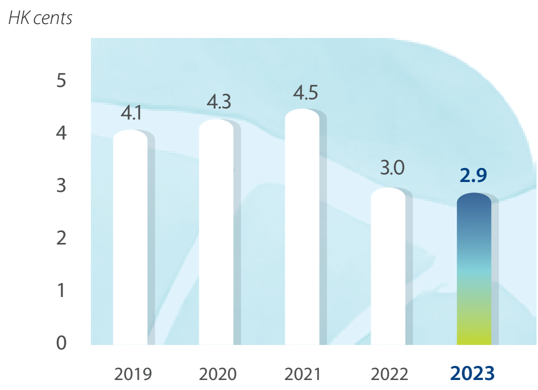
The Stock Exchange of Hong Kong Limited
Ordinary Shares
(Stock Code: 563)

FINANCIAL HIGHLIGHTS

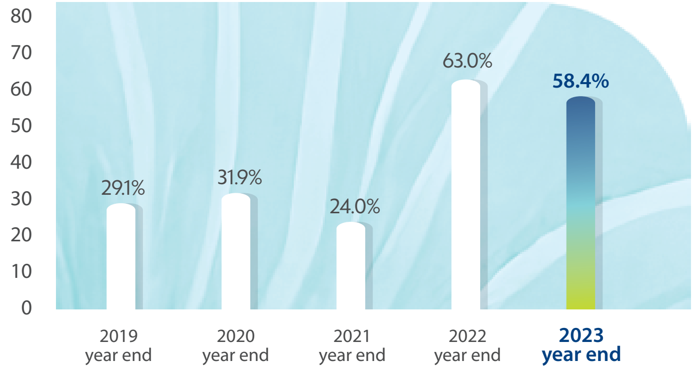
ATTRIBUTABLE PROFIT TO OWNERS



PROPOSED DIVIDEND/ DIVIDEND PAID

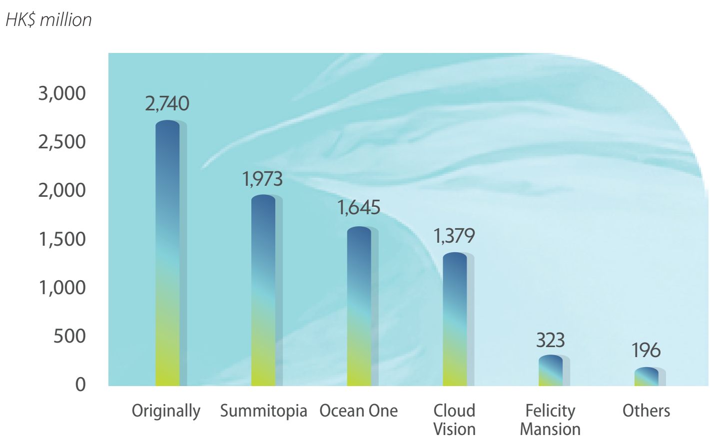


NET DEBT TO TOTAL EQUITY (%) (NOTE)

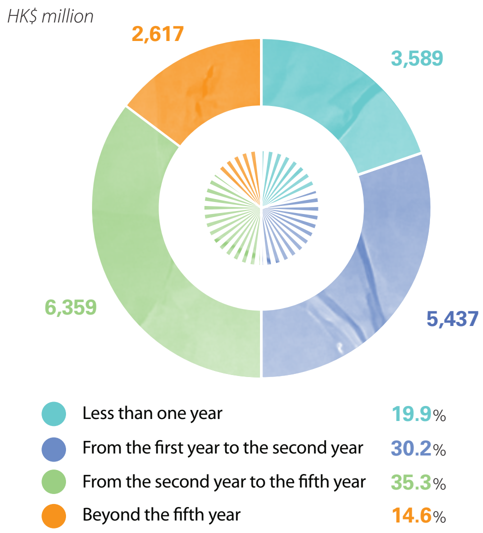


Note: Net debt = total borrowings (including bank borrowings and other borrowings) less bank balances and cash and restricted and pledged bank deposits.

ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES



DEBT MATURITY PROFILE



Delicate Craftsmanship

REFINED LIFESTYLE

Artist Impression
Originally, Xi'an

CHAIRMAN'S STATEMENT

During 2023, the world's economy was still limping along and constrained by lacklustre recovery. Growing geopolitical turmoil and military conflicts in multiple spots created new short-term risks for the global economy. Following the principle of "seeking progress while maintaining stability", China focused on expanding domestic demand and optimizing the economic structure in face of the lack of growth momentum in the global economy and weak external demand. After three years of pandemic control, the economy and society returned to full normalcy. China's economy continued to rebound and recorded a year-on-year growth of 5.2% in its annual gross domestic product (GDP). Relying on China's resilient economic growth, Shanghai Industrial Urban Development Group Limited ("SIUD" or the "Group") achieved steadily improving annual operating results by actively following the transformation and upgrading trend and the changes in market supply and demand in the property sector and by tapping the development opportunities presented by the national policy. During the year under review, the Group posted an overall contract sale of RMB8,229,000,000 and an overall revenue of HK$7,954,000,000. The Group realised earnings after tax of HK$491,000,000 and profit attributable to owners of HK$495,000,000, an increase of 21.6% over the same period in 2022. As a token of appreciation for the long-standing support of the shareholders, the Board proposed to distribute a dividend of 2.9 HK cents per share to share the results of our growth with our shareholders.

MR. HUANG HAIPING
Chairman

During the year under review, although the real estate industry was still in an adjustment cycle, positive policy signals were sent out both from the national and local levels. The narrowed decline in property investment and sales, together with the swifter year-on-year growth of the gross floor area completed, also indicated a rebound trend in the microeconomy. The policy of stabilising expectation, stabilising growth and promoting development gradually bore fruit. In view of the significant changes in the market demand-supply relationship, the central government played an active role in promoting the new model for property development. The policy environment was generally accommodative, with more than 1,000 optimisation made to the property-related policies in 2023. During the second half of the year, local governments, including those in the first- and second-tier cities, strengthened their support to the industry and released various targeted and substantial easing policies to help boost the confidence of both suppliers and consumers.

In 2023, after a careful assessment of the situation, the Group adapted to market changes and the gradual relaxation in both supply- and demand-side policies by optimising our project development and launch progress with our outstanding comprehensive operational capability, thereby contributing to the stable development of our corporate operations. During the year, the continual delivery of the flagship projects, namely Originally in Xi'an and Jade Villa in Shanghai, and principal projects for sale, namely Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai, contributed good sales results and brought in stable revenue and profits for the Group.

As for investment properties, with the economy and society returned to normalcy, and the active efforts of the central and local governments in stabilising employment, expanding domestic demand and promoting consumption, the consumer market gradually resumed. The demand in the leasing market recovered and the Group's rental income restored to the pre-pandemic levels. The contribution of overall rental income increased significantly by 42.8% year-on-year to HK$773,000,000.

The Group persisted in adopting a prudent capital management policy and developing diversified financing channels to lower the borrowing costs. During the year, our net debt to total equity went down year-on-year to 58.4%, and our overall financial performance was stable. During the second half of 2023, the Group completed the issuance of the second tranche domestic corporate bonds in Mainland China in an aggregate principal amount of RMB1,800 million with a term of three years at a coupon rate of 3.5%. The low financing costs further demonstrated the strong comprehensive and financial strengths of the Group with the support of our substantial shareholder.

Looking back to 2023, most property developers were on the prudent and conservative side in terms of investment amidst the lukewarm land market in China. With a cautiously open-minded attitude, the Group also kept an eye on opportunities of enriching our premium land reserve depending on the market conditions while maintaining sufficient land bank for development.

In light of the market challenges, the Group upheld our position as a "city-industry integrated developer in core cities" with a view to providing high-end products for urban development and creating quality life for the society. By virtue of our high-quality residential and commercial projects and strong brand competitiveness, the Group garnered several accolades and gained high market recognition in 2023. In March 2023, the Group received the title of one of the "2023 Top 100 China Real Estate Developers in terms of Comprehensive Strength", "2023 Top 50 China State-owned Real Estate Developers in terms of Comprehensive Strength" and "2023 Top 10 China Real Estate Developers in terms of Social Responsibility" published jointly by the China Real Estate Association and Shanghai Yiju Real Estate Research Institute. In particular, Originally in Xi'an and Originally • 江月, both being SIUD's projects, received the awards of "2023 Urban Renewal Best Practice Projects" and "2023 Typical Projects of China Real Estate Developers", respectively. In May 2023, SIUD was named as one of the "Top 50 Companies in terms of Comprehensive Strength" and "Top Five Companies in terms of Risk Control" in the "Appraisal Results Conference of Listed Real Estate Companies 2023". In the "Appraisal Results of the Brand Value of Real Estate Enterprises for 2023" published in September, SIUD was named as one of the "2023 Top 50 Real Estate Enterprises in terms of Brand Value" and "2023 Top 10 Real Estate Enterprises in terms of Brand Value Growth". Ocean One, a project of SIUD, also gained the award of "Outstanding Real Estate Branding Project for 2023".

Looking ahead to 2024, the Central Economic Work Conference proposed to create a new development model for real estates and facilitate the stable and robust development of the property market. The optimization and implementation of both the supply- and demand-side property policies, and the continual effect of financial policy tools, including the "16 financial measures" and "three arrows" for property sector financing, are expected to drive property-related investments and support the rigid and upgrading housing demand of residents more effectively. The quickened pace of the "Three Major Projects", namely the development of affordable housing, construction of "dual emergency and normal use" public infrastructure and renovation of urban villages, will also create more market opportunities for real estate developers in a period of industrial transformation. The effective easing policies that have been implemented since the second half of last year are expected to continue in the year ahead. These policies will help to rebuild confidence in, and contribute to the gradual bottoming out of, the property market. In view of the complicated market environment and difficult development conditions, the Group will join hands to overcome the hardship by capturing the development opportunities presented by industrial transformation and by consolidating our strengths in the metropolitan areas in Shanghai as well as other first- and second-tier core cities to achieve high-quality development in urban areas. In future, the Group will close monitor market developments as well as development opportunities in the urban renewal sector in key metropolitan cities. We will also replenish our premium land bank in a timely manner to further solidify our foundation for long-term and stable development.

SIUD will uphold our strategic position as "a city-industry integrated developer in core cities" and strive ahead despite all difficulties in the new era of industrial transformation by seeking progress while maintaining stability. Under the directive of the national policy of high-quality development, we will put in every effort to build up our innovative operational and management capability and achieve digital and intelligent planning in our projects in a bid to create a better urban living environment and sustain the momentum of steady and sound development. Finally, on behalf of the Board, I would like to pay tribute to all of our employees for braving the wind and billows with us, and express my sincere gratitude to all of our shareholders, customers and business partners for their unfading trust and support.

Huang Haiping
Chairman

19 March 2024

Note: The data on the gross domestic product and properties of China for 2023 is gathered from the information published by the National Bureau of Statistics on 17 January 2024.

Royal Masterpiece for

BLISSFUL FUTURE

TODTOWN

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

Various economic indicators rebounded in 2023, which was the first year since the economy and society of China returned to full normalcy after three years of pandemic. China's economy demonstrated its strong resilience against the backdrop of sluggish global growth and intensifying geopolitical tensions. As an important pillar of the national economy, the real estate sector is still undergoing deep adjustment and is expected to bottom out and improve following the main themes of "pillar stabilisation", "demand stimulation" and "risk prevention" throughout the year. According to the data from the National Bureau of Statistics, property development and investment, gross floor area sold for commodity housing and sales decreased year-on-year by 9.6%, 8.5% and 6.5%, respectively, in China in 2023. Despite continuous drop in property development and investment and various sales indicators, the drop was narrower than that in the previous year, the sales of new and second-hand housing were rising moderately, and the gross floor area completed also posted a swifter year-on-year growth. During the year, in response to the drastic changes in the demand-supply relationship in the property market, the central and local governments created an increasingly accommodative policy environment for both the supply and demand sides. The implementation of a series of key policies for supporting the rigid and upgrading housing demand of residents, such as "recognising homebuyers who have repaid their mortgages as first-time buyers", "lifting restrictions on both home purchases and sales" and "lowering down payment and mortgage rates", together with the ever increasing backing of the financial policy tools, are expected to relieve the liquidity pressure of premium property developers, stimulate property-related investments and give a boost to consumer confidence. The overall accommodate policy environment is likely to continue in 2024.

BUSINESS REVIEW

Overview

In 2023, the Group proactively adapted to market changes in face of the adjustment pressure in the property market and subdued consumer confidence. By virtue of our forward-looking strategic plan, shrewd insightfulness and excellent capability of getting things done, the Group succeeded in overcoming the impact of the macro environment. During the year, the Group achieved a resilient growth in operating results through adjusting our project development and launch progress, and making use of market opportunities to deliver more high-end projects in the second half of the year. The consistent strong sales of important flagship projects, including Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai, brought in stable revenue and profit for SIUD. During the year, through the strategic plan of focusing in Shanghai while expanding to first- and second-tier core cities, the Group increased our high-quality land reserve at opportune times, upheld the policy of placing dual focus on leasing and sale, and continued to develop our investment property business to further facilitate diversified development.

Contract Sales

During the year ended 31 December 2023, the Group's contract sales from both commodity housing and affordable housing went up 4% year-on-year to RMB8,228,570,000 (2022: RMB7,908,440,000). Total contract sales in terms of G.F.A. were 270,000 sq.m., while the total average selling price rose 94.4% to approximately RMB30,500 per sq.m. This was mainly attributable to higher proportion of commodity housing sold during the year.

The contract sales from commodity housing of the Group increased by 71.1% year-on-year to RMB8,059,820,000 (2022: RMB4,711,840,000). The contract sales in terms of G.F.A. were 257,000 sq.m. up 3.6% year-on-year. The average selling price of commodity housing rose year-on-year by 65.3% to approximately RMB31,400 per sq.m. mainly due to the higher proportion of sales in first- and second-tier cities. During the year, Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai were the Group's principal projects for sale, which accounted for approximately 29.9%, 22.5%, 16.0% and 14.6% respectively of the total contract sales for the year.

The contract sales of affordable housing decreased 94.7% year-on-year to RMB168,750,000, whereas the contract sales in terms of G.F.A. were 13,000 sq.m., mainly attributable to Shangtou Baoxu in Shanghai.

Land Bank

As at 31 December 2023, the Group's land bank was developed into 28 property projects located in 10 major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Wuxi, Shenyang, Yantai, Shenzhen and Wuhan, and comprised medium to high class residential and commercial properties, most of which were completed or still under development. The Group has a land bank with a future saleable planned G.F.A. of approximately 3,482,000 sq.m. to support its development for the next 3 to 5 years.

In 2023, the transaction scale of the national land market recorded a year-on-year decrease due to the continuous consolidation of the real estate market. Most property developers remained prudent in their land investment strategy and turned their focus to the high-quality land in first- and second-tier cities. Being cautiously open-minded on land acquisition, the Group persisted in the strategy of focusing on the metropolitan areas in Shanghai as well as other first- and second-tier core cities. The Group kept an eye on opportunities of enriching our premium land bank based on our development needs and the process of market revival while maintaining sufficient land bank for development.

Property Development

During the year ended 31 December 2023, the Group had 12 projects with a total G.F.A. of 2,499,000 sq.m. under construction, which primarily included Originally in Xi'an, TODTOWN and Ocean Times in Shanghai, and Felicity Mansion in Yantai. The floor space started of the Group was 184,000 sq.m., which mainly came from Ocean Times in Shanghai. The Group delivered a total G.F.A. of 191,000 sq.m., which mainly comprised Originally in Xi'an, Jade Villa and Urban Cradle in Shanghai, and West Diaoyutai • Emperor Seal in Beijing.

Taking advantage of the expedited implementation of supportive policies in the property sector, the Group launched several residential projects for sale in a timely manner in response to the market, leading to stable transaction volume and prices. Our projects, namely Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai, were highly sought after by the market and posted good presales performance. In particular, Originally in Xi'an recorded remarkable sales and became the largest sales contributor for the Group.

Investment Properties

During the year ended 31 December 2023, the Group had a number of completed commercial projects in seven major developed cities, namely Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 1,126,000 sq.m. During the year, the overall rental income of the Group increased 42.8% year-on-year to HK$773,021,000 (2022: HK$541,497,000), which was mainly attributable to rental income having recovered to pre-pandemic level as a result of the complete easing of pandemic control measures.

By upholding the policy of placing dual focus on leasing and sale, the Group achieved steady progress in the residential leasing operation. Our long-term rental apartment projects, namely Utime Xinzhuang and Utime XuHui in Shanghai, were completed and have been bringing steady rental income for the Group. Cheng Kai Chuanxinqu in Shanghai, which has a G.F.A. of 118,458 sq.m., will be completed in 2024 and contribute stable rental income for the Group in future.

Enhancing the Quality and Efficiency of Digital Infrastructure

In line with the "14th Five-Year Plan" for the development of state-owned assets and enterprises in Shanghai and to accelerate the digital transformation of state-owned enterprises, the Group has been working with Ming Yuan Cloud on the basis of its existing digital infrastructure since 2021 to conduct the "Three-Year Three-Phase" programme: Phase I is to consolidate the foundation for data and ensure data timeliness, accuracy and integrity; Phase II is to continuously refine the pillar system and preserve system interconnectivity; Phase III is to achieve online data operation and empower business operations by supporting leadership decision-making with data. Following the successful completion of Phase I digital infrastructure in 2022, the Group held a project initiation meeting for Phase II in February 2023. In future, the Group will keep on promoting the relevant development to facilitate our quality and diversified development through digital enablement.

Repurchase of Shares

During the year ended 31 December 2023, the Group made 4 share repurchases and a total of 2,894,000 shares were repurchased, of which 1,194,000 shares were cancelled before year end, at an aggregate purchase price of HK$1,321,960. The number of repurchased shares accounted for 0.06% of the total issued shares of the Company.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2023, the Group's revenue decreased by 27.8% year-on-year to HK$7,953,596,000 (2022: HK$11,022,496,000), chiefly due to fewer properties completed and delivered to customers during the year. During the year, property sales remained as the Group's main source of revenue and amounted to HK$6,870,636,000 (2022: HK$10,275,286,000), accounting for 86.4% (2022: 93.2%) of the Group's total revenue. The revenue contribution from Originally in Xi'an, Jade Villa and Urban Cradle in Shanghai, and West Diaoyutai • Emperor Seal in Beijing accounted for 69.3%, 12.0%, 6.3% and 3.7% of property sales, respectively.

Revenue from leasing, property management and hotel operations continued to provide stable revenue sources for the Group, contributing HK$773,021,000, HK$10,267,000 and HK$299,672,000 (2022: HK$541,497,000, HK$2,441,000 and HK$203,272,000) respectively and accounting for 9.7%, 0.1% and 3.8% (2022: 4.9%, 0.0% and 1.9%) of the total revenue, respectively.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2023, the Group's gross profit amounted to HK$3,325,390,000, representing an increase of 11.9% as compared to that in 2022. The gross profit margin was 41.8%, up by 14.9 percentage points year-on-year. This was mainly attributable to the higher proportion and higher gross profit margin of commodity housing projects delivered during the year.

Investment Property Revaluation

During the year ended 31 December 2023, the Group recorded a net loss on revaluation of investment properties of HK$39,830,000, which was mainly attributable to the net impact of decrease in fair values of Shenyang U Center, Laochengxiang in Tianjin and ShanghaiMart.

Distribution and Selling Expenses

During the year ended 31 December 2023, the Group's distribution and selling expenses increased slightly by 7.1% year-on-year to HK$217,863,000 (2022: HK$203,355,000), which was mainly attributable to the need for increasing sales effort during the year.

General and Administrative Expenses

During the year ended 31 December 2023, the Group's general and administrative expenses decreased by 2.5% year-on-year to HK$402,201,000 (2022: HK$412,633,000). This was mainly attributable to the continual stringent implementation of effective cost control measures during the year.

Other Expenses, Gains and Losses, Net

During the year ended 31 December 2023, the Group recorded a net loss of approximately HK$223,018,000 in other expenses, gains and losses (2022: net loss of HK$156,171,000) primarily due to share of impairment of investments in associates and foreign exchange losses on foreign currency denominated bank and other borrowings arising from the depreciation of RMB against HKD during the year.

Profit

During the year ended 31 December 2023, the Group's profit increased by 60.9% year-on-year to HK$490,713,000 (2022: HK$305,001,000). Profit attributable to owners of the Company was approximately HK$494,570,000 (2022: HK$406,823,000), representing a year-on-year increase of 21.6%. The basic earnings per share amounted to 10.32 HK cents (2022: 8.47 HK cents).

Liquidity and Capital Resources

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

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

As at 31 December 2023, bank balances and cash of the Group were HK$5,985,911,000 (31 December 2022: HK$4,477,602,000). The net debt to total equity of the Group (net debt (total bank and other borrowings less bank balances and cash and restricted and pledged bank deposits) to total equity) decreased from 63.0% as at the end of last year to 58.4%. Current ratio was 1.4 times (31 December 2022: 1.1 times).

As at 31 December 2023, the total borrowings of the Group, including bank borrowings and other borrowings amounted to approximately HK$18,002,416,000 (31 December 2022: HK$17,658,754,000), among which HK$1,068,454,000 (31 December 2022: HK$2,083,000,000) was the shareholder's borrowings from Shanghai Industrial Holdings Limited. The Group will continue to optimise the HKD denominated borrowings based on our business needs.

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

Foreign Exchange Risks

During the year, most of the Group's revenue and operating costs were denominated in Renminbi. Except for the bank deposits and borrowings denominated in foreign currencies of certain companies under the Group, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations as at 31 December 2023. However, the Group will adopt necessary measures whenever appropriate to minimise the impact arising from exchange rate fluctuations.

Distribution of Dividends

In return for shareholders' unwavering support over the years, the Board resolved through discussion to propose a final dividend of 2.1 HK cents per share in cash and a special dividend of 0.8 HK cents per share in cash (2022: final dividend of 2.1 HK cents and special cash dividend of 0.9 HK cents).

Contingent Liabilities

Details of contingent liabilities are set out in note 43(b) to the consolidated financial statements.

Charge on Group's Assets

As at 31 December 2023, certain bank deposits of approximately HK$32,899,000 (31 December 2022: HK$32,486,000) were pledged to banks to secure mortgage loans granted by banks to the buyers of presale properties. These pledged deposits may be released upon the transfer of the property title certificates to respective buyers.

As at 31 December 2023, certain properties under development for sale and properties held-for-sale, certain investment properties, certain hotel buildings and the relevant right-of-use assets of the Group, with total carrying amounts of approximately HK$13,054,118,000, HK$9,917,090,000 and HK$629,392,000 (31 December 2022: certain properties under development for sale and properties held-for-sale, certain investment properties, certain hotel buildings and the relevant right-of-use assets, and bank deposits with total carrying amounts of approximately HK$7,080,062,000, HK$9,933,656,000, HK$537,454,000 and HK$4,960,000) respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in note 33 to the consolidated financial statements.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 762 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employees. The emoluments of the directors of the Company (the "**Directors**") are determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

During the year ended 31 December 2023, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

OUTLOOK

From the macroeconomic perspective, the Central Economic Work Conference called for "continued efforts to pursue progress while ensuring stability, facilitate stability through progress, and prioritise development before addressing problems" in 2024. As for real estates, the Conference vowed to properly alleviate the industrial risks by asking financial institutions to satisfy the reasonable funding needs of different property developers regardless of ownership structure and facilitating the stable and robust development of the property market. The Conference also proposed to accelerate the "Three Major Projects", namely the development of affordable housing, active and progressive construction of "dual emergency and normal use" public infrastructure and renovation of urban villages, and refine the relevant fundamental systems to step up in creating a new property development model. At the end of January, the People's Bank of China further widened the uses for commercial property lending in order to support premium property developers in revitalising their existing assets and expanding the use of funding. Looking ahead to 2024, consolidation of the real estate sector will continue under a further relaxed policy environment. The market is expected to see another transient small rebound in the first quarter of the year and begin its revival with the continual restoration of consumer confidence.

Looking ahead, the Group will proactively adopt a policy-oriented approach and remain steadfast in pursuing progress while maintaining stability. The Group will keep on increasing its premium land bank in a timely manner with a focus on Shanghai while expanding to the Yangtze River Delta and other first- and second-tier core cities. Relying upon our niche real estate projects, robust operational management and strengths as a state-owned company brand, we will cooperate with local governments in facilitating the stable and healthy development of the real estate market. Meanwhile, the Group will also continue to promote innovative business development and digital infrastructure, and keep an eye on the development opportunities under adverse situations in a period of industrial adjustment as well as opportunities for urban renewal and renovation, so as to create high premium and diversified value returns for the shareholders.

INVESTOR FAQ

Q IN 2023, THE SALES OF NEW HOUSING REMAINED UNDER PRESSURE WHILE THE REAL ESTATE INDUSTRY IN THE PRC CONTINUED TO CONSOLIDATE. THE OVERALL PROPERTY MARKET SCALE IS EXPECTED TO DECLINE FURTHER IN 2024. HOW WILL THE COMPANY RESPOND TO IT?

A The Group will remain steadfast and pragmatic in pursuing progress while maintaining stability and proactively support the policy of the "Three Major Projects". With a continuous focus on Shanghai while expanding to the Yangtze River Delta and other first- and second-tier core cities, the Group will promote the concurrent development of commodity and affordable housing in core cities and participate in the development of urban village renovation projects in a timely manner, so as to fully leverage on the opportunities presented by continual market consolidation. By virtue of our excellent comprehensive strengths, flexibility and strong resilience, the Group achieved steady performance in all operational indicators during the year. We also saw smooth project delivery and good presales results across our projects. During the year ended 31 December 2023, the contract sales of the commodity and affordable housing of the Group increased by 4% year-on-year to RMB8,228,570,000, laying a solid foundation for our steady development in 2024.

Q THE MINISTRY OF HOUSING AND URBAN-RURAL DEVELOPMENT REPEATEDLY STRESSED THE NEED TO ACCELERATE THE "THREE MAJOR PROJECTS", NAMELY THE PLANNING AND CONSTRUCTION OF AFFORDABLE HOUSING, RENOVATION OF URBAN VILLAGES AND CONSTRUCTION OF "DUAL EMERGENCY AND NORMAL USE" PUBLIC INFRASTRUCTURE, IN THE PREVIOUS YEAR. WILL THE COMPANY MAKE ANY PLANS AND INVESTMENT IN RELATION TO THE "THREE MAJOR PROJECTS" IN THE FUTURE?

A The Group has always been closely following the government policies and taking part in the construction of a number of affordable housing projects. Ever since the issuance of the Implementation Opinions on Accelerating the Development of Affordable Rental Housing (《加快發展保租房的實施意見》) by the Shanghai government in 2021, the Group has been actively developing the residential leasing operation, which has entered a harvesting phase and will continue to contribute stable rental income for the Group. Subsequent to the opening of our affordable rental housing project, Jinxiang Project in Shanghai (Utime XuHui) in 2022, which became one of the first affordable rental housing community projects in Shanghai, and the completion of Shanghai Shenzhicheng in the first half of 2023 helping young people realise their dream of having a comfortable home, Shanghai Chenglong is also under orderly development and will be completed in 2024. The three projects above offer a total G.F.A. of 289,264 sq.m. The first two affordable rental housing projects above have been delivered and open for operation, and posted outstanding results with occupancy rates as high as 100%.

The Group also plans to undertake urban village renovation projects in the future. We will make announcements in a timely manner if such plans materialise.

Q WHY DIDN'T THE COMPANY PARTICIPATE IN ANY LAND ACQUISITION PROJECTS IN 2023? WILL THE COMPANY TAKE AN ACTIVE ROLE IN REPLENISHING ITS LAND BANK IN 2024?

A The Group has been committed to satisfying the residential and commercial development needs of mainstream urban dwellers, reforming urban living style and promoting comprehensive urban development with the vision of developing high-quality property projects. In 2023, in view of market changes, the Group critically assessed the situation and actively responded by prioritising the "delivery of housing projects" and ensuring our project development and introduction progress to contribute to the affordable housing system, support rigid and improving housing demands, and seize the development opportunities presented by the national policies.

As at 31 December 2023, the Group's land bank was developed into 28 property projects located in 10 major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Wuxi, Shenyang, Yantai, Shenzhen and Wuhan. The Group has a land bank with a future saleable planned G.F.A. of approximately 3,482,000 sq.m. to support its development for the next 3 to 5 years. In 2024, the Group will replenish our premium land reserve at opportune times via different market channels after taking into consideration of our financial conditions and development plans.

Q THE NET DEBT TO TOTAL EQUITY OF THE COMPANY REACHED 58.4% IN 2023. WILL THE COMPANY SET ANY TARGET TO LOWER THIS RATIO IN THE FUTURE? DOES THE COMPANY HAVE ANY PLAN TO ISSUE DOMESTIC CORPORATE BONDS IN 2024 TO INCREASE ITS CAPITAL?

A The Group manages its capital prudently to ensure that entities within the Group will be able to operate on a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. In 2023, the Group succeeded in issuing the 2023 second tranche domestic corporate bonds in an aggregate principal amount of RMB1,800,000,000 with a term of three years at a coupon rate of 3.5%. The proceeds were used for the repayment of the 2020 second tranche domestic corporate bonds.

As at 31 December 2023, bank balances and cash of the Group amounted to HK$5,985,911,000. Meanwhile, through debt structure optimisation, the net debt to total equity of the Group decreased by 4.6 percentage points from 63.0% as at the end of last year to 58.4% as at the end of the period. Our current ratio was 1.4 times. The Group currently maintains sound financial position and sufficient cash balance. The management believes that the Group's financial resources and future revenue will be sufficient to support the capital requirements for our daily operations and future expansion. In the future, taking into account our financial and development needs, the Group will adopt different solutions that are beneficial to the long-term and healthy development of the Company in a timely manner to create the best value return for the shareholders.

Q THE COMPANY HAS ONLY ACQUIRED 28.5% EQUITY INTERESTS IN ORIGINALLY, XI'AN SINCE 2022. AS THE EXPECTATIONS FOR RATE CUT INCREASE, DOES THE COMPANY HAVE ANY PROJECT ACQUISITION PLAN IN 2024 TO STIMULATE ITS BUSINESS GROWTH?

A The Group will critically assess the situation and actively respond to market changes by ensuring our project development and introduction progress to satisfy rigid and improving housing demands and seize the opportunities presented by the national policies. The Group has been monitoring different projects in the market. To strengthen the business development of the Company and create the best value return for the shareholders, we will adopt solutions that are beneficial to the long-term and healthy development of the Company in a timely manner.

Q AS COMPARED TO THE 16 SHARE REPURCHASES MADE IN 2022, THE SHARE REPURCHASES CONDUCTED BY THE COMPANY WERE SIGNIFICANTLY FEWER AMID THE STOCK MARKET FLUCTUATIONS LAST YEAR. WILL THE COMPANY CONSIDER REPURCHASING MORE SHARES IN 2024?

A The Group has been monitoring the changes in the capital market and striving to maximise the shareholders' return. The Group has been adopting solutions that are beneficial to the shareholders as well as the long-term development of the Company in a timely manner through regular reviewing our financial conditions and development plans. Therefore, in response to market fluctuations, the Group conducted share repurchases in a timely manner to maximise the return of all the stakeholders. As a token of appreciation for the long-standing support of the shareholders, SIUD proposed the payment of a final dividend of 2.1 HK cents per share in cash and a special dividend of 0.8 HK cents per share in cash for the year ended 31 December 2023.

Q CURRENTLY, THE COMPANY'S PROJECTS ARE MAINLY SITUATED IN 10 CITIES IN THE PRC. WILL THE COMPANY CONSIDER VENTURING INTO THE OTHER CITIES IN ITS FUTURE BUSINESS EXPANSION? WILL THE SOUTH CHINA REGION BE TAKEN INTO CONSIDERATION?

A Ever since our establishment, the Group has been focusing on Shanghai while expanding to the Yangtze River Delta and other first- and second-tier cities in order to create more room and opportunities for our development. Looking ahead, the Group will stay true to our aspiration and dedicate our efforts to the markets of our existing projects. We aim at achieving greater synergy with our abundant experience and resources. We will conduct reviews from time to time to increase our premium land bank in a steadily progressive manner while maintaining a prudent approach in exploring investment projects.

DETAILS OF PROPERTIES — LAND BANK

Artist Impression — Ocean One

As at 31 December 2023

Project	City	Site area (sq.m.)	Planned G.F.A. (sq.m.)	Saleable G.F.A. (sq.m.)	2023 pre-sold G.F.A. (sq.m.)	Accumulated G.F.A. sold (sq.m.)	Future saleable G.F.A. (sq.m.)	G.F.A. under construction (sq.m.)	G.F.A. for future development (sq.m.)	Expected Completion Date	Ownership (%)
Urban Cradle	Shanghai	943,000	1,226,298	909,054	10,554	822,103	86,951	–	–	Completed	53.1%
Shanghai Youth City	Shanghai	57,944	212,130	166,261	–	139,840	26,421	–	–	Completed	100.0%
Shanghai Jing City	Shanghai	301,908	772,885	609,488	1,396	601,277	8,211	–	–	Completed	59.0%
TODTOWN	Shanghai	117,825	605,000	385,300	–	77,673	307,627	220,991	107,904	Complete by phase from 2020 to 2024	20.7%
Contemporary Art Villa • Jade Villa	Shanghai	116,308	80,777	80,777	329	80,777	–	–	–	Completed	100.0%
Contemporary Splendour Villa • Courtyard Villa	Shanghai	120,512	191,636	68,404	281	67,286	1,118	–	–	Completed	100.0%
Shangtou Xinhong • Uplaza Xinhonghui	Shanghai	89,432	289,271	227,218	–	150,294	76,924	76,924	–	Complete by phase from 2021 to 2024	90.0%
Shangtou Baoxu	Shanghai	118,880	306,167	234,653	11,977	228,337	6,316	–	–	Completed	71.3%
Chenghang Project • Uplaza Meilong Lane	Shanghai	20,572	60,195	60,195	3,390	7,331	52,864	–	–	Completed	80.0%
Jinxiang Project • Utime XuHui	Shanghai	17,161	44,927	44,927	–	–	44,927	–	–	Completed	59.0%
Shenzhicheng Project • Utime Xinzhuang	Shanghai	47,435	125,879	125,879	–	–	125,879	–	–	Completed	29.5%
Chenglong Project • Cheng Kai Chuanxinqu	Shanghai	47,383	118,458	118,458	–	–	118,458	118,458	–	Complete in 2024	59.0%
Guilin Road Aerospace Project	Shanghai	91,160	590,165	590,165	–	–	590,165	590,165	–	Complete by phase from 2025 to 2026	21.2%
Qingpu Project • Cloud Vision	Shanghai	30,052	65,085	41,938	26,512	36,681	5,257	41,938	–	Complete in 2024	59.0%
Ocean One	Shanghai	41,961	156,533	97,422	41,039	60,305	37,117	97,422	–	Complete in 2024	47.2%
Ocean Times	Shanghai	119,545	439,971	251,786	2,483	2,483	249,303	190,060	61,726	Complete by phase from 2025 to 2026	80.0%
Youngman Point	Beijing	112,700	348,664	295,114	–	258,814	36,300	–	–	Completed	100.0%
West Diaoyutai • Emperor Seal	Beijing	42,541	250,930	228,070	1,324	220,503	7,567	–	–	Completed	97.5%
Laochengxiang	Tianjin	244,252	752,883	613,357	–	582,737	30,620	–	–	Completed	100.0%
Summitopia	Tianjin	42,146	122,200	122,200	48,869	55,858	66,342	122,200	–	Complete in 2024	100.0%
Urban Development Int'l Center	Wuxi	24,041	193,368	144,581	–	41,900	102,681	–	–	Completed	59.0%
Originally	Xi'an	2,101,967	3,899,867	3,202,324	81,640	2,780,871	421,453	110,340	236,268	Complete by phase from 2008 to 2025	100.0%
Qiyuan	Xi'an	51,208	102,418	102,418	2,311	2,499	99,919	102,418	–	Complete by phase from 2024 to 2025	100.0%
Shenyang U Center	Shenyang	22,651	228,768	175,377	–	71,660	103,717	–	–	Completed	100.0%
Top City	Chongqing	120,014	786,233	729,785	–	376,424	353,361	–	–	Completed	100.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	–	78,343	1,048	–	–	Completed	91.0%
Felicity Mansion	Yantai	77,681	159,100	154,300	32,077	44,758	109,542	154,300	–	Complete by phase from 2022 to 2024	100.0%
Xiang Kai Chang Long	Wuhan	257,600	452,000	437,053	14,082	25,000	412,053	130,581	306,472	Complete by phase from 2024 to 2027	28.9%
Total		**5,388,917**	**12,687,998**	**10,295,895**	**278,264**	**6,813,754**	**3,482,141**	**1,955,797**	**712,370**		

Artist Impression — Jinxiang Project • Utime XuHui

MAJOR INVESTMENT PROPERTIES

Project	City	Property Category	Lease Term	Planned G.F.A. (sq.m.)
Shanghai Youth City	Shanghai	Commercial[5]	Medium-term lease	17,665[1]
Block A of Urban Cradle	Shanghai	Commercial[5], office	Medium-term lease	57,286[1]
Top City	Chongqing	Commercial[5], office, parking lot	Medium-term lease	317,405[1]
China Phoenix Tower	Shenzhen	Office	Medium-term lease	1,048[1]
Youngman Point	Beijing	Commercial[5]	Medium-term lease	19,768[1]
Originally	Xi'an	Commercial[5]	Medium-term lease	31,319[1]
Shenyang U Center	Shenyang	Commercial[5], office	Medium-term lease	98,706[1]
ShanghaiMart[2]	Shanghai	Exhibition hall, stores and mart, office and parking lot	Medium-term lease	284,651
Urban Development Int'l Tower[3]	Shanghai	Office and parking lot	Medium-term lease	45,239
YOYO Tower[4]	Shanghai	Commercial[5]	Medium-term lease	13,839
Utime XuHui	Shanghai	Commercial and affordable rental housing	Medium-term lease	44,927[1]
Utime Xinzhuang	Shanghai	Commercial and affordable rental housing	Medium-term lease	125,879
Others	Shanghai and Tianjin	Commercial[5], office and parking lot	Medium-term lease	68,095
Total				**1,125,827**

Notes:
1. Included in Page 20 of this annual report.
2. Address: Yan'an West Road No. 2299 of Changning District, Shanghai
3. Address: Hongqiao Road No. 355 of Xuhui District, Shanghai
4. Address: Tianyaoqiao Road No.123 of Xuhui District, Shanghai
5. Mainly includes shopping malls

INTRODUCTION OF KEY PROJECTS IN CHINA

SHENYANG
- Shenyang • U Center

BEIJING
- Youngman Point
- West Diaoyutai • Emperor Seal

TIANJIN
- Laochengxiang
- Summitopia

WUXI
- Urban Development International Center

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

SHENZHEN
- China Phoenix Tower

CHONGQING
- Top City

XI'AN
- Originally
- Qiyuan

YANTAI
- Felicity Mansion

WUHAN
- Xiang Kai Chang Long

SHANGHAI
URBAN CRADLE

Address:
588 Gulong Road,
Minhang District, Shanghai

Category:
Residence/
Commerce

Feature:

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

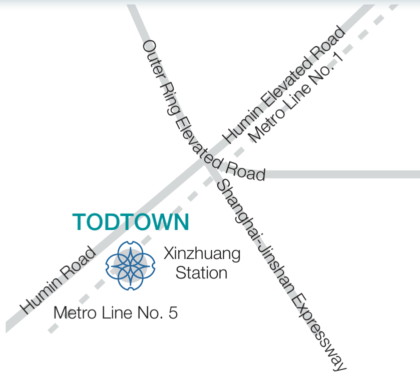
INTRODUCTION OF KEY PROJECTS IN CHINA

SHANGHAI
TODTOWN

Address:
Xinzhuang Town,
Minhang District, Shanghai

Category:
Residence/
Commerce/Hotel/
Office/Apartment office


Artist Impression



Feature:

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

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

SHANGHAI
CONTEMPORARY ART VILLA • JADE VILLA

Address:
Minhang District,
Shanghai

Category:
Residence


Artist Impression

Feature:

Contemporary Art Villa • Jade Villa is situated in Minhang District in the southwest of Shanghai. The project is adjacent to the Outer Ring Line in the east and adjoins the ground satellite communication station of Shanghai in the west. It extends to Gudai Road in the north and connects Zhandou River in the south. The traffic is convenient as the straight-line distance from the entrance to the community to Hongxin Road Station of Metro Line No. 12 in the east is about 390 m. It is opposite to Minhang Sports Park on the other side of Gudai Road in the north and Li'an Park with excellent ecological environment on the opposite bank of Zhandou River in the south. The project covers a total site area of approximately 11.63 hectares and the land's plot ratio is 0.5. The planned aboveground total G.F.A. is approximately 58,100 sq.m., including planned residential floor area of approximately 48,700 sq.m. and planned public supporting building of approximately 9,300 sq.m. The planned residences of the project are villas.

SHANGHAI
CONTEMPORARY SPLENDOUR VILLA • COURTYARD VILLA

Address:
Minhang District, Shanghai

Category:
Residence


Artist Impression

Feature:

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

SHANGHAI
SHANGHAIMART

Address:
2299 Yan'an West Road, Shanghai

Category:
Exhibition/ Commerce/Office

Feature:

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

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

SHANGHAI

SHANGHAI JING CITY (INCLUDING "晶秀坊")

Address:
Lane 136,
Xiujing Road, Shanghai

Category:
Residence/Commerce

Artist Impression

Feature:

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

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

SHANGHAI

CHENGHANG PROJECT

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

Category:
Commerce/Office

Artist Impression

Feature:

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

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

SHANGHAI
GUILIN ROAD AEROSPACE PROJECT

Address:
402 Guilin Road,
Xuhui District, Shanghai

Category:
Scientific research and design/ Residential leasing

Feature:

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

SHANGHAI
SHANGTOU XINHONG

Address:
Lane 255, Hualai Road,
Minhang District, Shanghai

Category:
Residence/Commerce

Feature:

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

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

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

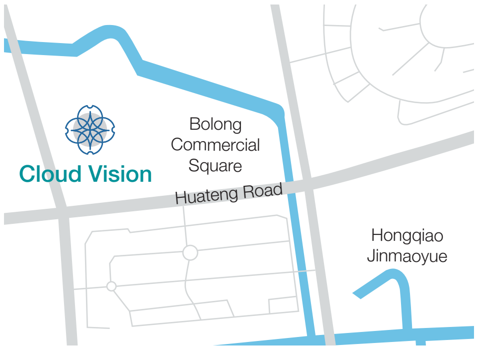
The land plot for commercial services has a site area of approximately 19,000 sq.m. It is planned for commercial service purpose. With a land plot ratio of 2.5, it is expected to provide a capacity building area of approximately 49,000 sq.m. Different types of buildings will be constructed on the land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

SHANGHAI
QINGPU PROJECT • CLOUD VISION

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

Category:
Residence


Artist Impression



Feature:

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

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

SHANGHAI
OCEAN ONE

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

Category:
Residence


Artist Impression

Feature:

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

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

SHANGHAI
OCEAN TIMES

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

Category:
Residence/Commerce


Artist Impression

Feature:

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

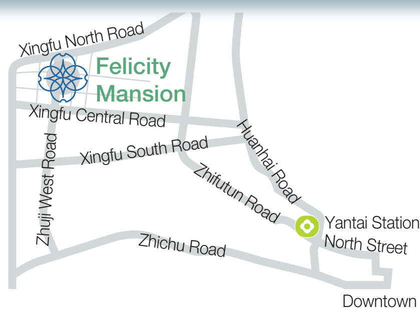
Covering a total site area of approximately 120,000 sq.m. with a total G.F.A. of about 440,000 sq.m. and a total residential area of about 265,300 sq.m., the project is bounded by an ecological park, the Chifenggang Wetland Center, in the east and the sea in the south. We aim at creating an energetic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

YANTAI
FELICITY MANSION

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

Category:
Residence/Commerce


Artist Impression



Feature:

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

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

WUHAN
XIANG KAI CHANG LONG

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

Category:
Residence/Commerce


Artist Impression

Feature:

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

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

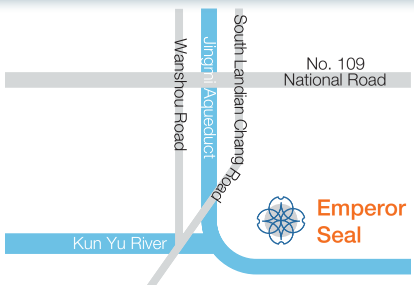
Posed as a high-end residential product, the project aims to provide a high-end, high-quality liveable environment for the residents by virtue of its proximity to a prestigious school, forward-looking product planning and an extra high efficiency ratio.

BEIJING
WEST DIAOYUTAI • EMPEROR SEAL

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

Category:
Residence


Artist Impression



Feature:

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

TIANJIN
SUMMITOPIA

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

Category:
Residence/Commerce


Artist Impression

Feature:

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

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

SHENYANG
SHENYANG U CENTER

Address:
South Taiyuan Street, Heping District, Shenyang

Category:
Commerce/Office/ Serviced Apartment


Artist Impression

Feature:

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

INTRODUCTION OF KEY PROJECTS IN CHINA

WUXI
URBAN DEVELOPMENT INTERNATIONAL CENTER

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

Category:
Commerce/Hotel/ Office/Serviced Apartment


Artist Impression

Feature:

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

XI'AN
ORIGINALLY

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

Category:
Residence/ Commerce/Hotel


Artist Impression

Feature:

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

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

XI'AN
QIYUAN

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

Category:
Residence


Artist Impression

Feature:

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

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

INVESTOR RELATIONS REPORT

SUMMARY

In 2023, the society fully resumed normalcy following the relaxation of pandemic control measures. SIUD maintained close communication with the capital market and good relationship with investors so that shareholders were accurately informed of the operational conditions and financial performance of the Company in due course.

COMMUNICATION STRATEGY:

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

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

1. Create value for shareholders;

2. Devise development strategies and operate the Company's business on the basis of meeting the values and expectation of shareholders; and

3. Review business decisions in a manner responsible to shareholders, maintain close and effective communication with shareholders with openness and sincerity, and disclose and explain relevant decisions in a timely manner.

CHANNELS AND METHODS:

In 2023, SIUD disseminated information to the capital market through multiple channels, including annual reports, interim reports, press releases and announcements. All these information was available on the Company's website. The corporate communications department also shared the announcements and press releases with investors via email, WeChat official account and other ways in due course, and proactively responded to relevant inquiries and provided guidance.

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

Chart of communication channels between SIUD and the capital market

CONTINUOUS COMMUNICATION WITH MAINLAND INVESTORS:

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

ANNUAL GENERAL MEETING:

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

The Company held the annual general meeting at Island Ballroom A, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on 22 May 2023. Matters passed on the meeting included the re-election of directors and declaration of final and special dividends in cash. All ordinary resolutions proposed at the annual general meeting were passed by poll.

ANNUAL REVIEW:

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

AVAILABILITY OF INFORMATION:

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

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

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

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

During the year ended 31 December 2023, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**Code**").

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

CORPORATE CULTURE AND VALUE

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

CORE VALUE

Win-win Cooperation and Community Contribution

As a robust state-owned enterprise, we devote ourselves to social development and charitable services by taking an active role in poverty alleviation. We endeavour to fulfil our responsibility as a corporate citizen with sincerity and grow together with the society with an open and bold mindset.

A People-oriented Company Putting Integrity First

Upholding the mission of being a "people-oriented company putting integrity first" and the value of "vision, responsibility, generosity and collaboration", we are committed to the coordinated development between people and the enterprise to secure the impetus for our long-term growth.

Creating Value Through Market Integration

We actively expand our capital operation and integrate our upstream and downstream operations by virtue of our deep understanding of the market. By hailing a premium lifestyle featured with innovative ideas, sophisticated products and diversified services, we hope to promote the essence of the Haipai culture and enhance the core value of the region.

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

BOARD OF DIRECTORS

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

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

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

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

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

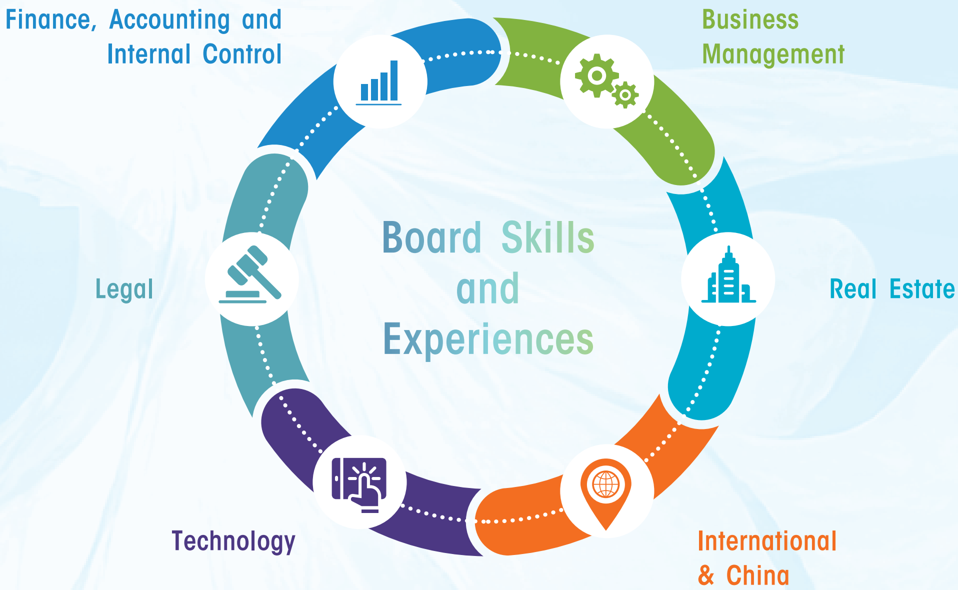
BOARD DIVERSITY POLICY

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

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

BOARD SKILLS AND EXPERIENCE

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



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

BOARD COMPOSITION

As at 31 December 2023, the Board comprised eight members, including four executive Directors and four independent non-executive Directors, complying with Rules 3.10(1) and 3.10A of the Listing Rules. At least one of the independent non-executive Directors has relevant financial management expertise as required by the Listing Rules. The biographical details of each Director are set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" on pages 105 to 111 of this annual report. The Board reviews regularly its composition to ensure a balance of skills and experience appropriate for the requirements of the business of the Company.

Notes:

1. Mr. Ye Weiqi retired as an executive Director with effect from 31 January 2024.

2. Mr. Qiao Zhigang resigned as an independent non-executive Director with effect from 5 January 2024.

The Board composition and diversity as at 31 December 2023 are as follow:

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

The Nomination Committee periodically reviews the measurable objectives relevant to the Board composition in accordance with the Board Diversity Policy, and monitors the progress on achieving those objectives to ensure that the policy is implemented effectively. The Board is currently under single gender and considerations are being made to appoint at least one female Director to the Board no later than 31 December 2024 through the selection of candidates from different professional fields.

BOARD INDEPENDENCE

The Group has established mechanism to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. During 31 December 2023, the Board has reviewed the implementation and effectiveness of the following mechanisms:

1. Half of the Board members are independent non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors;

2. The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules;

3. The chairman of the Board will meet with the independent non-executive Directors at least annually without the presence of the executive Directors;

4. A Director (including independent non-executive Directors) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same; and

5. No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

INDEPENDENCE CONFIRMATION

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

DIRECTORS AND OFFICERS LIABILITY INSURANCE

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

THE CHAIRMAN AND THE PRESIDENT

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

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Under code provision C.2.7 of the Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. There was one meeting held between the chairman and the independent non-executive Directors, without the presence of other Directors for the year ended 31 December 2023.

BOARD NOMINATION POLICY

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

1. the personal and professional ethics and integrity;

2. proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;

3. the ability to provide practical insights and diverse perspectives;

4. the ability to assist and support management (including an understanding of the Company's business and industry landscape) and make significant contributions to the Company's success; and

5. an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities.

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

DIVIDEND POLICY

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

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

TRAINING AND SUPPORT FOR DIRECTORS

(A) Training

Pursuant to the Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. During the year ended 31 December 2023, the Company offered several appropriate training sessions for Directors. The training sessions were related to the internal controls, anti-corruption, anti-fraud policies and site visiting. The Company has received from each of the Directors the individual training record of Directors pursuant to C.1.4 of the Code and time involved in public companies or organizations and description of other significant commitments pursuant to C.1.5 of the Code.

During the year ended 31 December 2023, the Directors participated in the following trainings:

	Attending[1]
Executive Directors	
Huang Haiping	✓
Tang Jun	✓
Lou Jun	✓
Ye Weiqi[2]	✓
Independent Non-executive Directors	
Doo Wai-Hoi, William, *B.B.S., J.P.*	✓
Fan Ren Da, Anthony	✓
Li Ka Fai, David, *M.H.*	✓
Qiao Zhigang[3]	✓

Notes:

1. Trainings may include

   (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or directors' duties; and/or

   (b) reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.; and/or

   (c) Company's site visiting.

2. Mr. Ye Weiqi retired as an executive Director, the vice president and a member of the Remuneration Committee of the Company with effect from 31 January 2024.

3. Mr. Qiao Zhigang resigned as an independent non-executive Director and a member of the Investment Appraisal Committee of the Company with effect from 5 January 2024.

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

(B) Support

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes, such as sending the latest version of "A Guide on Directors' Duties" published by the Hong Kong Companies Registry and guidelines published by The Hong Kong Institute of Directors, are issued to directors and senior management of the Company where appropriate to ensure awareness of best corporate governance practices.

PRACTICES AND CONDUCT OF MEETINGS

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

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

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

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

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

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

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "**Guidelines for Securities Transactions by Relevant Employees**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2023.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2023.

DIRECTORS' ATTENDANCE RECORD

The Directors give sufficient time and attention of the Group's affairs. The Directors play an active role in participating in the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance record of each of Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Investment Appraisal Committee and general meetings of the Company held during the year ended 31 December 2023 are set out as follows:

	Number of meetings attended/number of meetings held					
Name of Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Investment Appraisal Committee meeting	2023 AGM[1]
Executive Directors						
Huang Haiping	5/5			2/2		1/1
Tang Jun	5/5				0	1/1
Lou Jun	5/5					1/1
Ye Weiqi[2]	5/5		3/3			1/1
Independent Non-executive Directors						
Doo Wai-Hoi, William, *B.B.S., J.P.*	5/5	2/2	3/3	2/2		1/1
Fan Ren Da, Anthony	5/5	2/2	3/3	2/2	0	1/1
Li Ka Fai, David, *M.H.*	5/5	2/2				1/1
Qiao Zhigang[3]	5/5				0	0/1

Notes:

1. The 2023 annual general meeting of the Company was held on Monday, 22 May 2023.

2. Mr. Ye Weiqi retired as an executive Director, a vice president and a member of the Remuneration Committee of the Company with effect from 31 January 2024.

3. Mr. Qiao Zhigang resigned as an independent non-executive Director and a member of the Investment Appraisal Committee of the Company with effect from 5 January 2024.

BOARD COMMITTEES

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

A. Audit Committee

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

The main responsibilities of the Audit Committee are:

1. to review the accounting principles and practices adopted by the Group;

2. to review the financial reporting process, risk management and internal controls system of the Group; and

3. to review the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor.

There were two Audit Committee meetings held for the year ended 31 December 2023. The Chairman of the Audit Committee, Mr. Li Ka Fai, David, *M.H.* possesses relevant financial management expertise and this meets the requirements of Rule 3.21 of the Listing Rules.

During the year ended 31 December 2023, the Audit Committee reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has reviewed the audited financial statements of the Company and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, risk management, internal controls matter of the Group, interim results and financial statements and the terms of reference for Audit Committee. The Audit Committee also reviewed the progress report on the preparation of the ESG report and recommended the ESG report to the Board for consideration and approval.

B. Remuneration Committee

The Remuneration Committee currently consists of two independent non-executive Directors, namely Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* (Committee Chairman), Dr. Fan Ren Da, Anthony and one executive Director, namely Mr. Ye Weiqi[1].

The major responsibilities of the Remuneration Committee are:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the senior management;

2. to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management for submission to the Board for approval;

3. to review and approve above performance-based remuneration by reference to the corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office;

5. to review and approve compensation arrangements relating to dismissal or removal of directors; and

6. to ensure that no director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 December 2023, three Remuneration Committee meetings were held to review the remuneration packages of all directors and senior management of the Company and the renewal of the directors' services contracts.

Note:

1. Mr. Ye Weiqi retired as an executive Director, the vice president of the Company and a member of the Remuneration Committee with effect from 31 January 2024.

C. Nomination Committee

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

During the year ended 31 December 2023, two Nomination Committee meetings were held and the following works, *inter alia*, were performed by the Nomination Committee:

1. reviewed the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;

2. addressed the independence of the independent non-executive Directors, having regard to the requirements under the Listing Rules;

3. made recommendations to the Board on procedures for election of Directors proposed by Shareholders; and

4. reviewed the terms of reference for Nomination Committee, the board diversity policy and board nomination policy from time to time.

D. Investment Appraisal Committee

The Investment Appraisal Committee currently consists of two independent non-executive Directors, namely Dr. Fan Ren Da, Anthony (Committee Chairman) and Mr. Qiao Zhigang[1] and one executive Director, namely Mr. Tang Jun.

The main responsibilities of the Investment Appraisal Committee are:

1. to research and advise on the long-term development strategy of the Company;

2. to research and advise on material investment projects of the Company;

3. to research and advise on material capital and asset management projects of the Company;

4. to research and advise on material events which affect the development of the Company;

5. to make subsequent assessment on investment projects; and

6. to review on the above matters.

During the year ended 31 December 2023, no Investment Appraisal Committee meeting was held.

Note:

1. Mr. Qiao Zhigang resigned as an independent non-executive Director and a member of the Investment Appraisal Committee with effect from 5 January 2024.

E. Corporate Governance Functions

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

The main responsibilities of the corporate governance functions are:

1. to consider and review the Company's corporate governance principles, practices and processes and make recommendations;

2. to propose changes when necessary;

3. to review the Company's disclosure of its corporate governance program and compliance with each annual general meeting of the Company;

4. to review and monitor the Company's policies and practices;

5. to review internal corporate policies annually;

6. to review and monitor the training and continuous professional development of directors and senior management;

7. to develop, review and monitor the code of conduct and compliance manual; and

8. to review the Company's compliance with the Code and disclosure.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year ended 31 December 2023, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules which requires the Company Secretary to take no less than 15 hours of relevant professional training. The biographical details of the Company Secretary are set out in the section of "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" in this annual report.

ACCOUNTABILITY

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 31 December 2023, appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are pertinent to its operations and relevant to the financial statements on the going concern basis were adopted. The Company has received acknowledgements from all Directors of their responsibilities for preparing the financial statements. It is the responsibility of the auditor to form an independent opinion, based on their audit, of these financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose. The auditor does not assume responsibilities toward or accept liability to any other person for the contents of their report.

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

INTERNAL CONTROLS

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

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

Anti-fraud and anti-corruption policies and procedures

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

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

Inside Information Disclosure

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

RISK MANAGEMENT

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

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

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "INDEPENDENT AUDITOR'S REPORT" on pages 125 to 130.

During the year ended 31 December 2023, the remuneration paid and accrued to the Company's auditor, Deloitte Touche Tohmatsu, is set out below:

	HK$'000
For audit services	
— audit fee for the year ended 31 December 2023	5,277
— other audit-related services	2,161
Total:	7,438

SHAREHOLDERS' RIGHTS

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

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

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

Shareholders Communication Policy

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

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

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2023, there were amendments in the Company's constitutional documents.

The Company amended the existing bye-laws of the Company (the "**Existing Bye-laws**") in order to, amongst others, (i) conform to the current requirements of the Listing Rules, including but not limited to the Core Shareholder Protection Standards as set out in Appendix 3 to the Listing Rules, and the applicable laws of Bermuda; and (ii) incorporate certain housekeeping amendments (the "**Proposed Amendments**"). In view of the number of the Proposed Amendments, the Board proposed to adopt the amended and restated bye-laws of the Company (the "**New Bye-laws**") (consolidating all the Proposed Amendments) as the bye-laws of the Company in substitution for and to the exclusion of the Existing Bye-laws. For details of the Proposed Amendments, please refer to the circular of the Company dated 17 April 2023. The Proposed Amendments and the proposed adoption of the New Bye-laws were approved by the shareholders of the Company at the 2023 AGM.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 ABOUT THIS REPORT

This Environmental, Social and Governance report ("**this report**") aims to provide the concept, management approach, measures and performance of Shanghai Industrial Urban Development Group Limited and its subsidiaries (collectively referred to as "**SIUD**", the "**Group**", "**we**" or "**us**") in the environmental, social and governance ("**ESG**") aspect. For information about the corporate governance of the Group, please refer to the "Corporate Governance Report" section as set out in this annual report.

1.1 Reporting Scope

Unless otherwise indicated, this report covers the same scope as set out in the consolidated financial statements contained in this annual report and includes the core businesses of the Group: residential and commercial properties development, property investment and hotel operations in the PRC. Unless otherwise indicated, the reporting period is from 1 January 2023 to 31 December 2023 (the "**reporting period**").

1.2 Basis of Preparation

This report has been prepared by the Group in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in accordance with the four reporting principles contained in the ESG Guide. The Group has made corresponding information disclosure in respect of all the "mandatory disclosure requirements" and "comply or explain" provisions set out in the ESG Guide.

Materiality

The Group has disclosed the material environmental and social impact of its main operations in this report. During the preparation of this report, the Group determined the material issues as key disclosures of this report by conducting a materiality assessment and inviting the Board for opinions. For the process and results of the materiality assessment, please refer to the section headed "Materiality Assessment" in this report.

Quantitative

The Group continuously records and discloses quantitative indicators related to our operations for readers to better assess the efficiency of our ESG management system. Besides, the Group has disclosed the standards, methodologies and assumptions used in calculating the environmental data, and the sources of the unit conversion factors being used.

Balance

This report provides an unbiased picture of the Group's ESG management performance during the reporting period and an objective view of the Group's operation.

Consistency

Unless otherwise indicated, this report adopts statistical and calculation methods which are consistent with those used in the past reports to allow for meaningful comparison of the quantified environmental and social performance.

2 ESG GOVERNANCE AND APPROACH

Upholding the belief of a robust corporate governance and compliance system, the Group is dedicated to incorporating ESG elements into our corporate strategic planning and daily operations. We persist in optimising our risk management and internal control systems, with a view to ensuring our stable operation and continual development, as well as enhancing our market competitiveness and sustainability.

2.1 ESG Governance System

The Board of the Group believes that a robust ESG governance structure is key to the effective management of ESG-related issues and risks. The Board is in charge of supervising the ESG management approaches and strategies of the Group, monitoring the progress of material ESG issues through setting clear objectives, and responding to stakeholders' concerns in a responsible manner. During the reporting period, the ESG Working Group under the Audit Committee of the Group assisted the Board in performing their ESG duties. The secretary to the ESG Working Group is acted by the representative from the Secretariat of the Group, and members of the ESG Working Group include representatives from the Administrative and Human Resources Centre, Project Management Centre and Internal Audit Department. The ESG Working Group would report its job progress and achievements to the Audit Committee and the Board regularly.

The main duties of the ESG Working Group include but are not limited to:

- assisting the Audit Committee and the Board in coordinating and managing the ESG issues of the Group and arranging each functional department of the Group to implement and enforce ESG-related tasks;
- assisting the Audit Committee and the Board in formulating ESG management approach and strategies, including assessing, prioritising and managing material ESG-related issues (including the business risks of the Group);
- assisting the Audit Committee and the Board in identifying and assessing the ESG risks related to the Group and ensuring that the Group has set up an appropriate and effective ESG risk management and internal control system;
- assisting the Audit Committee and the Board in setting ESG-related goals and reviewing the progress of achieving such goals.

2.2 Board Statement

The Board of the Group strives to establish a vigorous ESG system, enhance ESG governance and review the sustainable development strategies on a regular basis. The Audit Committee under the Board is responsible for formulating and reviewing ESG strategies and policies, strengthening materiality assessment and reporting, and supervising the sustainable development performance of the Group. The ESG Working Group coordinates the implementation of ESG initiatives in each functional department to ensure an effective use and deployment of resources under the direction of the Audit Committee.

With an emphasis on the communication with stakeholders, the Group organises activities, and identifies and assesses ESG issues on a regular basis. The Audit Committee also regularly assesses the ESG risks and opportunities, and performs decision-making on ESG management and projects. In 2023, the Group identified and assessed the risk of climate change, devised the corresponding measures, and set environmental performance targets based on the TCFD framework.

The Group attaches high importance to the truthfulness and effectiveness of ESG information disclosure. Disclosures made in the annual report by the ESG Working Group are reviewed by the Audit Committee to ensure information transparency. The progress and effectiveness of the ESG initiatives of SIUD have been detailed in the ESG report for 2023, which was reviewed and approved by the Board on 19 March 2024.

2.3 ESG Risk Management

Being highly concerned about the robustness of the risk management and internal control systems, the Group actively integrates the relevant ESG risk factors into our overall risk management framework in order to identify and manage key ESG risks more effectively. The ESG Working Group takes the key responsibility of supporting the Board in identifying, assessing, prioritising and managing material ESG risks. The Board regularly reviews and monitors the effectiveness of the risk management and internal control systems. During the reporting period, we conducted an exhaustive ESG risk assessment and the process is detailed as follows:

1 Identifying ESG risks and updating the ESG risk database

We analysed the industry trends, ESG issues of the Group, our internal list of risks and the ESG issues that our peers were concerned about, and identified ESG risks that were related to the Group, based on which the ESG risk database was updated for the reporting period.

2 Prioritising ESG risks

The Group asked the persons-in-charge of each functional department via an online questionnaire to assess from two perspectives: the "severity of the occurrence of a risk" and the "probability of the occurrence of a risk". We created an ESG risk matrix based on the assessment results and defined those risks with "medium" and "high" risk levels as material risks. A total of 18 material risks were identified from the environmental, social and governance aspects.

3 Asking the Board to review and confirm material ESG risks

The ESG Working Group asked the Board to confirm the assessment results of the material ESG risks and devise relevant risk management measures for the identified ESG risks.

2.4 Communication with Stakeholders

The Group recognises that communicating with stakeholders is an indispensable part of the Group's daily operations. We endeavour to maintain proactive and effective communication with the stakeholders to understand their concerns and expectations on the ESG performance of the Group.

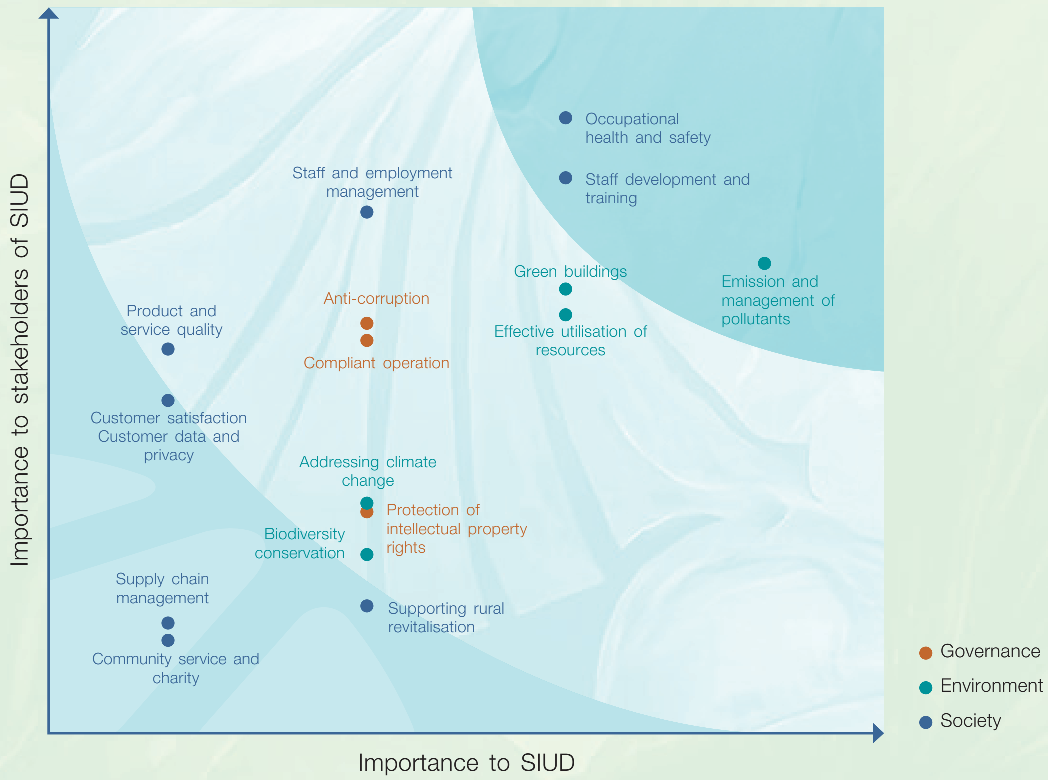
To achieve this goal, the Group exchanges ideas with the stakeholders through different channels and ways, including holding regular general meetings, coordinating and communicating with government departments, conducting joint field research, organising customer satisfaction surveys and conducting staff interviews. The Group also showcases our ESG performance and achievements to the stakeholders and public through publishing annual ESG reports for greater transparency and confidence.

2.5 Materiality Assessment

We conducted a materiality assessment with the assistance of the independent consultant in order to gain insight of the expectation and future focus of concerns of the stakeholders on the sustainable development of SIUD. By understanding the viewpoint of the stakeholders, we will further optimise our operation flow, enhance our decision-making and accountability system, and adjust our strategies and areas of focus accordingly, based on the latest local, regional and global developments.

Since there was no material change to the Group's operations during the reporting period, after reviewing the ESG materiality assessment results for 2022 and taking into account our actual business development, we identified 17 material issues for the reporting period. The ESG Working Group submitted these issues to the Board for review, and obtained their approval. Key disclosures about these issues will be made in this report to demonstrate the continuous attention and effort of the Group in the ESG field.

SIUD's ESG Materiality Matrix for 2023



Materiality Matrix

The Group identified the following material issues after reviewing the materiality assessment results:

Material Issue	Relevant Section
Occupational health and safety	People-Oriented Approach for Win-Win Cooperation
Staff development and training	People-Oriented Approach for Win-Win Cooperation
Emission and management of pollutants	Green and Low-Carbon Development for Harmonious Coexistence
Green buildings	Green and Low-Carbon Development for Harmonious Coexistence
Effective utilisation of resources	Green and Low-Carbon Development for Harmonious Coexistence
Staff and employment management	People-Oriented Approach for Win-Win Cooperation
Anti-corruption	Integrity Compliance for Stable Development
Compliant operation	Integrity Compliance for Stable Development
Addressing climate change	Green and Low-Carbon Development for Harmonious Coexistence
Product and service quality	High Quality Service Drives Business Growth
Protection of intellectual property rights	Integrity Compliance for Stable Development
Biodiversity conservation	Green and Low-Carbon Development for Harmonious Coexistence
Customer data and privacy	High Quality Service Drives Business Growth
Customer satisfaction	High Quality Service Drives Business Growth
Supporting rural revitalisation	Shouldering Social Responsibility for Common Prosperity
Supply chain management	Integrity Compliance for Stable Development
Community service and charity	Shouldering Social Responsibility for Common Prosperity

3 INTEGRITY COMPLIANCE FOR STABLE DEVELOPMENT

Adhering to our integrity-oriented and compliance-centric vision, we persist in compliant operation, honest and clean industry system, and innovation encouragement. We respect the laws and regulations of the places where we operate during our business operation, and strive to maintain a business environment underpinned by fair competition with the other market participants.

3.1 Compliance for Robust Operation

The Group has standardised our corporate governance pursuant to the Corporate Governance Code set out in Appendix C1 to the Listing Rules of the Stock Exchange. We have strengthened the compliance management and operation marketisation of the Company and effectively enhanced its corporate governance level by updating the articles of association, the Terms of Reference of the Remuneration Committee and the Terms of Reference of the Nomination Committee of the Company, and by publishing the Rules of Procedure of the Board of Directors, the Reporting Policy, the Anti-corruption Policy, the Director Nomination Policy, the Directors' Remuneration Policy and the Shareholders Communication Policy of the Company.

Timely disclosure of accurate operational information is made to the shareholders and investors based on the principles of truthfulness and reliability. We also promote the enhancement of the compliance management system to strengthen the compliance management of the Company. In 2023, we published the interim report and results report, maintained smooth communication channels with the investors, kept on updating financial information and analysis on our official website, and published notices and announcements in a timely manner to inform investors of the Company's developments.

3.2 Anti-corruption, Honesty, Self-discipline and Probity

Upholding the business ethics of integrity, honesty and self-discipline, the Group has zero tolerance against bribery and corruption. We have turned anti-corruption into an integral part of our regular management by continuously improving our supervisory mechanism and policies, maintaining smooth complaint and reporting channels, and vigorously implementing our whistleblower protection measures.

The Group strictly adheres to laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, including the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華和人民共和國反不正當競爭法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Prevention of Bribery Ordinance (《防止賄賂條例》). In addition, we have formulated our internal policies on the prevention of bribery, extortion, fraud and money laundering, including the Working Rules for the Party Probity Culture and Anti-Corruption Coordination Unit, the Administrative Measures on the Probity Files of the Middle Management, the Contact Point System for Members of the Commission for Discipline Inspection and the Measures for the Internal Transfer of Leads related to Disciplinary, Regulatory and Legal Offences. In 2023, the Group published the Probity Management System of Shanghai Industrial Urban Development Group Limited and the Negative List for Managerial Staff and Key Personnel of the Group at Mid-level or Above to achieve consistency in different supervisory efforts and standardise the internal supervision system of the Company.

The Group has laid out clearly in the Staff Manual that all employees must adhere to the professional ethics as promoted by the Company (that is, law-abidingness, probity, honesty and dedication) and comply with the obligations in relation to anti-corruption, anti-bribery, antitrust and fair competition, and anti-money laundering. The whistleblower protection policy and reporting channels have also been made public in the manual. During the reporting period, the Group successfully conducted 5 anti-corruption campaigns for a total of 205 staff members and 8 Directors for the purpose of enhancing their sense of probity and anti-corruption capability.

SIUD actively conducted risk control, compliance and anti-corruption training

To further increase the awareness of risk control, compliance and anti-corruption, the Wuxi and Xi'an subsidiaries of SIUD conducted thematic seminars on "Prevention and Control of Legal Risks" and "Upholding the Professional Bottomline of Integrity Operation" for all staff members.

Risk control, compliance and anti-corruption training

The Group has put in place a supervisory mechanism to allow the employees and management to report any corruption concerns. Upon receipt of such a report, a taskforce would be set up by the Group to conduct an initial investigation. If the report is found to be true, the Group would conduct further investigation and discipline the personnel involved. Serious cases would be passed to the judiciary for processing. Meanwhile, the Commission for Discipline Inspection would conduct regular checks to make sure all the staff members carry out their duties with diligence and integrity.

During the reporting period, SIUD continued to conduct probity-related conversations with representatives of the functional departments and subsidiaries of the Group. Such conversations were conducted by the secretariat of the Commission for Discipline Inspection and colleagues who were in charge of disciplinary inspection with the main persons-in-charge of the functional departments and subsidiaries of the Group and personnel holding crucial and sensitive positions. A total of 14 people were engaged in the conversations. Neither did the Group violate any laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, nor was it involved in any cases related to corrupt practices.

3.3 Green Supply on a Mutual Stance

The Group is committed to establishing a win-win supply chain ecosystem and ensuring that a fair, just and open principle is followed in the interactions with our suppliers and partners. We have standardised the supplier management process (including admission, engagement, review and assessment) to minimise the environmental and social risks faced by each part of our supply chain. Moreover, to facilitate the mutual code of practice and sustainable development of our supply chain, we formulated the Project Supplier Administrative Measures of the Group in 2023 to ensure our partner suppliers follow the Company's standards on quality, environment, health and safety, employment, and compliance.

Supply Chain Management System

The Group refines the supply chain system from the perspective of the entire project lifecycle and cooperates with our main suppliers, including construction design suppliers, project contractors, construction material and equipment suppliers, project supervision suppliers and property operation consultants. To strengthen supplier engagement and assessment management, we have formulated policies such as the Tender and Procurement Management System, the Qualified Project Supplier Administrative Measures, the SIUD Design Supplier Database Management System and the Design Supplier Management System.

Supply Chain Management Mechanism

The Group is committed to creating an efficient and transparent supply chain system. Through the implementation of a database partitioning mechanism, supplier classification optimization, strict admission criteria, comprehensive assessment mechanism, tiered management and information management, we hope to make sure every part fulfils the high standard of the Company for the sustainable development of SIUD.

- Supplier database partitioning mechanism: We have established a potential supplier database, a qualified supplier database and an unqualified supplier database, each of which is managed separately but allows for mutual movement through process control.

- Supplier classification optimisation: A main supplier category labelling system has been introduced based on the contract type of the cost system to create different professional supplier databases, such as the database for building works construction, materials and equipment, and consultation service.

- Supplier admission mechanism: Suppliers are gathered extensively through various channels. An initial review would be conducted to ensure the supplier meet our project requirements. Suppliers which satisfy our requirements would be admitted to the potential supplier database, and then to the qualified supplier database after further examination.

- Integrated supplier assessment mechanism: An integrated assessment mechanism that includes an annual assessment, performance assessment and maintenance assessment has been set up. Suppliers are rated in multiple aspects, such as product quality, construction period and service progress. The assessment results are openly available.

- Tiered supplier management: Outstanding suppliers are given priority in a tender or a bid. Substandard suppliers are grouped into the unqualified supplier database to filter out high quality suppliers.

- Supplier information management system: Supplier management tasks have been standardised by creating an information management system with the Ming Yuan procurement system.

During the reporting period, there were totally 2,573 suppliers[1] in the supplier database centrally managed by the Group's headquarters and all these suppliers have passed the above annual assessment. As at the end of the reporting period, the number of suppliers by geographical region was as follows:

Region	Number of Suppliers
Shanghai	1,553
Xi'an	542
Shenyang	230
Beijing	44
Tianjin	52
Chongqing	5
Other regions in China	146
Other countries	1

3.4 Protecting Intellectual Property Rights to Drive Innovation

The Group endeavours to strengthen the management of intellectual property rights, including patents, copyrights and trademarks, to ensure full respect for the others' intellectual property rights while safeguarding our own legitimate interests.

The Group strictly adheres to various laws and regulations, including the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). The Group has revised and published the Legal Affairs Management System of Shanghai Industrial Urban Development Group Limited to clearly lay down the management duties and tasks of the Legal Department in respect of intellectual property rights and material operating activities. We manage our construction design patents and trademark registrations. Specific clauses on intellectual property protection are written in the relevant contracts to explicitly set out the copyrights and rights to use of the relevant design patents and registered trademarks to ensure non-infringement of third-party intellectual property rights or trade secrets while protecting our own legitimate interests.

[1] The types of suppliers include design, project services, materials and equipment, and consultation services, etc.

4 GREEN AND LOW-CARBON DEVELOPMENT FOR HARMONIOUS COEXISTENCE

Following the strategy of "green and low-carbon development for harmonious coexistence", the Group places a strong focus on green health and intelligent technology by fully incorporating the philosophy of green, low-carbon and sustainable development into construction development and design, material selection, construction and operation. We take the lead in developing green residences by keeping on exploring and experimenting in the fields of ultra-low energy building, zero carbon building and energy-saving in existing buildings.

We strive to maximise the value for all stakeholders and promote a sustainable operational model. We have been exercising stringent environmental control to address the risk of climate change and protect the environment. We have been strictly following the environmental protection laws and regulations of the PRC and published specific environmental maintenance and service manuals to ensure that we do not violate the relevant regulations.

The laws and regulations complied with and the management systems established by the Group are as below:

Laws and regulations complied with	Management systems established
Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)	Garbage Treatment
Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》)	Energy Management
Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》)	Green Energy Management
Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)	Water Treatment
Water Law of the People's Republic of China (《中華人民共和國水法》)	Environmental Maintenance Service Manual for the Shenyang U Centre Commercial Project
Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)	Administrative and Management System for Shenyang Intercity Company

Laws and regulations complied with	Management systems established
Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》)	
Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)	
Law of the People's Republic of China on Prevention and Control of Soil Contamination (《中華人民共和國土壤污染防治法》)	
Regulations of Shanghai Municipality on Household Waste Management (《上海市生活垃圾管理條例》)	
Regulations of Shanghai Municipality on Prevention and Control of Atmospheric Pollution (《上海市大氣污染防治條例》)	

During the reporting period, the Group did not violate the above laws and regulations that have a significant impact on the Group.

4.1 Emission Control and Pollution Prevention

Committed to furthering our goal of environmental protection, the Group has been promoting environmental protection in multiple areas, including the emission of air pollutants, emission of greenhouse gas, waste handling, energy efficiency, water efficiency and environmental and conservation awareness, through setting specific targets and taking practical measures.

To guarantee the effective materialisation of our green vision, the Group has established the ESG Working Group to assist the Board in monitoring the progress of SIUD in achieving environmental targets and report to the Board on a regular basis.

We take an active role in identifying and assessing the potential risks relating to emission control and pollution prevention during our operation process. Detailed strategies have been devised in response to regulatory and market changes. To enhance transparency, the Group regularly publishes the ESG report to demonstrate our progress and achievements in the area of environmental protection to all stakeholders.

We have set a list of specific environmental protection targets, including reducing the emission of greenhouse gas, increasing energy efficiency, reducing waste generation and enhancing the environmental and conservation awareness of our employees.

Our specific targets and action plans are shown in the table below:

Environmental Target	Metrics	Action Plan	Achievement Timeline	Progress
Emission of Air Pollutants				
Promoting the development of green buildings	Increasing the proportion of green construction projects in all projects of the Group	Further expand the application of green materials and gradually increase the proportion of prefabricated construction Increase green building certification Follow national and local standards and government requirements on green construction for all new development projects	Long-term (ongoing)	The percentage and types of recyclable and reusable materials are specified in the green construction design sections of the design documents of new development projects
Encouraging green travel	Strengthening the management of official vehicles	Record the fuel consumption of official vehicles Regular inspection and maintenance of official vehicles Gradually replace official vehicles with vehicles of lower or zero emission levels Monitor the preparation and execution of the fuel budgets of official vehicles	Mid-term (ongoing)	Fuel consumption of official vehicles is recorded annually Annual inspection is conducted on official vehicles to understand their actual carbon emissions The Notice on Further Standardising and Strengthening the Management of Official Vehicles of the Group was issued to improve the management of the carbon emissions of official vehicles

Environmental Target	Metrics	Action Plan	Achievement Timeline	Progress
Emission of Greenhouse Gas				
Achieving the carbon neutrality target	Enhancing the management of carbon emissions	Learn the rules relating to carbon trade and enhance the capability of engaging in carbon trade as soon as possible Conduct a carbon audit on the Company's operations and devise carbon reduction measures	Long-term (to launch)	
	Offsetting carbon emissions	Purchase carbon credits for offsetting the carbon emitted from operations, such as directly investing in renewable resources and environmental rehabilitation and sponsoring tree planting activities	Long-term (to launch)	
Waste Generation				
Increasing waste recycling rate	Increasing the recycling rate of office waste papers	Improve the office waste recycling system and calculate the amount of office waste papers recycled, etc.	Short-term (ongoing)	The amount of waste recycled from offices (e.g. amount of office waste papers recycled) is recorded annually
	Recycling office electronic equipment	Develop recycling plans for electronic equipment, etc. Regularly check the implementation status of the plan	Short-term (to launch)	
	Separating and recycling wastes	Set up non-renewable and renewable waste recycling bins in the properties and increase the types of waste to be recycled	Short-term (ongoing)	Waste separation points have been set up in the commercial buildings managed by the Group
Adopting the principle of circular construction	Selecting environmentally friendly construction materials	Choose recyclable construction materials	Long-term (ongoing)	The percentage and types of recyclable and reusable materials are specified in the green construction design sections of the design documents of new development projects

Environmental Target	Metrics	Action Plan	Achievement Timeline	Progress
Energy Efficiency				
Increasing energy efficiency	Reducing office energy consumption	Purchase electrical appliances with an energy label, such as promoting the use of energy-saving lighting, using new air-conditioning equipment and installing automatic control devices Monitor the preparation and execution of energy consumption budgets of offices	Short-term (ongoing)	Actual execution of the energy consumption budgets of offices is monitored and compared with that of the previous year for alert
	Conducting energy audit on offices	Devise annual energy audit plans Devise energy-saving measures	Mid-term (to launch)	
	Monitoring the energy consumption of commercial properties	Choose energy-saving construction materials Record the meter readings of energy consumption of commercial properties regularly, and summarise and analyse the consumption of energy Understand the energy-saving policies of the country to benefit from energy-saving subsidies Monitor the preparation and execution of energy consumption budgets of commercial properties	Mid-term (ongoing)	Actual execution of the energy consumption budgets of commercial properties is monitored and compared with that of the previous year for alert
Promoting the development of green buildings	Incorporating green construction design concepts	Adopt people-oriented and energy-efficient building design to minimise energy consumption by taking into account the climate, environment, resources, economy and cultural characteristics of the location of the building. The most suitable green facilities should be determined and project design should be conducted by considering the safety and durability, health and comfort, convenience, resource conservation and environmental livability of a building throughout its lifecycle	Long-term (ongoing)	Green construction project design is adopted for all new development projects. Appropriate facilities are incorporated based on specific project conditions to achieve green star rating targets

Environmental Target	Metrics	Action Plan	Achievement Timeline	Progress
Water Efficiency				
Increasing water efficiency	Reducing average water consumption	Formulate water management regulations Increase the use of water-saving equipment, including water-saving faucets Monitor the preparation and execution of water bill budgets of offices and commercial properties	Mid-term (ongoing)	Actual execution of the water bill budgets of offices and commercial properties is monitored and compared with that of the previous year for alert
All Environmental Aspects				
Promoting environmental and conservation awareness	Providing environmental training/promotion campaigns among staff members	Incorporate environmental training into the induction training Devise environmental training/promotional plans to organise energy saving activities regularly	Short-term (completed)	Environmental protection is promoted during the induction training of new staff members and various environmental protection activities have been rolled out
	Setting up environmental protection bulletin boards in the management service areas	Post environmental protection signage and slogans on the public facilities and equipment of commercial properties	Short-term (ongoing)	Environmental awareness is promoted to the marketing department of each project company More environmental promotional activities have been conducted with the project companies

4.2 Recycling and Efficient Utilisation of Resources

To facilitate an environmentally-friendly and resources saving community, the Group has set goals for promoting green construction and sustainable development, as well as the commitment of achieving carbon neutrality, to drive the development of green initiatives. Our projects are located across different regions in China, and all our project development companies have strictly complied with the national and local design standards to ensure efficient utilisation of resources. Baoxu Property, a subsidiary of the Group, has formulated the Work Plans for Energy Saving and Consumption Reduction of Shanghai Shangtou Baoxu Property Co., Ltd.

In 2023, the Group focused on establishing green building standards by adopting renewable energy design, conserving land, materials and energy, using green materials and rigorously controlling the quality of indoor environment. We aim at creating healthy, practical and efficient residential and working space for customers. During the construction stage, we would require contractors to strictly comply with the environmental regulations and implement administrative measures to minimise the negative impact on air, waters and land and to protect the environment of the surrounding communities. We have also introduced internationally leading green designs and construction materials, such as the sponge city concept, concave green space and rainwater retention tank, to make sure our projects meet the local annual runoff volume and pollution control standards.

Through these measures, we have not only reduced the wastage of land, energy and water resources, but have also lowered the environmental impact of the buildings throughout their lifecycle and achieved a harmonised symbiosis of human, architecture and the natural environment. Our goals are to continually optimise resource efficiency and promote the popularisation of green buildings to contribute to a more sustainable future.

Fugitive dust emission control	**Management of water resources**
✓ Installing spray devices at construction sites to control fugitive dust emissions from the operation of civil machinery. ✓ Using water mist cannon and mobile water bowser for fugitive dust control for works sites and access to work. ✓ Cleaning the vehicles entering and leaving the construction sites regularly.	✓ Constructing water reclamation facilities to collect and treat rainwater for greenery irrigation and road cleaning on works sites, etc. ✓ Using water-saving equipment, such as sanitary ware of higher water efficiency. ✓ Installing water usage measuring devices and regularly calculating the water consumption of our project construction sites. ✓ Constructing gullies on construction sites to collect sewage for treatment in sedimentation tanks. ✓ Setting up grease traps and septic tanks so that sewage from onsite canteens and washrooms is filtered through sewage screens before entering the effluent pipelines.
Disposal of hazardous and non-hazardous waste	**Use of materials and other environmental protection measures**
✓ Collecting the household waste, construction waste and hazardous waste generated during the construction process and handing them to qualified organisations for handling. ✓ Designating different waste collection points based on actual needs for source separation and clearing the waste regularly.	✓ Encouraging staff members to devote themselves into technical renovation, process optimisation, energy saving and consumption reduction, management innovation and waste reusing, etc. ✓ Focusing on the adoption of recyclable materials and prefabricated construction method.

SIUD showcased the concepts of eco-friendly art and ESG at the 24th IE Expo China

At the 24th IE Expo China 2023, SIUD set up an open-style soft staircase activity space and showed a photo entitled "Starry Sky in Dongtan", which was created by the staff of SIIC Service with recycling materials. These artworks conveyed the green message of constructing a waste-free city and supported the "SIUD ESG Lecture" in a humanitarian and artistic way.

Starry Sky in Dongtan

Soft staircase activity space

As for corporate operation, we have implemented various measures, including promoting waste separation, the "Clear Your Plate Campaign" and using both sides of papers, to encourage the recycling and reuse of resources for the purpose of creating a green office environment and reducing resource consumption. To increase energy efficiency and reduce wastage, Baoxu Property, a subsidiary of the Group, rolled out an energy and office equipment saving plan and promoted the plan on its bulletin board. The Yantai subsidiary also set up an office equipment sharing platform for employees to use whenever necessary to increase work efficiency while conserving office resources.

4.3 Integration of Green Building and Ecology

With an emphasis on the area of green buildings, the Group is committed to incorporating eco-friendly, energy-saving and sustainable ideas into every part of our operation, including the preliminary stage of construction design, construction process and subsequent operational management. The Company aims at providing a healthy, comfortable and environmentally-friendly living environment for customers while contributing to the sustainable development of the society.

In terms of design, the Group ensures all new development projects are compliant with the national and local regulations and government requirements on green buildings and satisfy the criteria of the relevant star rating.

Stringent energy-saving standards were followed and green building techniques were applied systematically in all of the Group's projects. For the project on lot no. J11–01 of unit PDC1–0401 in Lingang New Area, the three-star green building standard and three-star healthy building standard have been implemented. This project has satisfied the requirements of the guidelines on ultra-low energy building techniques in Shanghai and adopted the design of a sponge city. Moreover, the green building concept of the Group also aligns with international standards. In 2023, the T18 tower of TODTOWN obtained the LEED Gold Level Certificate and Certificate of WELL Precertification.

LEED Gold Level Certificate

Certificate of WELL Precertification

As at the end of 2023, the Group has obtained 14 green construction certifications (including LEED and WELL) with a total certified area of 1,640,000 sq.m.

4.4 Protecting Climate and Biological Diversity

The Group is dedicated to incorporating ecological conservation concept into our entire workflow, covering project investment, development, design, construction and operation. We take active measures (e.g. conserving biodiversity and preserving the existing trees and ecosystem) to avoid conducting commercial activities unrelated to ecological conservation in key ecological reserves and their surrounding areas. Such efforts have preserved the integrity of habitats and effectively conserved biodiversity.

According to the Aqueduct Water Risk Atlas published by the World Resources Institute, there is no problem with the water source of the Group's main operating locations.

Protecting Climate and Biological Diversity

Details: We shouldered the responsibility as a state-owned enterprise at the initial stage when the functions and positioning of Chongming Ecological Island had just been determined. With the support of the relevant Shanghai departments and Chongming County, we established the Leading Group for the Development of Dongtan and upgraded the Dongtan subsidiary to be our direct subsidiary in order to strengthen the development of Chongming Dongtan.

Dongtan Development Zone

4.5 Addressing Climate Change

The Group is fully aware of the possible risks brought by climate change to our business and assets. The physical risks, including extreme weather conditions and super typhoons, may directly harm or lead to a depreciation of our corporate assets. Climate change may also give rise to transitional risks, such as more stringent legal and regulatory measures, policy changes and a shift in market trends, which may directly or indirectly affect the stable operation of the Group. Therefore, we have incorporated the risk of climate change into the ESG risk management framework and formulated corresponding measures to mitigate the impact of climate change and increase our business resilience.

To reduce the risks related to climate change, the Group has formulated an environmental emergency response plan and guarded against the occurrence of material environmental incidents by conducting safety training and contingency drills. During the reporting period, the Jin Jiang International Hotel Xi'an prepared the "Contingency Plan for Snowy and Icy Weather in Winter", which sets out the duties and preparatory supplies of each department and standardises the relevant response measures. Shanghai Qiyao Property Development, a subsidiary of the Group, formulated the "Special Contingency Plan for Rain, Snow, Ice and Sleet Disasters" and set up a contingency group to take the responsibility of on-site emergency response, rescue and aftermath handling. The management team of the Le Meridien Xi'an, Chanba Hotel also prepared the "Collaborative Quick Response Plan for Park Hotels under Snowy and Icy Weather in Winter" to enhance the quick emergency response capability of the two hotels.

Besides, in response to the natural disasters caused by high tide flooding, Shanghai Qiyao Property Development prepared the "Special Contingency Plan for Flood and Typhoon Control", which lays down the measures of disaster prevention, alert and response to ensure efficient and orderly disaster rescue and relief.

Looking ahead, the Group will actively explore the opportunities brought by climate change. To contribute to sustainable development, we will accelerate in low-carbon transformation in a bid to achieve the national goals of hitting carbon emission peak by 2030 and reaching carbon neutrality by 2060.

4.6 Environmental Performance

The environmental performance data set out in this section cover the offices, property projects and hotels operated by the Group.

Calculation of Environmental Data Intensity

	Unit	2023	2022
Annual revenue	HK$0'000	795,359.6	1,102,249.6
Number of motor vehicles	unit	Gasoline vehicle: 60 units Ethanol fuel vehicle: 2 units Diesel vehicle: 3 units Battery electric vehicle: 2 units	Gasoline vehicle: 61 units Ethanol fuel vehicle: 3 units Diesel vehicle: 2 units Battery electric vehicle: 2 units

Resources Consumption

	Unit	2023	2022
Energy			
Direct Energy			
Total direct energy consumption[2]	MWh	49,934.21	15,065.42
Total direct energy consumption intensity	MWh/income in HK$10,000	0.063	0.013
Total gasoline consumption	litre	93,808.82	81,244.60
Gasoline consumption intensity[3]	litre/per gasoline vehicle	1,563.48	1,331.88
Total ethanol fuel consumption	litre	3,196.93	1,921.94
Ethanol fuel consumption intensity[3]	litre/per ethanol fuel vehicle	1,598.47	640.65
Total diesel consumption	litre	13,737.42	11,835.34
Diesel consumption intensity[3]	litre/per diesel vehicle	4,579.14	5,917.67
Total natural gas consumption[4]	m^3	2,378,858.50	1,257,154.00
Natural gas consumption intensity	m^3/income in HK$10,000	2.99	1.13
Total purchased heat consumption	GJ	844.00	2,084.43
Purchased heat consumption intensity	GJ/income in HK$10,000	0.001	0.002
Total town gas consumption	m^3	0	280.00
Town gas consumption intensity	m^3/income in HK$10,000	0	0.00025
Indirect Energy			
Indirect energy consumption	MWh	49,931.54	44,362.03
Total indirect energy consumption intensity	MWh/income in HK$10,000	0.06	0.04
Electricity consumption	kWh	49,931,537.84	44,362,027.50
Use of Water Resources			
Water resources consumption	tonne	6,531,997.58	99,055.58[5]
Water resources consumption intensity	tonne/income in HK$10,000	8.21	0.09

2 The unit conversion calculation of direct energy and the related conversion factors are based on the Accounting Method and Reporting Guidelines for Greenhouse Gas Emissions from Public Construction Units (Enterprises) (Trial) (《公共建築運營單位(企業)溫室氣體排放核算方法和報告指南(試行)》) and the Accounting Method and Reporting Guidelines for Greenhouse Gas Emissions from Land Transport Enterprises (Trial) (《陸上交通運輸企業溫室氣體排放核算方法與報告指南(試行)》).

3 The Group's consumption of gasoline, ethanol fuel and diesel originate from vehicle fuel consumption. Therefore, the vehicle fuel consumption intensity was calculated by using the respective number of gasoline, ethanol fuel and diesel vehicles.

4 The Group mainly uses natural gas for cooking and heat supply.

5 In 2022, the water resources consumption decreased drastically as compared with that of the same period last year because of the pandemic.

Emission of Pollutants and Greenhouse Gas

	Unit	2023	2022
Emission of air pollutants from vehicles			
NOx emissions	kg	1,461.74	301.93
SOx emissions	kg	1.60	1.45
PM emissions	kg	120.75	12.78
Emission of air pollutants from town gas and natural gas[6]			
NOx emissions	kg	437.71	1,508.96
SO_2 emissions	kg	2.19	1.06
Total Emissions			
Total greenhouse gas emissions	tonne of carbon dioxide equivalent (tCO_2 e)	36,584.56	29,740.10
Total greenhouse gas emission intensity	tCO_2 e/income in HK$10,000	0.05	
Scope 1[7]			
Total greenhouse gas emissions for Scope 1	tCO_2 e	6,026.85	4,211.14
Total greenhouse gas emission intensity for Scope 1	tCO_2 e/income in HK$10,000	0.0076	0.0038
Emission from gasoline, ethanol fuel and diesel	tCO_2 e	264.84	223.74
Emission from refrigerants	tCO_2 e	637.33	1,311.00
Emission from natural gas consumption	tCO_2	5,510.23	2,718.13
Emission from town gas consumption	tCO_2	0.00	0.20
Greenhouse gas offset by owned trees	tCO_2 e	–25.55	–41.93

6 The emission of air pollutants from town gas and natural gas for 2021 has been recalculated due to a change of emission factors. The air pollutants from town gas and natural gas are calculated based on the Manual on Accounting Methods and Factors for Pollutant Emissions from Household (《生活源產排污核算方法和系數手冊》).

7 The calculation scope of greenhouse gas emissions (Scope 1) includes fuel consumption for cooking and vehicles, consumption of refrigerants and emissions reduction by trees. The calculation method of the emission from cooking fuel consumption and the related emission coefficients are based on the Accounting Method and Reporting Guidelines for Greenhouse Gas Emissions from Public Construction Units (Enterprises) (Trial). The calculation method of the emission from vehicle fuel consumption and the related emission coefficients are based on the Accounting Method and Reporting Guidelines for Greenhouse Gas Emissions from Land Transport Enterprises (Trial) and Greenhouse Gas Inventory Guidance — Direct Emissions from Mobile Combustion Sources. The calculation method of the emission from refrigerant consumption and the related emission coefficients are based on the Fifth Assessment Report. The calculation method of the emissions reduction by trees and the related emission reduction coefficients are based on the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

	Unit	2023	2022
Scope 2[8]			
Total greenhouse gas emissions for Scope 2	tCO_2 e	30,331.92	25,424.73
Total greenhouse gas emission intensity for Scope 2	tCO_2 e/income in HK$10,000	0.04	0.02
Emission from electricity consumption	tCO_2	30,239.08	25,299.66
Emission from purchased heat consumption	tCO_2	92.84	125.07[9]

Volume of Solid Waste Produced and Recycled

	Unit	2023	2022
Non-hazardous waste produced			
Total non-hazardous waste produced	tonne	1,489.49	1,308.89
Intensity of total non-hazardous waste produced	tonne/income in HK$10,000	0.0019	0.0012
Household waste			
Volume produced	tonne	989.35	768.19
Papers			
Volume produced	tonne	138.25	82.48
Volume recycled	tonne	103.96	80.23
Plastic			
Volume produced	tonne	11.31	11.05
Volume recycled	tonne	11.31	10.83
Metals			
Volume produced	tonne	8.85	8.65
Volume recycled	tonne	8.85	8.65
Food waste			
Volume produced	tonne	341.55	438.53
Volume recycled	tonne	340.88	427.28
Glass			
Volume produced	tonne	0.19	—
Volume recycled	tonne	0.19	—

8 The calculation scope of greenhouse gas emissions (Scope 2) includes consumption of electricity and purchased heat. The calculation method of the emission from electricity consumption and the related emission coefficients for the reporting period are based on the Notice on Proper Reporting and Management of Greenhouse Gas Emissions from Power Generation Enterprises in 2023–2025 (《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》). The calculation method of the emission from purchased heat consumption and the related emission coefficients are based on the Accounting Method and Reporting Guidelines for Greenhouse Gas Emissions from Public Construction Units (Enterprises) (Trial).

9 During the reporting period, the calculation method of the emission from purchased heat consumption and the related emission coefficients are based on the Notice of Shanghai Municipal Bureau of Ecology and Environment on the Adjustment of the Values of Emission Factors Related to the City's Accounting Guidelines for Greenhouse Gas Emission (《上海市生態環境局關於調整本市溫室氣體排放核算指南相關排放因子數值的通知》).

	Unit	2023	2022
Hazardous waste produced[10]			
Waste fluorescent tube			
Volume produced	unit	751.00	1,513.00
Volume recycled	unit	664.00	1,257.00
Intensity	unit/income in HK$10,000	0.0009	0.0014
Waste battery			
Volume produced	unit	4,750.00	2,608.00
Volume of waste and old battery recycled	unit	4,269.00	1,519.00
Intensity of waste and old battery	unit/income in HK$10,000	0.0060	0.0024
Waste ink cartridge			
Volume produced	unit	796.00	571.00
Volume recycled	unit	429.00	184.00
Intensity	unit/income in HK$10,000	0.00100	0.00052

5 PEOPLE-ORIENTED APPROACH FOR WIN-WIN COOPERATION

Employees are regarded as the most valuable assets of the Group. Upholding our "people-oriented and integrity first" philosophy, we are committed to building a diversified and outstanding team of staff. The Group attaches great importance to talent development, so we treat every staff member equally and provide opportunities for them to give full play to their strengths. We understand that providing a suitable workplace for staff members is instrumental to our long-term development and also beneficial for retaining outstanding talents. Therefore, we also treasure our caring culture and care for the well-being of our staff members.

5.1 Diversity and Inclusiveness for Mutual Success

By adopting a "multi-pronged" development system, the Group has created an open and fair job promotional platform for our employees. The Group strictly complies with the relevant laws and regulations of the PRC, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保護法》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》), to ensure equality, justness and compliance in employment. We oppose all forms of discrimination based on, including but not limited to, gender, age, ethnicity and religion, and offer a diverse and inclusive corporate culture and environment.

We firmly support and follow the international human rights standards, including the Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, international labour standards issued by the International Labour Organisation (ILO), and Voluntary Principles on Security and Human Rights. To further clarify our stance, we published the Staff Manual, which clearly sets out our policies of prohibiting child labour and discrimination. We promise to obtain a deeper understanding of, and respect, human rights issues and the diversity of cultures, customs and languages. We also make efforts to maintain harmonious relations with the local community to facilitate sustainable development and fulfil our social responsibilities.

10 Since hazardous waste is not a major source of waste of the Group, it is not calculated by weight for the time being.

During the reporting period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to employment.

Employment Policy for the Disadvantaged

We place special emphasis on the rights of persons with disabilities to employment and take the initiative to create job opportunities for them. Our suppliers and partners are encouraged to comply with the laws and regulations relating to fair employment. We make our best efforts to create a fair, legal and inclusive working environment to make sure all employees and job candidates are provided with fair working opportunities.

Diversified Talent Acquisition Methods

The Group employs different means in talent acquisition, including working with high schools to host on-campus career fairs, exploring online recruitment channels to select outstanding talents, and conducting internal recruitment, job rotation and exchanges to identify potential internal talents and connect the right job with the right person. We champion impartiality in our recruitment process. In case of any irregularities, we will communicate with the business departments immediately and ensure the candidates are provided with a channel to report the problems that they encountered during the recruitment process.

The "SIUD Dreamer" Programme

SIUD values talents, with a particular emphasis on nurturing a new generation of talent reserve. The Group has launched the "SIUD Dreamer" programme since 1999 to nurture outstanding high school graduates. After 16 years of development, the programme has successfully nurtured a number of backbone talents to assist with the Group's development. In October 2023, the "SIUD Dreamer" programme of SIUD Group restarted.

Creating a Harmonious Workplace

Maintaining harmonious staff relations has long been regarded as a focus of the Group. The Group strives to enhance the cohesion and sense of belonging among employees and encourages staff members to communicate and share their opinions with the management via the Company's intranet and the other channels. To create a harmonious working environment, we regularly organise a wide spectrum of staff activities to foster team collaboration and closer bonding between individuals and the team so as to further nurture an energetic team of talents who are ready for challenges.

Robust Remuneration and Welfare System

The Group strictly complies with the relevant national laws and regulations and strives to create a robust remuneration and welfare system. We show our care to the employees by distributing gifts to them during important festivals. Regular free body checks are also arranged for our staff to take care of their physical well-being. Through organising different types of cultural and sports events, we hope to enhance team cohesion and facilitate mutual communication among the employees.

Women’s Day activities

Details: The Company has organised various staff activities. On the Women’s Day, we prepared a lovely pet display, handicraft workshop for fine motor skill training and stylish hand-drip coffee experience for the female staff members. A series of activities was held to enrich employees’ life beyond work and forge exchanges and friendship among co-workers.

Women’s Day activities

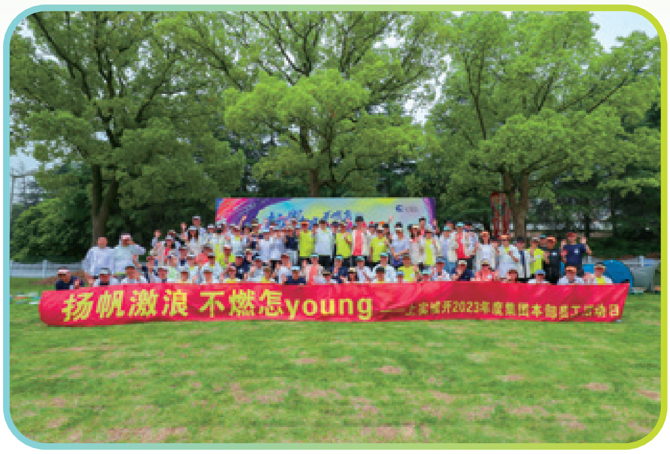
Staff Games

Details: To further enrich employees’ life beyond work, enhance corporate culture and strengthen team cohesion and motivation, the group headquarters of SIUD organised the Staff Activity Day entitled “Set Sail and Ride Waves to Get Young”on 30 May 2023 at the Oriental Land. The activity attracted a total of 120 group leaders and headquarters staff members.

Staff Games

Staff Activity Day

Details: With the two major themes of "Team Building" and "Challenge Oneself", the event fostered team collaboration and encouraged self-challenging through different types of team cooperation games, such as Teambuilding Icebreaker, Ultimate Frisbee, Honeycomb Challenge, Dragon Boat Race, Pedal-driven Boats and Go-Kart. After rounds of exciting competitions, each team was ranked based on their score, which marked the successful conclusion of the event.



Staff Activity Day

Staff development activities

Details: To enhance corporate culture and strengthen team cohesion and motivation, the Tianjin subsidiary of SIUD organised development training with the theme of "Perseverance and Innovation for Sailing Afar" for all the staff members in 2023.

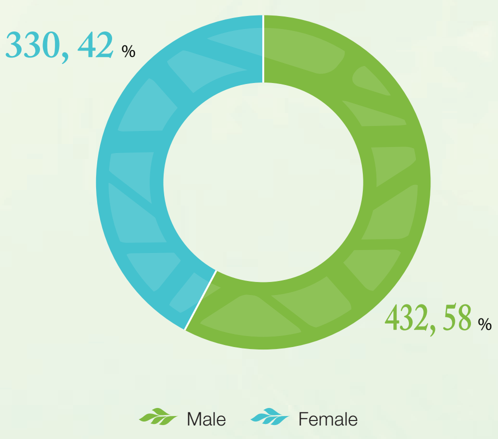
Staff development activities

Recruitment and dismissal	**Building a diversified team** • The Group focuses on the professional ethics, expertise, experience and development potential of a candidate. • We make sure all candidates enjoy equal opportunities and are protected from discrimination on the ground of nationality, ethnicity, race, gender, age, marital status, social standing or religious belief. **Prohibiting child labour and stamping out forced labour** • At the recruitment stage, the Group would ask a candidate to provide valid identification documents for verification of his/her identity and age to ensure that he/she could be legally employed. **Proper handling of employment termination** • The Group has clearly stated the conditions for discharging and terminating a labour contract and the termination arrangements in the Staff Manual in accordance with the relevant laws and regulations in order to protect the rights of the employers and employees. • The conditions leading to the discharge of a labour contract include violation of laws and disciplines, such as repeatedly violating the attendance system during the probation period, providing false personal information, committing a serious breach of duty, corruption and fraud. • In case of any violation of the labour contract, the Group would arrange the relevant employee to properly hand over his/her work and complete the termination procedure by the date of termination.
Pay and promotional opportunities	**Striving to create a fair and competitive pay and job ranking system** • Job ranks commensurate with the duties assumed by, and the performance and competence of, the employees. • The Group has in place a pay system driven by the value of a job position and personal performance to link the pay of an employee to his/her performance and contributions in order to make reasonable pay allocation assessments and implement a long-term incentive system on staff salary. • The Administrative and Human Resources Centre of the Group conducts annual performance assessment on all the employees and adjusts their pay, job positions and job promotional opportunities based on the assessment results.

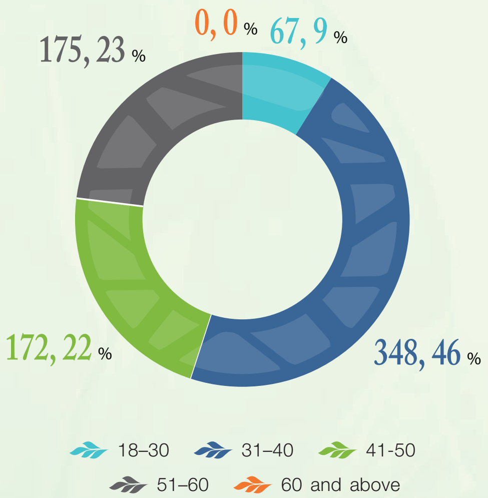
Welfare, benefits and leave	**Welfare and benefits** • The Group enrolls the employees in various social insurance programmes and provident funds in accordance with the relevant national and local requirements. • Other than statutory benefits, the Group offers a range of subsidies for our employees, such as lunch subsidies and holiday subsidies, through the Standards and Implementation Rules on Staff Benefits to standardise the benefit payment procedure and process. • During the reporting period, we issued the Management Measures for Externally Posted Staff (Revised) and the Relevant Regulations on Staff Allowance for Remote Projects in Shanghai to increase the allowance and rent reimbursement for externally posted staff by an appropriate percentage and provide transport allowance to staff members working for remote projects in Shanghai. **Leave** • Employees are entitled to different types of leave, including statutory holiday leave, marriage leave, compassionate leave, annual leave, compensatory leave, family leave, sick leave, maternity leave, lactation leave, paternity leave and casual leave.
Working hours	**Strictly implementing a standard working hour system** • The Group strictly implements a standard working hour system to ensure the employees enjoy reasonable working hours and protect their rights. The Group implements a standard working hour system. Each employee works 40 hours a week on average. Employees are encouraged to finish their work in an 8-hour working day while overtime working is not encouraged. • The persons-in-charge of each department should try to make adjustments to manpower arrangement in order to avoid overtime work for staff members. • Even if overtime work is required, the duration shall not exceed one hour per day under normal situations and three hours per day under special circumstances. The total amount of overtime work shall not exceed 36 hours per month.

As at the end of the reporting period, the Group had 762 employees and the number and percentage[11] of our employees by gender, age group, employment type and geographical region were as follows:

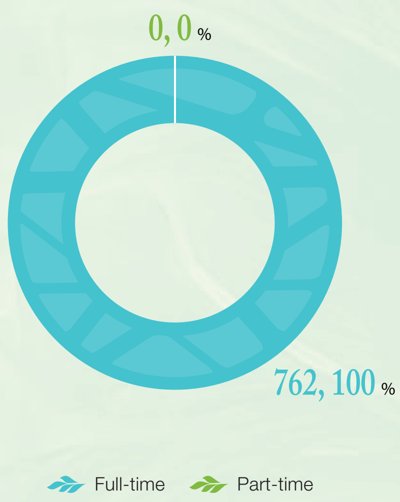
Number and percentage of employees by gender



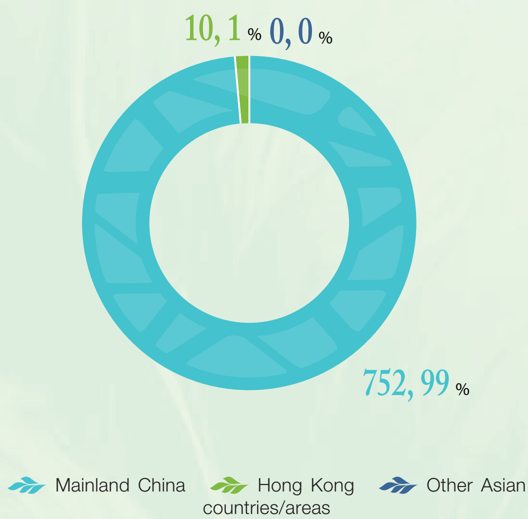
Number and percentage of employees by age group



Number and percentage of employees by employment type



Number and percentage of employees by geographical region



11 Formula of calculating the percentage of employees of each category: Number of employees in the category as at the end of the reporting period/Total number of employees in the category as at the end of the reporting period x 100%.

As at the end of the reporting period, the number and rate of employee turnover of the Group by gender, age group and geographical region were as follows:

	Number of Employee Turnover	Employee Turnover Rate (%)[12]
By gender		
Male	14	3.24%
Female	3	0.91%
By age group		
18-30	1	1.49%
31-40	9	2.59%
41-50	3	1.74%
51-60	4	2.29%
60 and above	0	0
By geographical region		
Mainland China	15	1.99%
Hong Kong	2	20.00%
Other Asian countries/areas	0	0

5.2 Nurturing Talents to Drive Development

Guided by the principle of win-win and mutual growth, the Group has formulated the Training Management System and Annual Training Plan to assess the effectiveness of our training and development efforts. We implemented a series of training measures in response to the Company's need for sustainable development, with an aim of enhancing the job skills of our employees, supporting the strategic goals of the Company, and strengthening the core competitiveness of our human resources.

To ensure the training programme aligns with the corporate development strategies and the personal needs of employees, we have put in place a top-down training governance structure. By taking into account the development strategies of the Group and the personal development needs of employees, the system aims at nurturing a talent team in a planned, systematic and efficient manner with a view to enhancing the overall operational and management level and productivity of the Group.

The Group provides ample room for career development to the employees and offers the necessary resources and support to help them explore their talents and potentials. We have established an all-rounded talent team development system for employees at different levels. In 2023, we designed and conducted the "SIUD Ballet Training Camp", "SIUD Management Trainee Programme", "SIUD Talent Programme" and "SIUD Leaders Programme" to meet the development needs of the employees at different stages. We encourage all our staff members to actively enroll in these training activities to promote personal growth and develop together with the Company.

[12] Formula of calculating the employee turnover rate of each category: Number of employee turnover in the category during the reporting period/Total number of employees in the category as at the end of the reporting period x 100%.

During the reporting period, we arranged the management to attend the training for directors and supervisors organised by the State-owned Assets Supervision and Administration Commission to enhance their management capability. We also organised the Staff Reading Club, mental health courses and topical training to create a learning atmosphere. The major training activities held by the Group included:

Targets	Training Topic
Management	Professional training for supervisors and professional training for directors
All staff members	Staff Reading Club, "City Forum", fire safety training and legal knowledge training
Professional department training	Topical training targeting each department of the Group, such as the special training on Production Safety Law received by the Project Management Department

Staff training

Details: We have been attaching great importance to the career development and skills enhancement of our staff. We actively conducted training to enhance our professional literacy and comprehensive capability in the legal and technical aspects. With a focus on internal exchange and sharing, we organised internal training and experience sharing sessions regularly to allow the employees to grow together by learning from each other. Such training efforts have contributed to a significant enhancement of the comprehensive quality of the Company's employees.

Legal training

Technical training

Training for Young Staff

External expert talks

Details: To continually enhance the professional skills and business literacy of our staff, we invited external experts to hold a series of targeted talks and training courses on different key topics, including the precise identification of talents, enhancement of organisational efficiency, impact of the latest judicial interpretation on labour and employment, and human resources risk management. With an aim of helping the employees to fully understand and acquire the relevant knowledge and skills through easily understandable explanations and interactive exchanges, these talks effectively facilitated cost reduction and efficiency enhancement on the whole while providing strong talent and legal safeguards for the sustainable development of the Company.

External expert talks training

In 2023, 537 employees from the Group's headquarters received training and the training man-time was 2,772 with total training hours amounting to 6,003.5 hours. The training penetration rate was 70.47%.

	Percentage of employees trained to the total number of employees (%)[13]	Percentage of employees trained in each category to the total number of employees trained (%)[14]	Average training hours completed by each employee (hour)[15]
By gender			
Male	71.76%	57.73%	8.48
Female	55.45%	42.27%	7.09
By employment category			
Senior management	100%	10.24%	32.92
Middle management	100%	21.42%	14.06
Grassroots employees	59.55%	68.34%	7.22

5.3 Safety and Health First

With health and safety as the top priority of our business operations, the Group adopts a prevention-focused approach in combination with treatment. The Group strictly adheres to laws and regulations that have a significant impact on the Group relating to health and safety, including the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》), the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Regulations on Work-related Injury Insurance (《工傷保險條例》), the Measures for Ascertainment of Work-related Injuries (《工傷認定辦法》), Regulations of Shanghai Municipality on Environmental Protection (《上海市環境保護條例》), Regulations of Shanghai Municipality on Inspection and Testing (《上海市檢驗檢測條例》) and Regulations of Shanghai Municipality on Prevention and Control of Occupational Diseases (《上海市職業病防治條例》). Based on these laws and regulations, the Group has formulated various safety management systems, including the Occupational Health and Safety Management System, to prevent, control and eliminate the dangerous factors of occupational diseases. The Group keeps on refining the rules and systems in relation to occupation health and safety management and conducts regular supervision and inspection to ensure the health and safety of the practitioners and create a safe and healthy workplace for employees. During the reporting period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to health and safety.

13 Formula of calculating the percentage of employees trained to the total number of employees: Number of employees trained in the category/Total number of employees in the category as at the end of the reporting period x 100%.

14 Formula of calculating the percentage of employees trained in each category to the total number of employees trained: Number of employees trained in the category/Total number of employees trained x 100%.

15 Formula of calculating the average training hours completed by each employee in each category: Total training hours completed by employees in the category/Number of employees in the category.

The Group adopts a three-pronged safety management approach, namely strengthening risk prevention and investigation and treatment of potential hazards, stepping up on publicity and education, and enhancing contingency rescue capabilities, to control and eliminate the risks relating to occupational health and safety.

Optimising the Accountability System

The Safety Management Committee of the Group ("**Safety Management Committee**") is responsible for leading and monitoring the occupational health and safety measures of the Group, ensuring safe production and improving the safety management level. Duties of the Safety Management Committee include (but not limited to):

- preparing annual safe production plans;
- formulating safety rules and systems and contingency plans;
- organising and monitoring the investigation and handling of production safety incidents and occupational diseases and hazards;
- making recommendations on occupational health and safety assessment;
- setting goals and tasks that are related to its duties to synchronise safe production initiatives with the other business operations.

To guarantee the fulfilment of the duties of the Safety Production Committee, the Safety Management Committee also regularly monitors and tracks the daily control status, target achievement progress and investigation and remediation status of potential hazards. During the reporting period, the Group signed the safe production responsibility statements and letters of undertakings with our subsidiaries and functional departments while the staff members signed the undertakings on obeying the safety codes to ensure safety responsibilities were fulfilled at every job level and by every staff member.

Structure of Safety Management Committee

During the reporting period, the Safety Management Committee held a total of four safe production meetings to communicate the requirements for safe production to each responsible unit and review the implementation of safe production.

We adopted multiple measures to strengthen our safety education and training. During the reporting period, a total of 5,593 man-time attended the training sessions, with total training hours amounting to 9,296.6 hours. We hope to create a safer workplace for the staff members through enhancing their safety awareness.

Consolidating Safety Management

The Group implements targeted health and safety management measures in the main operating premises, such as project construction sites, commercial operation centres and offices. These measures aim at preventing occupational diseases, controlling and eliminating occupational health hazards, and protecting the personal safety of employees and occupational health in workplace.

Project construction	Commercial operation	Office
The Group attaches great importance to the safety of the employees and construction units. Therefore, the top priority of the Group is to enhance site safety and protection. We work together with the construction units to implement the Civilised Management Standards and Guidelines for Work Sites during the project construction process to ensure proper management of occupational health and safety on site. Besides, the Group also strictly follows the "three simultaneous" principle of occupational health[16] in the construction, alteration, expansion and technical renovation of potentially hazardous projects as well as in the introduction of technologies to such projects.	The commercial operation business of the Group involves hotels and commercial and retail premises, each with different occupational safety risks. The Group implements the Safety Management Standards for Properties Leased by the Group and the Daily Safety Management Manual for Business Properties during our operation to better identify, assess and manage the material sources of risk in different operating premises in order to minimise the occupational safety risk.	To offer a safe and comfortable workplace for the employees, the Group has formulated the Safety Management Requirements for Office Premises. The Group also provides various kinds of health and safety training for our employees, including safe production and fire safety knowledge training, road safety training, fire prevention and firefighting skills training, virtual reality experience of a fire scene, and fire evacuation and rescue drills.

Enhancing Safety Awareness

The Group continues to enhance the safe production awareness of the employees by organising safety workshops, professional training sessions and emergency drills regularly to promote occupational health and safety knowledge. During the reporting period, based on their actual situations, our subsidiaries pressed ahead with thematic trainings and drills on flood and typhoon control, emergency repairs of safety equipment, fire prevention and extinguishing, evacuation and escape, and incident and potential hazard resolution. We also invited the construction units, leasing partners and merchants to join the training in order to remind all the related parties of the importance and urgency of safe production. This effectively lowered the risk of the occurrence of safety incidents.

During the reporting period, the Group's lost days due to work injury was 563 days. There were no work-related fatalities over the past three years (including the reporting year).

16 The "three simultaneous" principle of occupational health means that the occupational disease prevention facilities of a construction project must be designed, constructed and put into production and use simultaneously with the main project.

Enhancing safe production awareness among employees

The Xi'an subsidiary is concerned about the safety problems in the construction process. In 2023, the subsidiary conducted a number of activities, including project safety inspection, conclusion of the safety training and performance responsibility contract, safety knowledge competition, safe production month and safety education, and fire emergency drills.

A fire emergency drill held by the Xi'an subsidiary

Safety education training in the Xi'an subsidiary

6 HIGH QUALITY SERVICE DRIVES BUSINESS GROWTH

High quality products and services are pivotal in gaining a foothold in the market. Customer data and privacy are key to win the trust of consumers. Customer satisfaction is the driving force of the sustainable development of an enterprise. The Group firmly believes that high-quality service is indispensable in driving corporate development.

6.1 Enhancing Product and Service Quality

With a focus on creating safe and comfortable products, the Group believes that product quality improvement and stringent risk control are important in constructing high quality products. We strictly adhere to laws, regulations and different standards that are related to product quality and safety, including the Construction Law of the People's Republic of China (《中華人民共和國建築法》) and the Construction Works Quality Management Ordinance (《建設工程質量管理條例》). We strive to prevent systematic quality issues and provide high-quality and suitable products to customers.

To ensure a continuous enhancement of product and service quality, the Group has published a series of internal policies, including the Design Management System, Construction Quality Management System and Administrative Measures on Construction Progress Planning. Besides, we have put in place a three-level project quality management hierarchy, which comprises the Vice President of Project Management, Project Management Centre of the headquarters and the relevant departments of project development companies, to supervise the entire project development and construction process. The Group also regularly shares information about our product and service quality to increase the transparency to our product and service quality. Feedback is encouraged from our customers and stakeholders to help us deliver better performance.

With the support of a sound project quality control system, the Group implements rigorous quality control measures throughout the project design, construction and delivery process to ensure that the quality and progress are in line with the expectations and needs of the customers. Through good design, good materials, good quality and good ancillary facilities, we hope to create a green and liveable living space, reduce quality complaints, increase our project passing rate, and provide distinguished value and experience for the customers. Meanwhile, we will continue to enhance our quality and services for higher customer satisfaction and a harmonious living environment.

Design	The Group keeps on enhancing project design and design inspection. By working hand-in-hand with the project design team, we maintain frequent communication and coordination with the team at the stages of project conceptual design, proposal design and construction drawing design to ensure continual project quality enhancement. We also continue to introduce advanced construction techniques and apply the Building Information Modelling (BIM) technique in certain projects in order to create safer and higher-quality project designs.
Construction	At the construction stage, the Group requires the construction units (including the main contractor and sub-contractors) to prepare a comprehensive construction plan. The Group would hire a fully qualified supervision unit to monitor and inspect the entire process for quality and safety assurance, especially safeguarding the health and safety of the construction workers. In respect of the use of materials and equipment, the Group supervises the construction units based on the Construction Quality Management System to ensure all materials, components and equipment used are in line with the safety standards. The Group would also conduct random inspection or review on the materials on-site. To ensure that project progress, quality and safety are under control, the Group implements the Progress Management System, under which the Group identifies difficulties arising from the construction process and devises the solutions in a timely manner through regular checking, assessment and tracking. Moreover, the Group regularly organises experience exchanges for the project companies to share their experiences in quality management in order to continually improve our project quality.
Delivery	The Group has set up a robust system on acceptance inspection upon completion and delivery management, under which a comprehensive inspection is performed on the project together with supervision companies, professional engineers and construction units in accordance with the Acceptance Inspection and Assessment Criteria for the Quality of Construction and Installation Projects and the relevant requirements before project completion and delivery. In case of any quality defects, we would urge the construction units to repair until the project passes the acceptance inspection process to ensure the delivery of high-quality products to the customers.

During the reporting period, the Group did not have any projects or design plans that were required to be rebuilt or returned out of safety or quality concerns.

6.2 Protecting Customers' Privacy and Data

The Group attaches utmost importance to protecting customer data. The Group strictly complies with the Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) to ensure that our project companies store the data and private information of customers only in the memory of the Group's management system and that customers' files are placed under classified management. To regulate staff behaviour, we have clearly laid out the compliant conduct on protecting the confidentiality of customer data in the Staff Manual and require the employees to shoulder the responsibility of data protection and security to prevent them from replicating, divulging, stealing or misappropriating customer data in any way. If an employee discovers that any customer data have been or are at risk of being divulged, the employee should take immediate remedial measure and report the same to the Administrative and Human Resources Centre in order to prevent and minimise the losses and risks arising therefrom.

6.3 Improving Customer Satisfaction

The Group is dedicated to proffering excellent service in our property operation, refining customer service experience, and improving service quality and customer satisfaction. We have established a governance structure based on customer satisfaction to make sure the decision-makers of the Group closely attend to customers' needs. Regular management assessments are also conducted to monitor service quality and customer satisfaction. Meanwhile, specific customer satisfaction enhancement targets have been set and incorporated into the long-term strategic planning of the Group. We hope to continually optimise our service through continuous improvement projects and customer feedback in order to meet and even exceed customers' expectations. During the reporting period, we collected customers' feedback through a variety of customer satisfaction surveys and research.

Operation of Commercial and Residential Properties

To achieve the goal of product optimisation, the Group actively communicates with our tenants. During the reporting period, we held tenant seminars to discuss issues on management service and facilities and provided quick response to the enquiries from the tenants. We also organised brand promotion campaigns to increase customer satisfaction and loyalty. We take an active role in addressing customers' needs and complaints with customer experience in mind. Complaints filed by the tenants would go through the supervision and self-inspection process conducted by the property and commercial management department, and then be quickly passed to the relevant engineering and technical departments for proper handling.

Hotel Operation

The Group pays high regard to safety management in hotel operation. Apart from implementing a safety accountability system and conducting continuous safety risk assessments, drills, training sessions and inspections, the Group also cooperates with professional bodies to carry out regular repairs and maintenance on the access control system, security and protection system and fire monitoring system in our hotels.

During the reporting period, the Group received 3 complaints in total for the property operation business. All the complaints were properly handled and resolved during the reporting period.

7 SHOULDERING SOCIAL RESPONSIBILITY FOR COMMON PROSPERITY

We are dedicated to fulfilling our social responsibility and to charitable causes and rural revitalisation. By supporting rural development and urban community services, we hope to achieve mutual progress in our corporate and the community.

7.1 Rural Revitalisation for Mutual Benefits

At the critical stage when rural revitalisation is at full steam, the 2023 No. 1 Central Document, that is the Opinions of the Central Committee of the Communist Party of China (CPC) and the State Council on Fulfilling the Key Work of Comprehensively Promoting Rural Revitalisation in 2023 (《中共中央國務院關於做好2023年全面推進鄉村振興重點工作的意見》), expressly proposes the requirements of "promoting rural development, rural construction and rural governance, accelerating the building of a strong agricultural powerhouse, and building a liveable, workable and harmonious countryside".

With a deep understanding of the strategy of the CPC Central Committee and the State Council in consolidating and expanding poverty alleviation results with effective linkage to rural revitalisation, the Group actively fulfills our corporate social responsibility to achieve this goal. Guided by the goal of "achieving rural revitalization for a better home", we endeavour to gain new results in rural revitalisation by resolving the actual difficulties faced by people, upgrading rural environment, showing cultural empathy and promoting the development of cultural tourism with mutual construction, mutual use, inclusiveness, mutual facilitation and win-win cooperation as the means on the basis of paired-up mutual construction and complementary strengths.

With respect to environmental transformation, we focus on improving the ecological environment in rural areas and promoting green development and ecological protection. In terms of industrial support, we invest in rural industries, promote economic development and increase farmer income. In terms of organization restructuring, we take part in establishing rural organisations, strengthening the governance system and enhancing governance. As for cultural reshaping, we support rural cultural infrastructure, enhancing the cultural soft power of the countryside and promoting civilised rural customs.

Paired-up assistance between SIUD and Chenguang Village

Details: The party branch of Shanghai Industrial Urban Development Group Limited and the party branch of the SIUD (SUD) Division I entered into the agreement of the "5th Round of Paired-up Assistance between Urban and Rural Party Organisations in Shanghai" with the general party branch committee of Chenguang Village.

Signing ceremony of the paired-up assistance agreement

7.2 Charity Work for Social Betterment

With a deep commitment to community service and charity, SIUD regards social and charitable causes as one of its core values. As a city-industry integrated developer in cities and metropolises, the Company integrates charitable spirit into its business practice and contributes to the sustainable development of urban areas and living condition improvement of urban residents. The great love of SIUD is demonstrated in numerous sectors, such as environmental protection, youth growth, poverty alleviation and educational grants, charitable donations and rural revitalisation.

The community service and charitable activities of the Company follow a stringent decision-making process to ensure professionalism and effectiveness. The party-mass office is responsible for planning and reporting charitable projects while the finance and account division is in charge of the payment of charitable funds to ensure every donation is used transparently and efficiently for social and charitable causes.

In 2023, SIUD and its subsidiaries took an active part in community service and charitable activities, including donating to the Shanghai Flame Blue Fire and Rescue Foundation, SUD Foundation for Supporting the Military and Families, Love under the Blue Sky Charity Foundation and Chongming Chenguang Village Rural Revitalisation Project. Besides, the Company has been supporting Liu'an SUD Hope Primary School in Anhui for many years and made donations to various organisations, including the Municipal Charity Foundation and Xuhui Foundation for Supporting the Military and Families. Our annual donation amounted to RMB520,000 in total. We have been cooperating with the party branch of Chenguang Village, Chongming District in upgrading the countryside and also supporting the construction of Liu'an SUD Hope Primary School in Anhui for 27 consecutive years.

Looking ahead, upholding the belief that "servicing people is the real essence of business", we will continue to incorporate charity and community service into every aspect and put ESG into practice in a bid to create greater value for the society.

Voluntary charitable activity

Details: SIUD is dedicated to charity and community service with a team of 80 volunteers in 2023. The Company played an active role in arranging the volunteers to offer hearty breakfast to sanitation workers and organise activities for the elderly in the community to show our care.

Offering hearty breakfast to sanitation workers

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Mandatory disclosure requirements	Description	Reference or Explanation
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance and Approach
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report	About This Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

A. Environmental			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect A1: Emissions			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Green and Low-Carbon Development for Harmonious Coexistence
Key Performance Indicators	A1.1	The types of emissions and respective emissions data	Green and Low-Carbon Development for Harmonious Coexistence
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green and Low-Carbon Development for Harmonious Coexistence
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green and Low-Carbon Development for Harmonious Coexistence
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green and Low-Carbon Development for Harmonious Coexistence
	A1.5	Description of emission target(s) set and steps taken to achieve them	Green and Low-Carbon Development for Harmonious Coexistence
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Green and Low-Carbon Development for Harmonious Coexistence

A. Environmental			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources, including energy, water and other raw materials	Green and Low-Carbon Development for Harmonious Coexistence
Key Performance Indicators	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility)	Green and Low-Carbon Development for Harmonious Coexistence
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green and Low-Carbon Development for Harmonious Coexistence
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Green and Low-Carbon Development for Harmonious Coexistence
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Green and Low-Carbon Development for Harmonious Coexistence
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The business nature of the Group does not involve any consumption of packaging materials

A. Environmental			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect A3: The Environment and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impacts on the environment and natural resources	Green and Low-Carbon Development for Harmonious Coexistence
Key Performance Indicator	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green and Low-Carbon Development for Harmonious Coexistence
Aspect A4: Climate Change			
General Disclosure		Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Green and Low-Carbon Development for Harmonious Coexistence
Key Performance Indicator	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Green and Low-Carbon Development for Harmonious Coexistence

B. Social			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect B1: Employment			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	People-Oriented Approach for Win-Win Cooperation
Key Performance Indicators	B1.1	Total workforce by gender, employment type, age group and geographical region	People-Oriented Approach for Win-Win Cooperation
	B1.2	Employee turnover rate by gender, age group and geographical region	People-Oriented Approach for Win-Win Cooperation
Aspect B2: Health and Safety			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	People-Oriented Approach for Win-Win Cooperation
Key Performance Indicators	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	People-Oriented Approach for Win-Win Cooperation
	B2.2	Lost days due to work injury	People-Oriented Approach for Win-Win Cooperation
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	People-Oriented Approach for Win-Win Cooperation

B. Social			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	People-Oriented Approach for Win-Win Cooperation
Key Performance Indicators	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	People-Oriented Approach for Win-Win Cooperation
	B3.2	The average training hours completed per employee by gender and employee category	People-Oriented Approach for Win-Win Cooperation
Aspect B4: Labour Standards			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	People-Oriented Approach for Win-Win Cooperation
Key Performance Indicators	B4.1	Description of measures to review employment practices to avoid child and forced labour	People-Oriented Approach for Win-Win Cooperation
	B4.2	Description of steps taken to eliminate such practices when discovered	No violation was identified by the Group during the reporting period

B. Social			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain	Integrity Compliance for Stable Development
Key Performance Indicators	B5.1	Number of suppliers by geographical region	Integrity Compliance for Stable Development
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Integrity Compliance for Stable Development
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Integrity Compliance for Stable Development
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Integrity Compliance for Stable Development

B. Social			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect B6: Product Responsibility			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	The business nature of the Group does not involve any labelling of products and services
Key Performance Indicators	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	High Quality Service Drives Business Growth
	B6.2	Number of products and service related complaints received and how they are dealt with	High Quality Service Drives Business Growth
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Integrity Compliance for Stable Development
	B6.4	Description of quality assurance process and recall procedures	The business nature of the Group does not involve any recall procedures
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	High Quality Service Drives Business Growth

B. Social			
General Disclosure/Key Performance Indicators		**Description**	**Reference or Explanation**
Aspect B7: Anti-corruption			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Integrity Compliance for Stable Development
Key Performance Indicators	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Integrity Compliance for Stable Development
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Integrity Compliance for Stable Development
	B7.3	Description of anti-corruption training provided to directors and staff	Integrity Compliance for Stable Development
Aspect B8: Community Investment			
General Disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Shouldering Social Responsibility for Common Prosperity
Key Performance Indicators	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Shouldering Social Responsibility for Common Prosperity
	B8.2	Resources contributed (e.g. money or time) to the focus area	Shouldering Social Responsibility for Common Prosperity

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Haiping

Chairman, Executive Director and Chairman of the Nomination Committee

Mr. Tang Jun

President, Executive Director and Member of the Investment Appraisal Committee

Mr. Lou Jun

Executive Director

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

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

Dr. Fan Ren Da, Anthony

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

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

Independent Non-executive Director and Chairman of the Audit Committee

EXECUTIVE DIRECTORS

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

Mr. Huang, aged 57, was appointed as the chairman of the Board, an executive Director and the chairman of the Nomination Committee of the Company on 18 May 2020.

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

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

Mr. Tang, aged 56, was appointed as the President, an executive Director and a member of the Investment Appraisal Committee of the Company on 15 January 2021.

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

Mr. Lou Jun, Executive Director

Mr. Lou, aged 52, was appointed as an executive Director of the Company on 30 June 2017. He obtained a bachelor's degree in law and graduated from the Youth Work Department of the China Youth University of Political Studies, majoring in political education. He is a vice president, board secretary and general manager of the board office of SIIC, a chairman of The Wing Fat Printing Co., Ltd., a chairman of Nanyang Brothers Tobacco Co., Ltd. and a chairman of South Pacific Hotel (Hong Kong) Limited. He acted as deputy director of the general office of the Foreign Affairs Office of the Shanghai Municipal People's Government (Hong Kong and Macao Affairs Office of the Shanghai Municipal People's Government) and director of the general supervision department of the Standing Committee Office of Shanghai Municipal People's Congress.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Mr. Doo, aged 79, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. He was appointed as a member of the Nomination Committee of the Company on 3 August 2015. Mr. Doo is the chairman and director of Fungseng Prosperity Holdings Limited. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and has been serving as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. Mr. Doo was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2021. In addition, he was appointed as a National Committee Member of the 12th Chinese People's Political Consultative Conference in February 2013, and was promoted to the Officier del'Ordre National de la Légion d'Honneur by the French Government in 2019. He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• FSE Lifestyle Services Limited (stock code: 331)	Alternate director to non-executive director, Dr. Cheng Kar Shun, Henry
• New World Development Company Limited (stock code: 17)	Vice chairman and non-executive director

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

Dr. Fan, aged 63, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is also the chairman of the Investment Appraisal Committee and the members of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Fan holds a Master's Degree in Business Administration from the United States and a PhD Degree in Economics. He has over six years of experience in the property industry. He is the founding president of the Hong Kong Independent Non- Executive Director Association. He is also the chairman and managing director of AsiaLink Capital Limited. He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• Tenfu (Cayman) Holdings Company Limited (stock code: 6868)	Executive director
• Technovator International Limited (stock code: 1206)	Independent non-executive director, chairmen of the remuneration committee and the risk management committee, members of the audit committee and the nomination committee
• Uni-President China Holdings Ltd. (stock code: 220)	Independent non-executive director, chairman of the audit committee, members of the remuneration committee and the investment, strategy and development committee

Listed Company	Role
• China Dili Group (stock code: 1387)	Independent non-executive director and chairman of the audit committee
• CITIC Resources Holdings Limited (stock code: 1205)	Independent non-executive director, chairman of the audit committee, members of the remuneration committee, the nomination committee and the risk management committee
• China Development Bank International Investment Limited (stock code:1062)	Independent non-executive director, members of the audit committee, the nomination committee and the remuneration committee

Listed Company	Role
• Neo-Neon Holdings Limited (stock code:1868)	Independent non-executive director, chairman of the risk management and regulatory compliance committee, members of the audit committee, the remuneration committee and the nomination committee
• Semiconductor Manufacturing International Corporation (stock code: 981)	Independent non-executive director, chairman of the audit committee and the compensation committee, member of the nomination committee
• Hilong Holding Limited (stock code: 1623)	Non-executive director
• Raymond Industrial Limited (stock code: 0229)	Independent non-executive director, members of the remuneration committee, the audit committee and the nomination committee (retired, with effect from 21 May 2021)
• Haitong Securities Co., Ltd. (stock code: 6837)	Independent non-executive director, members of the audit committee and nomination, remuneration and assessment committee

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

Mr. Li, aged 69, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is the chairman of the Audit Committee of the Company. He is a fellow of the Association of Chartered Certified Accountants, United Kingdom. Mr. Li has over sixteen years of experience in the property industry. He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• Goldlion Holdings Limited (stock code: 533)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
• China-Hongkong Photo Products Holdings Limited (stock code: 1123)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
• Cosmopolitan International Holdings Limited (stock code: 120)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
• Continental Aerospace Technologies Holding Limited (formerly known as "AVIC International Holding (HK) Limited", stock code: 232)	Independent non-executive director, members of the audit committee and the remuneration committee
• China Merchants Port Holdings Company Limited (stock code: 144)	Independent non-executive director, chairman of the audit committee and member of the remuneration committee
• Wai Yuen Tong Medicine Holdings Limited (stock code: 897)	Independent non-executive director and chairman of the audit committee

SENIOR MANAGEMENT

Mr. Li Bin
Vice President

Mr. Li, aged 50, is a vice president of the Company. He received a master's degree in Economics from Shanghai University of Finance and Economics in 2002. He is also an economist and a member of the Chartered Institute of Building (CIOB). Mr. Li was the chief and the independent director of company secretary and information office in Shanghai Xujiahui Commercial Company Limited, the chief of secretary department in Shanghai Xuhui District Committee Office and the supervisor of SUD.

Mr. Yang, aged 52, is a vice president of the Company. Mr. Yang holds a master degree in management science from management science and engineering discipline of School of Economics and Management, Tongji University. He used to be the deputy general manager of Shanghai International Group Investment Development Limited. Since December 2015, Mr. Yang has been the vice president of Shanghai Shangtou Asset Management Limited.

Mr. Yang Yong
Vice President

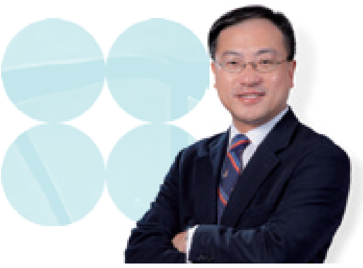
Mr. He Bin
Vice President

Mr. He, aged 43, is a vice president of the Company. Mr. He received a bachelor's degree in economics from Fudan University in Shanghai. He was the assistant to the president of the Company and SUD. He has been the general manager of Shanghai Shentian Property Limited (上海莘天置業有限公司) since February 2013. Mr. He is also currently a director and vice president to SUD.

Ms. Yang, aged 45, is a vice president of the Company. Ms. Yang holds a bachelor's degree in economics from Shanghai University of Finance and Economics. She was the assistant to the president of the Company and SUD. She is currently the chairman of the intercity companies in Xi'an, Tianjin and Yantai.

Ms. Yang Hua
Vice President

SENIOR MANAGEMENT



Mr. Chan Kin Chu, Harry
Company Secretary

Mr. Chan, aged 54, has been the Company Secretary of the Company since 1 June 2011. He was appointed as Board Secretary and Deputy General Counsel in February 2013. Mr. Chan graduated from the University of Hong Kong with a bachelor of laws degree. He also obtained a master of laws degree from the University of London, U.K. and a bachelor of laws degree from Tsinghua University, the PRC. He was admitted to the High Court of Hong Kong Special Administrative Region as a solicitor. Mr. Chan has over twenty years of working experience in legal, compliance and corporate governance matters. Before joining the Group, Mr. Chan worked for a sizable property developer as an in-house counsel.

DIRECTORS' REPORT

The Board presents its annual report and the audited financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, its associates and its joint ventures are set out in notes 46, 21 and 22 to the consolidated financial statements respectively.

BUSINESS REVIEW

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 131 to 132.

The Board recommends the payment of a final dividend of 2.1 HK cents per share in cash and a special dividend of 0.8 HK cents per share in cash for the year ended 31 December 2023 (for the year ended 31 December 2022: final dividend of 2.1 HK cents per share in cash and special dividend of 0.9 HK cents per share in cash) to the Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 28 May 2024, subject to approval by the Shareholders at the 2024 AGM. It is expected that the final dividend and special dividend warrants will be despatched to those entitled Shareholders on or around Friday, 21 June 2024.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2024 AGM

The 2024 AGM is scheduled to be held on Monday, 20 May 2024. For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30p.m. on Monday, 13 May 2024.

Entitlement to receive the proposed final and special dividend

For determining the entitlement of the Shareholders to receive the proposed final and special dividend, the Company's register of members will be closed from Friday, 24 May 2024 to Tuesday, 28 May 2024 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final and special dividend (subject to the Shareholders' approval at the 2024 AGM), all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30p.m. on Thursday, 23 May 2024.

INVESTMENT PROPERTIES

Details of movements during the year ended 31 December 2023 in investment properties of the Group are set out in note 16 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year ended 31 December 2023 in other property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 244 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2023 are set out in note 36 to the consolidated financial statements.

LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the Company's announcement dated 19 September 2022, the Company as borrower entered into a facility letter (the "**Facility Letter**") with a bank as lender for a revolving term loan facility of up to HKD400,000,000 with the maturity date being the date falling 12 months from the acceptance date of the Facility Letter (the "**RTL Facility**"). The Facility Letter contains an undertaking by the Company that so long as the RTL Facility or any sum thereunder remains outstanding, Shanghai Industrial Holdings Limited ("**SIHL**"), a controlling and substantial shareholder of the Company and the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 363) and Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**"), being a controlling shareholder of SIHL, shall collectively directly or indirectly own not less than 51% of the total issued share capital of the Company and maintain management control of the Company (the "**Shareholding and Management Covenant**"). A breach of the Shareholding and Management Covenant will constitute an event of default under the Facility Letter.

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

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

As at 31 December 2023, SIHL and SIIC are beneficially interested in approximately 44.06% and 70.37%, respectively, of the total issued share capital of the Company. Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

MATERIAL ACQUISITIONS AND DISPOSALS

Details of material acquisitions and disposals of the Company are set out in note 51 and 37 to the consolidated financial statements respectively.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

The Company had sufficient reserves available for distribution to the Shareholders as at 31 December 2023.

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

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of HK$8,302,290,986 as at 31 December 2023 (as at 31 December 2022: HK$8,903,527,660) may be distributed in the form of fully paid bonus shares.

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this annual report have been:

Executive Directors
Mr. Huang Haiping *(Chairman)*
Mr. Tang Jun *(President)*
Mr. Lou Jun
Mr. Ye Weiqi (retired on 31 January 2024)

Independent Non-executive Directors
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony
Mr. Li Ka Fai, David, *M.H.*
Mr. Qiao Zhigang (resigned on 5 January 2024)

In accordance with Bye-law 84 of the Company's Bye-laws, Mr. Tang Jun and Mr. Lou Jun will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election. Separate ordinary resolutions will be proposed at the 2024 AGM to re-elect Mr. Tang Jun and Mr. Lou Jun as the executive Directors.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 46 to the consolidated financial statements, no contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2023 or at any time during the year ended 31 December 2023.

MANAGEMENT CONTRACT

During the year ended 31 December 2023, no contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

CONTRACT OF SIGNIFICANCE

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

(i) No contracts of significance in relation to the business of the Group, to which the Company or any of its subsidiaries was a party and in which a controlling shareholder of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the year ended 31 December 2023 or at any time during the year ended 31 December 2023; and

(ii) No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the year ended 31 December 2023 or at any time during the year ended 31 December 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management of the Group are set out on pages 105 to 111 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

A summary of the Company's directors' and senior management's remuneration is set out in notes 12 and 45(a) to the consolidated financial statements respectively.

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

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted[1]	Approximate% of the issued share capital of the Company
Tang Jun	Beneficial owner	178,000	—	0.00%

Note:

1. These interests represent the interests in the underlying shares of the Company in respect of share options granted by the Company to these Directors as beneficial owners, details of which are set out in the section headed "SHARE OPTION SCHEME" of this annual report.

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

SIHL

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted[1]	Approximate% of the issued share capital of SIHL
Tang Jun	Beneficial owner	65,000	—	0.00%

Note:

1. These interests represent the interests in the underlying shares of SIHL in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SIHL under its share option scheme.

Save as disclosed herein, as at 31 December 2023, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by the Shareholders at its special general meeting held on 12 December 2002, the Company adopted a share option scheme (the "**Share Option Scheme**")

All the share options granted in September 2010 under the Share Option Scheme were lapsed on 24 September 2020. As at 31 December 2023, no share options remained outstanding under Share Option Scheme. The Share Option Scheme expired on 11 December 2012.

Pursuant to ordinary resolutions passed by the Shareholders at its general meeting and the approval granted by the Listing Committee of the Stock Exchange on 21 May 2013 (the "**Adoption Date**"), the Company adopted a new share option scheme (the "**New Share Option Scheme**").

Reference was made to the circular of the Company dated 16 April 2013 (the "**New Share Option Scheme Circular**") in relation to the adoption of the New Share Option Scheme. Unless the context requires otherwise, terms defined in the New Share Option Scheme Circular shall have the same meanings when used in this annual report. As disclosed in the New Share Option Scheme Circular, the New Share Option Scheme will be valid for ten years since the Adoption Date. The purpose of the New Share Option Scheme is to enable the Company to grant options to the eligible participants, as incentives and/or rewards for their contributions to the Group.

The eligible participants include the following classes of participants:

(a) any employee (whether full time or part time, including any executive Director and non-executive director but excluding any independent non-executive director and (if applicable) any supervisors) of any member of the Group or any Invested Entity;

(b) any independent non-executive directors and (if applicable) any supervisors of any member of the Group or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of any member of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other support (technical or otherwise) to any member of the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser or consultant (professional or otherwise) to any area of business or business development of any member of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

For the purposes of the New Share Option Scheme, an offer may be made to any company wholly-owned by one or more eligible participants.

The Board considers that the New Share Option Scheme will provide the eligible participants with the opportunity to acquire shares of the Company and to encourage the eligible participants to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole. The provisions of the New Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules. Further details of the New Share Option Scheme can be found in the New Share Option Scheme Circular.

The Company had not granted any share options under the New Share Option Scheme since its Adoption Date up to 31 December 2023. The New Share Option Scheme expired on 21 May 2023.

Save as disclosed herein, the Company had not granted any share options to any persons as required to be disclosed under Rule 17.07 of the Listing Rules during the year ended 31 December 2023.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2023 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

During the year ended 31 December 2023, the Audit Committee has reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2023, the audited final financial statements of the Group for the year ended 31 December 2023 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group; risk management, internal audit and internal controls; and financial reporting matters. The audit committee also reviewed the progress report on the preparation of the Environmental, Social and Governance report.

CONNECTED TRANSACTIONS

Certain related party transactions as set out in notes 45 and 51 to the consolidated financial statements are connected transactions under the Listing Rules. Details of the connected transaction of the Company, which is also related party transaction as disclosed in notes 45 and 51 to the consolidated financial statements, required to be disclosed under Chapter 14A of the Listing Rules are set out below.

(i) Major and Connected Transaction in Relation to Acquisition of the Target Company Holding 28.5% Equity Interest in a Non-wholly Owned Subsidiary

On 30 November 2022, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the share transfer agreement (the "**Share Transfer Agreement**") with the Vendor, Mr. Shi, the Target Company, Shanghai Saiba and Shanghai Saiyin in relation to the acquisition of the entire shares of the Target Company (the "**Sale Shares**"). Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares at the consideration of RMB696,000,000 (the "**Acquisition**"). The principal asset of the Target Company and its subsidiaries is 28.5% equity interest in the Project Company. The Project Company and its subsidiaries are the project companies established to hold and develop the Originally project located in Xi'an, the PRC.

The Company believes that the Acquisition represents a valuable opportunity to acquire the Project Company as a wholly-owned subsidiary of the Company which enhances the profit, the flexibility of dividend distribution and capital management. The Acquisition will help the Group achieve an independent operation of the Project Company which provides the flexibility in management of the Originally project and subsequent contract sales or leases of the property units, thereby creating a flexible business development environment.

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being the indirect holding company of Shanghai Saiyin, which is a substantial shareholder of the Project Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person at the subsidiary level, (ii) the Board has approved the Acquisition, and (iii) the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the entering into of the Share Transfer Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the shareholders has any material interest in the Acquisition under the Share Transfer Agreement and therefore none of them is required to abstain from voting if a general meeting was to be convened to approve the Share Transfer Agreement and the Acquisition. In accordance with Rule 14.44 of the Listing Rules, the Company has obtained a written approval from a group of closely allied group of shareholders which are controlled by SIIC holding an aggregate of 3,220,353,977 ordinary shares of the Company, representing approximately 67.00% of the issued share capital of the Company as at 30 November 2022, for the Share Transfer Agreement and the Acquisition in lieu of holding a general meeting of the Company. As such, the Company did not convene a special general meeting to consider and approve the Share Transfer Agreement and the Acquisition as permitted under Rule 14.44 of the Listing Rules.

As none of the Directors is considered to have a material interest in the Acquisition, no Director is required to abstain from voting on the resolution of the Board in respect of the Acquisition.

For further information about the Acquisition, please refer to the announcements of the Company dated 30 November 2022 and 21 December 2022; and the circular of the Company dated 28 March 2023.

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

As at 31 December 2023, substantial shareholders and other persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Ordinary shares of HK$0.04 each of the Company

Name of substantial shareholders	Capacity	Number of shares of the Company held	Approximate% of the issued share capital of the Company
SIHL	Held by controlled corporation	2,111,229,080(L)[1,2,3]	44.06%
SIIC	Held by controlled corporation	3,371,785,977(L)[1,2,3,4]	70.37%

Notes:

1. L denotes long positions.

2. These include 2,061,229,080 shares of the Company held by S.I. Smart Charmer Limited and 50,000,000 shares of the Company that are deemed to be held by Novel Good Limited under the pledge described in note 3 below. As S.I. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL, which is in turn controlled by SIIC, SIHL and SIIC are deemed or taken to be interested in the interests in the shares of the Company held by S.I. Smart Charmer Limited and Novel Good Limited.

3. These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which are pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares of the Company.

4. SIIC, through Shanghai Investment Holdings Limited (a subsidiary of SIIC) held approximately 55.13% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 2,111,229,080 shares of the Company held by SIHL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 1,260,556,897 shares of the Company held by its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC CM Development Limited, SIIC Capital (B.V.I.) Limited and Shanghai Investment Holdings Limited.

Save as disclosed herein, as at 31 December 2023, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 5.2% of the Group's total revenue for the year ended 31 December 2023 and the sales attributable to the Group's largest customer were approximately 3.5% of the Group's total revenue for the year ended 31 December 2023.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 45.5% of the Group's total purchases and the purchases of the year ended 31 December 2023 attributable to the Group's largest supplier were approximately 18.7% of the Group's total purchases for the year ended 31 December 2023.

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

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

During the year ended 31 December 2023, the Company repurchased a total of 2,894,000 ordinary shares of the Company of HK$0.04 each on the Stock Exchange at an aggregate purchase price of HK$1,321,960. Details of the repurchase of such ordinary shares were as follows:

Date of repurchase	No. of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price
		Highest	Lowest	
		HK$	*HK$*	*HK$*
5 January 2023	150,000	0.62	0.62	93,000
11 January 2023	900,000	0.61	0.61	549,000
12 January 2023	144,000	0.59	0.59	84,960
29 December 2023	1,700,000	0.35	0.35	595,000
Total	2,894,000			1,321,960

The ordinary shares repurchased on 5 January 2023, 11 January 2023, and 12 January 2023 were cancelled on 27 February 2023; and the ordinary shares repurchased on 29 December 2023 were cancelled on 26 March 2024 (During the period from 2 January 2024 to 17 January 2024, the Company also repurchased a total of 11,068,000 ordinary shares of the Company, which were cancelled on 26 March 2024. Please refer to the Next Day Disclosure Return submitted on 26 March 2024 for details of those shares repurchase). The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchase was effected by the Directors pursuant to the repurchase mandate granted at the annual general meeting of the Company held on 23 May 2022 and 22 May 2023 respectively.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2023.

AUDITOR

The financial statements for the year ended 31 December 2023 of the Group have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and being eligible, offering itself for re-appointment. A resolution for the reappointment of Messrs. Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2024 AGM.

NON-COMPETE UNDERTAKING

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

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

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors are set out as follows:

(a) Dr. Fan Ren Da, Anthony was appointed as an independent non-executive director, member of audit committee, member of nomination, remuneration and assessment committee of Haitong Securities Co., Ltd. (stock code: 6837) with effect from 12 October 2023;

(b) Dr. Fan Ren Da, Anthony had resigned as member of audit committee, member of nomination committee and member of remuneration committee of Hong Kong Resources Holdings Company Limited (stock code: 2882) ("**HKRH**") with effect from 19 January 2024 and had resigned as an independent non-executive director of HKRH with effect from 9 February 2024;

(c) Mr. Qiao Zhigang had resigned as an independent non-executive director and a member of the investment appraisal committee of the Company with effect from 5 January 2024 due to his own business and other commitments; and

(d) Mr. Ye Weiqi had retired as an executive director, the vice president and a member of the remuneration committee of the Company with effect from 31 January 2024 due to the reaching of his retirement age.

DONATIONS

During the year ended 31 December 2023, the Group made charitable donations of RMB442,000 (equivalent to approximately HK$486,000).

APPRECIATION

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

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

Hong Kong, 19 March 2024

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED
上海實業城市開發集團有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 131 to 243, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to significance of its balance to the consolidated statement of financial position and estimation uncertainty associated with determining the fair value of investment properties. As disclosed in Note 16 to the consolidated financial statements, the fair value of the Group's investment properties of HK$21,437,687,000 as at 31 December 2023 with the fair value loss of HK$39,830,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year. The fair value of the Group's investment properties as at 31 December 2023 has been arrived at on the basis of valuation carried out by an independent qualified professional valuer not connected to the Group (the "Valuer"). Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in Note 16 to the consolidated financial statements. The fair value is dependent on certain significant unobservable inputs that involve judgment and estimation made by the management of the Group together with the Valuer, including, among other factors, reversionary yield and adjustments to transaction prices.	Our procedures in relation to the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Discussing with the Valuer and the management of the Group on the valuation process to understand the performance of property markets, significant assumptions adopted and data used in the valuation; • Discussing with the Valuer to understand whether the Group's investment properties were valued on a consistent basis using the same methodologies; • Involving our internal valuation expert to evaluate the appropriateness of the valuation methodologies and the reasonableness of the significant unobservable inputs adopted in the valuation models for selected investment properties; and • Evaluating the appropriateness of the valuation methodologies and assessing the reasonableness of the significant unobservable inputs adopted in the valuation models for the investment properties not being selected for our internal valuation expert review by checking, on a sample basis, the publicly available information and comparing the data used in the valuation to entity-specific historical information.

Key audit matter

Assessing the net realisable value ("NRV") of properties held-for-sale ("PHFS") and properties under development for sale ("PUDFS")

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

As disclosed in Note 26 to the consolidated financial statements, as at 31 December 2023, the Group has PHFS of HK$5,054,159,000, of which an amount of HK$1,541,627,000 relates to the Concerned Properties and PUDFS of HK$17,561,217,000, of which an amount of HK$7,335,729,000 relates to the Concerned Properties. An impairment loss of HK$209,021,000 in respect of the Concerned Properties is recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

The management of the Group determined the NRV of the Concerned Properties as at 31 December 2023 by reference to the valuation reports prepared by the Valuer. The valuation is dependent on certain adjustments that involve judgment and estimation made by the management of the Group together with the Valuer including, among other factors, on the prevailing market prices. In addition, in respect of the PUDFS of the Concerned Properties, the management of the Group estimated construction costs to be incurred to complete the development with reference to the master construction budget and the current's construction progress.

How our audit addressed the key audit matter

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

- Understanding and evaluating the appropriateness of the provision policy of PHFS and PUDFS adopted and assessing whether the provision policy is implemented properly and consistently with the basis adopted in prior years;

- Challenging the forecasted property selling prices for those PHFS and PUDFS located in first-tier cities in the PRC as estimated by the management of the Group with reference to publicly available information and checking, on a sample basis, the pre-sale agreements entered into by the Group during the year, if applicable, for the purpose of management's risk identification process;

- Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;

- Discussing with the Valuer and the management of the Group on the valuation process to understand the performance of property markets, significant assumptions adopted and data used in the valuation;

- Evaluating the reasonableness of the methodologies adopted in the valuation models;

- Evaluating the reasonableness of the adjustments on the prevailing market price adopted in the valuation models by checking, on a sample basis, the publicly available information and comparing the data used in the valuation to entity-specific historical information; and

- Evaluating the reasonableness of the estimated costs to be incurred to complete the development of PUDFS by comparing, on a sample basis, budgeted construction costs to the signed contracts with subcontractors.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	5		
Goods and services		7,180,575	10,480,999
Leases		773,021	541,497
Total revenue		7,953,596	11,022,496
Cost of sales		(4,628,206)	(8,052,026)
Gross profit		3,325,390	2,970,470
Other income	7	136,130	167,324
Other expenses, gains and losses, net	8	(223,018)	(156,171)
Fair value (loss) gain on investment properties, net	16	(39,830)	3,211
Distribution and selling expenses		(217,863)	(203,355)
General and administrative expenses		(402,201)	(412,633)
Loss on liquidation of a subsidiary	37	—	(244,831)
Finance costs	9	(687,775)	(682,926)
Share of results of associates		(5,921)	(271,789)
Share of results of joint ventures		(29,657)	(15,701)
Profit before tax		1,855,255	1,153,599
Income tax	10	(1,364,542)	(848,598)
Profit for the year	11	490,713	305,001
Other comprehensive expense for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(523,460)	(1,295,381)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax		(2,922)	(20,173)
Item that may be reclassified subsequently to profit or loss:			
Reclassification adjustment for realisation of revaluation reserve upon disposal of the related properties		—	(27,659)
Other comprehensive expense for the year		(526,382)	(1,343,213)
Total comprehensive expense for the year		(35,669)	(1,038,212)

	NOTE	**2023 HK$'000**	2022 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**494,570**	406,823
Non-controlling interests		**(3,857)**	(101,822)
		490,713	305,001
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**122,127**	(377,572)
Non-controlling interests		**(157,796)**	(660,640)
		(35,669)	(1,038,212)
Earnings per share			
Basic (HK cents)	15	**10.32**	8.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties	16	**21,437,687**	21,232,971
Property, plant and equipment	17	**2,181,543**	2,136,577
Right-of-use assets	18	**452,299**	473,729
Goodwill	19	**23,604**	23,604
Intangible assets	20	**56,306**	57,834
Interests in associates	21	**1,576,836**	1,796,882
Interests in joint ventures	22	**2,568,694**	2,668,967
Amount due from a related company	31	**271,041**	277,707
Equity instruments at fair value through other comprehensive income	23	**43,565**	59,872
Restricted and pledged bank deposits	24	**25,375**	33,074
Deferred tax assets	35	**136,686**	86,047
		28,773,636	28,847,264
Current assets			
Inventories	25	**1,001**	1,803
Properties under development for sale and properties held-for-sale	26	**22,615,376**	22,569,287
Trade and other receivables	27	**1,225,545**	1,185,644
Amounts due from related companies	31	**1,883**	2,492
Prepaid income tax and land appreciation tax		**393,435**	333,234
Financial assets at fair value through profit or loss	28	**—**	5,580
Restricted and pledged bank deposits	24	**19,433**	23,881
Bank balances and cash	29	**5,985,911**	4,477,602
		30,242,584	28,599,523
Current liabilities			
Trade and other payables	30	**6,722,859**	6,779,706
Amounts due to related companies	31	**392,258**	766,146
Pre-sale proceeds received on sales of properties	32	**8,256,091**	7,086,457
Bank and other borrowings	33	**3,588,828**	9,915,688
Lease liabilities	34	**20,821**	48,721
Income tax and land appreciation tax payables		**1,954,741**	1,377,284
Dividends payable		**22,182**	20,670
		20,957,780	25,994,672
Net current assets		**9,284,804**	2,604,851
Total assets less current liabilities		**38,058,440**	31,452,115

	NOTES	**2023** **HK$'000**	2022 HK$'000
Non-current liabilities			
Amount due to a related company	31	**388,626**	—
Deferred revenue	30	**37,026**	38,879
Bank and other borrowings	33	**14,413,588**	7,743,066
Lease liabilities	34	**30,921**	39,706
Deferred tax liabilities	35	**2,679,785**	2,799,190
		17,549,946	10,620,841
		20,508,494	20,831,274
Capital and reserves			
Share capital	36	**191,659**	191,747
Reserves		**13,819,310**	14,368,524
Equity contributable to owners of the Company		**14,010,969**	14,560,271
Non-controlling interests		**6,497,525**	6,271,003
		20,508,494	20,831,274

The consolidated financial statements on pages 131 to 243 were approved and authorised for issue by the Board of Directors on 19 March 2024 and are signed on its behalf by:

HUANG HAIPING
DIRECTOR

TANG JUN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (note (i))	Other revaluation reserve HK$'000 (note (ii))	Investment revaluation reserve HK$'000	Statutory surplus reserve HK$'000 (note (iii))	Shareholder's contribution/ merger reserve HK$'000 (note (iv))	Other reserve HK$'000 (note (v))	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2022	192,253	8,909,949	265,355	33,508	16,694	1,203,534	2,159,430	(77,883)	1,218,158	1,292,888	15,213,886	7,497,536	22,711,422
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	406,823	406,823	(101,822)	305,001
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	(744,834)	–	(744,834)	(550,547)	(1,295,381)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	(11,902)	–	–	–	–	–	(11,902)	(8,271)	(20,173)
Reclassification adjustment for realisation of revaluation reserve upon disposal of the related properties	–	–	–	(27,659)	–	–	–	–	–	–	(27,659)	–	(27,659)
Total comprehensive (expense) income for the year	–	–	–	(27,659)	(11,902)	–	–	–	(744,834)	406,823	(377,572)	(660,640)	(1,038,212)
Acquisition of an additional interest in a non-wholly owned subsidiary through acquisition of a subsidiary (Note 51)	–	–	–	–	–	–	–	(52,831)	–	–	(52,831)	(605,415)	(658,246)
Liquidation of a subsidiary (Note 37)	–	–	–	–	–	–	–	–	–	–	–	40,876	40,876
Transfer upon liquidation of a subsidiary	–	–	–	–	–	–	–	–	28,769	(28,769)	–	–	–
Dividends recognised as distributions (Note 50)	–	–	(216,285)	–	–	–	–	–	–	–	(216,285)	–	(216,285)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(59,923)	(59,923)
Repurchase and cancellation of ordinary shares (Note 36)	(506)	(6,402)	–	–	–	–	–	–	–	–	(6,908)	–	(6,908)
Transaction costs attributable to repurchase and cancellation of ordinary shares (Note 36)	–	(19)	–	–	–	–	–	–	–	–	(19)	–	(19)
Transfer	–	–	–	–	–	(9,266)	–	–	–	9,266	–	–	–
Capital injection from a non-controlling shareholder without change in shareholdings	–	–	–	–	–	–	–	–	–	–	–	58,569	58,569
At 31 December 2022	191,747	8,903,528	49,070	5,849	4,792	1,194,268	2,159,430	(130,714)	502,093	1,680,208	14,560,271	6,271,003	20,831,274
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	494,570	494,570	(3,857)	490,713
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	(370,719)	–	(370,719)	(152,741)	(523,460)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	(1,724)	–	–	–	–	–	(1,724)	(1,198)	(2,922)
Total comprehensive (expense) income for the year	–	–	–	–	(1,724)	–	–	–	(370,719)	494,570	122,127	(157,796)	(35,669)
Transfer upon liquidation of subsidiaries	–	–	–	–	–	(86,064)	–	–	43,304	42,760	–	–	–
Transfer to distributable reserve (note (vi))	–	(600,000)	600,000	–	–	–	–	–	–	–	–	–	–
Dividends recognised as distributions (Note 50)	–	–	(143,744)	–	–	–	–	–	–	–	(143,744)	–	(143,744)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(142,043)	(142,043)
Repurchase and cancellation of ordinary shares (Note 36)	(88)	(1,233)	–	–	–	–	–	–	–	–	(1,321)	–	(1,321)
Transaction costs attributable to repurchase and cancellation of ordinary shares (Note 36)	–	(3)	–	–	–	–	–	–	–	–	(3)	–	(3)
Transfer	–	–	–	–	–	39,871	–	–	(528,053)	(39,871)	(528,053)	528,053	–
Transfer upon disposal of investments in equity instruments at fair value through other comprehensive income	–	–	–	–	(2,435)	–	–	–	–	4,127	1,692	(1,692)	–
At 31 December 2023	191,659	8,302,292	505,326	5,849	633	1,148,075	2,159,430	(130,714)	(353,375)	2,181,794	14,010,969	6,497,525	20,508,494

Notes:

(i) Contributed surplus, serving as a distributable reserve, represents amounts transferred from the share premium account which gives Shanghai Industrial Urban Development Group Limited (the "Company") a greater flexibility in its dividend policy and making distributions to the shareholders.

(ii) Other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in profit or loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.

(iii) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), a subsidiary established in the PRC is required to transfer 10% of its profit after tax to the statutory surplus reserve. Contribution to the statutory surplus reserve is discretionary when the reserve balance reaches 50% of the registered capital of the subsidiary and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary.

(iv) Merger reserve comprises (1) the difference between the fair value of the consideration paid to the intermediate holding company of the Company, Shanghai Industrial Holdings Limited ("SIHL"), for the acquisition of subsidiaries controlled by SIHL (the "Acquiree") and the fair value of net assets of the Acquiree at the date of the Company and its subsidiaries (collectively referred to as the "Group") and the Acquiree became under common control in year 2011; and (2) the difference between the fair value of the consideration paid to Shanghai Shangtou Assets Operation Company Limited 上海上投資產經營有限公司 ("Shangtou Assets"), to which Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), being the ultimate holding company of the Company, exercises the authority as a state-owned shareholder, for acquisition of Shanghai Shangtou Real Estate Investment Company Limited 上海市上投房地產投資有限公司 ("Shangtou Real Estate") and its subsidiaries (collectively referred to as "Shangtou Real Estate Group") (after carving out certain assets and liabilities upon completion of the acquisition) controlled by Shangtou Assets and the fair value of net assets of Shangtou Real Estate Group at the date of the Group and Shangtou Real Estate Group became under common control in year 2018.

Shareholder's contribution represents capital contribution from SIHL and State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC") in the PRC, being a non-controlling shareholder (based on their respective percentage of equity interest), to a subsidiary of the Company, Shanghai Urban Development (Holdings) Co., Ltd. ("SUD"), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.

(v) Other reserve represents a premium contributed by the owners of the Company on acquiring additional interests in non-wholly owned subsidiaries of the Company. It comprises (1) the acquisition of the remaining 1.0% interest in 上海世界貿易商城有限公司 ("Shanghai World Trade") from a non-controlling shareholder subsequent to the acquisition of Continental Land Development Limited and its partially owned subsidiary, namely Shanghai World Trade, in the PRC; (2) the acquisition of the remaining 20% interest in, 瀋陽向明長益置業有限公司 ("瀋陽向明") from a non-controlling shareholder; and (3) the acquisition of the remaining 28.5% interest in 西安滻灞建設開發有限公司 ("西安滻灞") from a non-controlling shareholder through acquisition of a company and its subsidiaries. These acquisitions, without changing the Group's control over these entities, were accounted for as equity transactions. The difference between the carrying amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is recognised directly in equity as other reserve and attributable to owners of the Company.

(vi) Pursuant to the special resolution passed on 22 May 2023, the Company transferred an amount of HK$600,000,000 from the share premium account to the contributed surplus account which increased the distributable reserve of the Company for making distributions to its shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 **HK$'000**	2022 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**1,855,255**	1,153,599
Adjustments for:		
Fair value loss (gain) on investment properties, net	**39,830**	(3,211)
Depreciation on property, plant and equipment	**123,784**	146,782
Depreciation of right-of-use assets	**22,196**	26,710
Gain on disposal of property, plant and equipment, net	**(189)**	(365)
Finance costs	**687,775**	682,926
Interest income	**(53,746)**	(71,575)
Impairment loss recognised on interest in an associate	**166,406**	—
Fair value changes of financial assets at fair value through profit or loss, net	**721**	(2,949)
Loss on liquidation of a subsidiary	**—**	244,831
Impairment losses recognised on properties under development for sale and properties held-for-sale	**209,021**	—
Reversal of expected credit loss allowance	**(42)**	—
Share of results of associates	**5,921**	271,789
Share of results of joint ventures	**29,657**	15,701
Unrealised foreign exchange loss	**32,851**	136,345
Operating cash flows before movements in working capital	**3,119,440**	2,600,583
(Increase) decrease in inventories, properties under development for sale and properties held-for-sale	**(900,101)**	713,189
Increase in trade and other receivables	**(71,892)**	(434,190)
Increase in trade and other payables	**699,712**	56,085
Decrease in amounts due to related companies	**(1,460)**	(4,900)
Increase (decrease) in pre-sale proceeds received on sales of properties	**1,364,420**	(5,509,673)
Cash from (used in) operations	**4,210,119**	(2,578,906)
Income tax paid	**(919,701)**	(2,471,725)
Net cash from (used in) operating activities	**3,290,418**	(5,050,631)

	NOTES	2023 HK$'000	2022 HK$'000
INVESTING ACTIVITIES			
Net cash outflow from liquidation of a subsidiary	37	**—**	(256)
Purchase of property, plant and equipment		**(231,330)**	(123,950)
Proceeds from disposal of property, plant and equipment		**1,012**	28,962
Development costs paid for investment properties		**(542,361)**	(495,321)
Proceeds from disposal of equity instruments at fair value through other comprehensive income		**10,898**	—
Proceeds from disposal of financial assets at fair value through profit or loss		**4,715**	—
Acquisition of a parcel of land with portion held for development of investment properties		**—**	(159,273)
Decrease in restricted and pledged bank deposits		**10,689**	88,732
Advances to related companies		**(700)**	(24,259)
Repayments from related companies		**545**	—
Dividends received from an associate	21	**975**	627
Interest received		**53,746**	71,575
Net cash used in investing activities		**(691,811)**	(613,163)
FINANCING ACTIVITIES			
Proceeds from new bank and other borrowings		**6,856,291**	8,865,708
Repayments of bank and other borrowings		**(6,092,822)**	(8,721,848)
Repayments of lease liabilities		**(47,574)**	(60,333)
Advances from related companies		**11,348**	350,802
Repayments to related companies		**—**	(90,692)
Capital injection from non-controlling shareholders		**—**	58,569
Transaction costs attributable to issue of domestic corporate bonds and medium term notes		**(5,727)**	(6,742)
Payments on repurchase and cancellation of ordinary shares		**(1,321)**	(6,908)
Transaction costs attributable to repurchase and cancellation of ordinary shares		**(3)**	(19)
Dividends paid to non-controlling shareholders		**(142,043)**	(1,921,738)
Dividends paid		**(142,232)**	(214,017)
Net cash outflow from acquisition of an additional interest in a non-wholly owned subsidiary through acquisition of a subsidiary	51	**—**	(204,905)
Settlement of remaining consideration on acquisition of an additional interest in a non-wholly owned subsidiary through acquisition of a subsidiary	30	**(576,337)**	—
Interest paid		**(891,275)**	(1,153,318)
Net cash used in financing activities		**(1,031,695)**	(3,105,441)

	2023 HK$'000	2022 HK$'000
Net increase (decrease) in cash and cash equivalents	**1,566,912**	(8,769,235)
Cash and cash equivalents at the beginning of the year	**4,477,602**	14,116,711
Effect of foreign exchange rate changes	**(58,603)**	(869,874)
Cash and cash equivalents represented by bank balances and cash at the end of the year	**5,985,911**	4,477,602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

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

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

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 Impacts on application of Amendments to HKAS 8 "Definition of Accounting Estimates"

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has applied the amendments for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

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

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or 1 January 2025.

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

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

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

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

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

Amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)" (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (Continued)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

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

3.1 Basis of preparation of consolidated financial statements

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

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

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

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

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

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

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

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

3.2 Material accounting policy information (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the "Conceptual Framework for Financial Reporting" (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" ("HKAS 37") or HK(IFRIC)-Int 21 "Levies" ("HK(IFRIC)-Int 21"), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Tax" ("HKAS 12") and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held-for-sale in accordance with HKFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations" are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 "Leases") as if the acquired leases were new leases at the acquisition date, except for leases for which the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

3.2 Material accounting policy information (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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

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

Merger accounting for business combination involving businesses under common control

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

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

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

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

Investments in associates and joint ventures

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

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

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

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers (including satisfaction of performance obligation and consideration received prior to delivering goods and services) are provided in Notes 5 and 32 respectively.

Incremental costs of obtaining a contract

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

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

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

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

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

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

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

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

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

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

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

The Group as a lessor

Classification and measurement of leases

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Refundable rental deposits

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

Lease modification

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

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

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

Investment properties

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Investment properties (Continued)

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

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

Property, plant and equipment

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any of such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

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

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

3.2 Material accounting policy information (Continued)

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

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

Bank balances and cash

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

(a) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

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

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

Inventories

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Inventories (Continued)

Properties under development for sale and properties held-for-sale (Continued)

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

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

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

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

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

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

(iii) Financial assets at FVTPL

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

Foreign exchange gains and losses

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial guarantee contracts

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Foreign exchange gains and losses

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

Derecognition of financial liabilities

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

Retirement benefit costs

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

Short-term benefits

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

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

Taxation

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

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

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

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Borrowing costs

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

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

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

Foreign currencies

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Foreign currencies (Continued)

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

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

Provisions

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

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

Contingent liabilities

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

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

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

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgment in applying accounting policies

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

Deferred taxation on investment properties

For the purpose of measuring deferred taxation arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment property portfolios and concluded that certain of the Group's investment properties are held under a business model which objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. Therefore, in measuring the Group's deferred taxation on these investment properties, the management of the Group has determined the presumption that the carrying amount of these investment properties are recovered entirely through sale is rebutted. As at 31 December 2023, the carrying amount of these investment properties is HK$15,382,048,000 (2022: HK$15,016,369,000). For the investment properties on which the 'sale' presumption is not rebutted, the Group has further recognised deferred taxes on the PRC's land appreciation tax in respect of the changes in their fair values, which is the additional tax to be charged if a property in the PRC is recovered through sale. As at 31 December 2023, the carrying amount of these investment properties is HK$6,055,639,000 (2022: HK$6,216,602,000).

Details about the Group's investment properties and deferred taxation in respect of changes in fair value of investment properties are set out in Notes 16 and 35 respectively.

Key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty (Continued)

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

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

The Group's properties held-for-sale and properties under development for sale are located in various cities, including first-tier cities such as Beijing and Shanghai, in the PRC. The properties held-for-sale and properties under development for sale located in cities other than the first-tier cities in the PRC are more sensitive to change in economic conditions and local government policy in the PRC. As at 31 December 2023, the carrying amount of properties held-for-sale is HK$5,054,159,000 (2022: HK$4,429,975,000) and properties under development for sale is HK$17,561,217,000 (2022: HK$18,139,312,000), of which an amount of HK$1,541,627,000 (2022: HK$1,688,983,000) related to properties held-for-sale and an amount of HK$7,335,729,000 related to properties under development for sale are properties located in cities other than first-tier cities in the PRC and have no pre-sale agreements entered into by the Group. Details about the Group's properties held-for-sale and properties under development for sale are set out in Note 26. During the year ended 31 December 2023, the Group recognised impairment losses of HK$37,954,000 (2022: nil) and HK$171,067,000 (2022: nil) for properties held-for-sale and properties under development for sale located in cities other than first-tier cities in the PRC respectively.

Estimation of fair value of investment properties

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

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

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

(a) Current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) Recent transaction prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

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

Key sources of estimation uncertainty (Continued)

Estimation of fair value of investment properties (Continued)

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

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

The carrying amount of investment properties as at 31 December 2023 is HK$21,437,687,000 (2022: HK$21,232,971,000). The fair value of these investment properties may be higher or lower depending on the future market conditions.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers:

	2023 **HK$'000**	2022 HK$'000
Types of goods or services		
Sales of properties	**6,870,636**	10,275,286
Hotel operations	**299,672**	203,272
Property management	**10,267**	2,441
Total	**7,180,575**	10,480,999
Timing of revenue recognition		
A point in time	**6,870,636**	10,275,286
Over time	**309,939**	205,713
	7,180,575	10,480,999

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

5. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers

Revenue from sales of properties

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

Deposits received from customers, which represent certain percentage of the contract value when they sign the sale and purchase agreement, prior to meeting the revenue recognition criteria under HKFRS 15 are contract liabilities and included under current liabilities as pre-sale proceeds received on sales of properties in the consolidated statement of financial position.

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

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

Revenue from hotel operations

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

Service income from property management

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

5. REVENUE (CONTINUED)

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

The Group has elected to apply the practical expedient under HKFRS 15 for not disclosing the information of remaining performance obligations which are part of a contract that has an original expected duration of one year or less; or from satisfaction of which the Group recognises revenue in the amount, which the Group has the right to invoice, that corresponds directly with the value to the customers of the Group's performance completed to date. The transaction price allocated to the remaining performance obligations where the aforementioned practical expedients are not applicable as at 31 December 2023 is HK$9,392,097,000 (2022: HK$8,937,097,000), which relates to contracted sales of properties. This amount represents the revenue expected to be recognised by the Group in the future when it satisfies the remaining performance obligations and around 78.9% (2022: 78.7%) of this balance is expected to be recognised as revenue within one year.

(iv) Leases

	2023 **HK$'000**	2022 HK$'000
Total revenue arising from operating leases:		
Lease payments that are fixed	**773,021**	541,497

6. SEGMENT INFORMATION

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

The Group's operations are located in the PRC. All revenue and non-current assets, except for certain property and equipment, of the Group are generated from and located in the PRC. Revenue from customers contributing over 10% of the total revenue of the Group of the corresponding years is as follows:

	2023 **HK$'000**	2022 HK$'000
Customer A	**N/A**[1]	1,158,357
Customer B	**N/A**[1]	2,097,588

[1] No revenue was attributed from the relevant customer in the respective year.

7. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Interest income on bank deposits	53,746	71,575
Rental income from property, plant and equipment	2,664	1,213
Income from marketing and exhibition activities	10,094	285
Government grants	29,929	46,763
Management service income	29,104	17,581
Others	10,593	29,907
	136,130	167,324

8. OTHER EXPENSES, GAINS AND LOSSES, NET

	2023 HK$'000	2022 HK$'000
Foreign exchange loss, net (note (i))	(46,024)	(174,076)
Fair value changes of financial assets at FVTPL, net	(721)	2,949
Gain on disposal of property, plant and equipment, net	189	365
Impairment loss recognised on interest in an associate (note (ii))	(166,406)	—
Reversal of expected credit loss allowance	42	—
Others	(10,098)	14,591
	(223,018)	(156,171)

Notes:

(i) Net foreign exchange loss mainly comprises realised and unrealised foreign exchange gain (loss) arising on remeasurement of foreign currency denominated monetary assets and liabilities.

(ii) In view of deterioration credit quality of customers of an associate and increase of its business and operational risks, the directors of the Company performed an impairment review on this associate and concluded the carrying amount of the Group's interest in this associate was fully impaired as at 31 December 2023. Accordingly, an impairment loss of HK$166,406,000 was recognised in the profit or loss.

9. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interests on bank and other borrowings	885,728	1,112,583
Interests on amounts due to related companies	25,340	—
Interests on lease liabilities	4,872	4,329
Total finance costs	915,940	1,116,912
Less: Amounts capitalised into properties under development for sale	(228,165)	(433,986)
	687,775	682,926

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

10. INCOME TAX

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

	2023	2022
	HK$'000	HK$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	**625,479**	483,525
PRC Land Appreciation Tax ("LAT")	**773,188**	558,780
PRC withholding tax on dividend income	**67,340**	13,588
	1,466,007	1,055,893
Under(over) provision in prior years:		
PRC EIT	**27**	(73,951)
PRC LAT	**–**	(23,366)
	27	(97,317)
Deferred tax (Note 35)	**(101,492)**	(109,978)
Income tax for the year	**1,364,542**	848,598

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

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

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

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

10. INCOME TAX (CONTINUED)

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

	2023 **HK$'000**	2022 HK$'000
Profit before tax	**1,855,255**	1,153,599
Tax at PRC EIT rate of 25%	**463,814**	288,400
Tax effect of share of results of associates and joint ventures	**8,895**	71,873
Tax effect of expenses not deductible for tax purposes	**98,693**	16,619
Tax effect of income not taxable for tax purposes	**(4,893)**	(10,924)
Tax effect of tax losses not recognised	**217,422**	200,489
Utilisation of tax losses previously not recognised	**(22,098)**	(51,306)
Derecognition of deferred tax liabilities due to reduction in tax rate of PRC LAT for certain properties held-for-sale being sold	**–**	(9,635)
Provision for PRC LAT for the year	**773,188**	558,780
Tax effect of PRC LAT deductible for PRC EIT	**(193,297)**	(133,854)
Under(over) provision of PRC EIT in prior years	**27**	(73,951)
Overprovision of PRC LAT in prior years	**–**	(23,366)
Effect of different tax rates of subsidiaries operating in Hong Kong	**5,354**	23,828
Deferred tax on PRC LAT in respect of investment properties	**8,283**	(6,257)
Deferred tax on PRC withholding tax in respect of dividend income	**(56,386)**	–
PRC withholding tax on dividend income	**67,340**	13,588
Others	**(1,800)**	(15,686)
Income tax for the year	**1,364,542**	848,598

11. PROFIT FOR THE YEAR

	2023 HK$'000	2022 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	124,971	148,356
Less: Depreciation capitalised into properties under development for sale	(1,187)	(1,574)
	123,784	146,782
Depreciation of right-of-use assets	22,196	26,710
Total depreciation and amortisation	145,980	173,492
Gross rental income from investment properties	(773,021)	(541,497)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	183,416	162,979
	(589,605)	(378,518)
Directors' remuneration (Note 12)	5,146	6,105
Other staff costs		
Salaries, wages and other benefits	253,217	276,346
Retirement benefit scheme contributions	35,882	36,590
Total staff costs	294,245	319,041
Less: Staff costs capitalised into properties under development for sale	(20,409)	(48,572)
	273,836	270,469
Auditors' remuneration	5,277	5,317
Cost of properties held-for-sale recognised as an expense	3,741,613	7,456,751
Impairment loss recognised on properties held-for-sale and properties under development for sale (included in cost of sales)	209,021	—
Share of tax of associates (included in share of results of associates)	1,147	522

12. DIRECTORS'AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2022: nine) directors of the Company, including the chief executive, are disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance as follows:

For the year ended 31 December 2023

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

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

For the year ended 31 December 2022

		Other emoluments		
	Fees HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive directors:				
Mr. Huang Haiping (note (i))	—	—	—	—
Mr. Tang Jun	—	1,918	—	1,918
Mr. Lou Jun (note (i))	—	—	—	—
Mr. Ye Weiqi (note (ii))	—	1,891	—	1,891
Mr. Zhong Tao (note (iv))	—	576	—	576
Independent non-executive directors:				
Mr. Doo Wai Hoi, William	430	—	—	430
Dr. Fan Ren Da, Anthony	430	—	—	430
Mr. Li Kai Fai, David	430	—	—	430
Mr. Qiao Zhigang	430	—	—	430
Total	1,720	4,385	—	6,105

Notes:

(i) The emoluments for Mr. Huang Haiping and Mr. Lou Jun for both years were borne by SIIC.

(ii) Mr. Ye Weiqi has retired as an executive director, the vice president of the Company and a member of the remuneration committee of the Company with effect from 31 January 2024.

(iii) Mr. Qiao Zhigang has resigned as an independent non-executive director and a member of the investment appraisal committee of the Company with effect from 5 January 2024.

(iv) Mr. Zhong Tao resigned as an executive director, the vice president of the Company and a member of the investment appraisal committee of the Company with effect from 31 March 2022.

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

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

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

During the years ended 31 December 2023 and 2022, Mr. Huang Haiping was also the chief executive of the Company. The emoluments disclosed above include those for services rendered by him as the chief executive.

During the years ended 31 December 2023 and 2022, no emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during both years.

13. FIVE-HIGHEST PAID EMPLOYEES

For the year ended 31 December 2023, of the five individuals with the highest emoluments in the Group, two (2022: two) are directors of the Company whose emoluments are included in the disclosure in Note 12. The emoluments of the remaining three (2022: three) individuals are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and other allowances	**5,018**	4,856

The emoluments of those individuals are within the following band:

	2023	2022
HK$1,000,001 to HK$1,500,000	**1**	—
HK$1,500,001 to HK$2,000,000	**2**	3
Total	**3**	3

During the years ended 31 December 2023 and 2022, no emoluments have been paid by the Group to the five employees with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

14. EMPLOYEE RETIREMENT BENEFITS

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

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

The total expense recognised in profit or loss of HK$35,882,000 (2022: HK$36,590,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

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

15. EARNINGS PER SHARE

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

	2023 **HK$'000**	2022 HK$'000
Earnings		
Earnings for the purposes of calculating basic earnings per share: Profit for the year attributable to owners of the Company	**494,570**	406,823

	2023 **'000**	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**4,791,508**	4,805,066

No diluted earnings per share for 2023 and 2022 were presented as there were no potential ordinary shares in issue for both years.

16. INVESTMENT PROPERTIES

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

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

	2023 **HK$'000**	2022 HK$'000
FAIR VALUE		
At 1 January	**21,232,971**	19,666,136
Subsequent expenditure	**542,361**	495,321
Acquisitions (note (i))	**—**	159,273
Fair value (loss) gain on investment properties, net	**(39,830)**	3,211
Liquidation of a subsidiary (Note 37)	**—**	(739,163)
Transfer to property, plant and equipment (note (ii))	**—**	(66,513)
Transfer from properties held-for-sale (note (iii))	**272,263**	3,362,919
Exchange realignment	**(570,078)**	(1,648,213)
At 31 December	**21,437,687**	21,232,971
Unrealised (loss) gain on revaluation of investment properties included in profit or loss for the year	**(39,830)**	3,211

Notes:

(i) During the year ended 31 December 2022, the Group obtained the land use right certificate for six parcels of land in Minhang District in Shanghai in the PRC. Five of them would be developed into residential properties held for sale and the remaining one would have a portion to develop commercial building held for earning rentals. Accordingly, the respective cost of HK$159,273,000 was transferred from land cost to investment properties at the date of the acquisition of this parcel of land.

(ii) During the year ended 31 December 2022, certain units of investment properties of the Group located in Shanghai in the PRC were arranged for own use and served as office premises of the Group due to the needs of expansion of business. Accordingly, investment properties with fair value of HK$66,513,000 were transferred to property, plant and equipment.

(iii) During the year ended 31 December 2023, the management of the Group changed the intention from selling the commercial units of several property projects to lease them out for rentals. Accordingly, properties held-for-sale with carrying amount of HK$272,263,000 (2022: HK$3,362,919,000) was transferred to investment properties upon inception of lease agreements with the tenants. No significant fair value gain or loss in respect of these properties is recognised in the profit or loss during both years.

16. INVESTMENT PROPERTIES (CONTINUED)

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

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

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

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

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

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

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

16. INVESTMENT PROPERTIES (CONTINUED)

Information about fair value measurements using key unobservable inputs (Level 3)

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

Description	Fair value as at 31 December 2023 HK$'000	Fair value as at 31 December 2022 HK$'000	Valuation techniques	Key unobservable inputs	Range of key unobservable inputs	Relationship of unobservable key inputs to fair value
Commercial – offices and related car park units in various locations	**6,060,447**	5,904,621	Investment approach	For offices: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2023: 3.75% to 6.75% 2022: 4.50% to 6.75%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	For car park units: Price per unit	2023: RMB191,667 to RMB366,000 per unit 2022: RMB191,700 to RMB373,000 per unit	The higher the price per unit, the higher the fair value
Commercial – shopping malls, stores, mart and related car park units in various locations	**8,898,559**	9,200,904	Investment approach	For shopping malls, stores and mart: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2023: 3.50% to 8.25% 2022: 3.50% to 7.75%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	For car park units: Price per unit	2023: RMB70,000 to RMB187,000 per unit 2022: RMB85,000 to RMB189,400 per unit	The higher the price per unit, the higher the fair value
Commercial – exhibition hall in Shanghai	**243,124**	256,526	Investment approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2023: 5.25% 2022: 5.25%	The higher the reversionary yield, the lower the fair value
Commercial – building complex with offices, shopping malls and related car park units in Chongqing	**3,004,420**	3,085,691	Investment approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2023: 5.00% 2022: 5.00%	The higher the reversionary yield, the lower the fair value
Residential – a detached villa, retail and service apartments in various locations	**1,078,704**	1,106,621	Investment approach	For a detached villa: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2023: 3.50% 2022: 3.50%	The higher the reversionary yield, the lower the fair value
			Direct comparison approach	For car park units: Price per unit	2023: RMB220,000 per unit 2022: RMB230,000 per unit	The higher the price per unit, the higher the fair value
			2023: Investment approach (note)	For retail and service apartments: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2023: 3.50% to 5.50%	The higher the reversionary yield, the lower the fair value
			2022: Direct comparison approach (note)	For retail and service apartments: Price per square metre	2022: RMB10,327 per square metre	The higher the price per square metre, the higher the fair value

16. INVESTMENT PROPERTIES (CONTINUED)

Information about fair value measurements using key unobservable inputs (Level 3) (Continued)

Description	Fair value as at 31 December 2023 HK$'000	31 December 2022 HK$'000	Valuation techniques	Key unobservable inputs	Range of key unobservable inputs	Relationship of unobservable key inputs to fair value
Commercial and residential properties held for rentals under construction in Shanghai	**2,152,433**	1,678,608	2023: Investment approach (note)	For commercial properties under construction: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	3.50% to 4.50%	The higher the reversionary yield, the lower the fair value
			2022: Direct comparison (note)	For commercial properties under construction: Price per square metre	RMB37,395 per square metre	The higher the price per square metre, the higher the fair value
			2023: Investment approach (note)	For service apartments under construction: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	5.00%	The higher the reversionary yield, the lower the fair value
			2022: Direct comparison (note)	For service apartments under construction: Price per square metre	RMB23,060 to RMB37,395 per square metre	The higher the price per square metre, the higher the fair value
	21,437,687	21,232,971				

Note: As at 31 December 2023, due to the current's status of property market in the PRC and expectation of steady cashflow in future, the management of the Group considered to hold these investment properties for rentals in long run instead of to hold them for capital appreciation. Accordingly, the valuation technique for determining fair value of these investment properties were changed from direct comparison approach to investment approach.

As at 31 December 2023, certain of the investment properties of the Group with carrying amount of HK$9,917,090,000 (2022: HK$9,933,656,000) are pledged as collaterals for bank borrowings.

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings and improvements HK$'000	Hotel furniture and equipment HK$'000	Other buildings HK$'000	Leasehold improvements HK$'000	Other furniture and equipment HK$'000	Motor vehicles HK$'000	Office premises HK$'000	Construction in progress HK$'000	Total HK$'000
COST									
At 1 January 2022	2,323,198	170,127	492,599	52,371	90,474	40,171	197,968	141,979	3,508,887
Additions	6,948	880	778	26	4,228	1,139	–	109,951	123,950
Disposals	(220)	(47)	(32,677)	–	(2,282)	(346)	–	–	(35,572)
Transfer from investment properties (Note 16)	–	–	–	–	–	–	66,513	–	66,513
Transfer	–	–	–	–	2,127	–	–	(2,127)	–
Liquidation of a subsidiary (Note 37)	–	–	–	–	(1,873)	(346)	–	–	(2,219)
Exchange realignment	(119,963)	(13,464)	(37,685)	(2,670)	(7,299)	(3,370)	(14,735)	(26,757)	(225,943)
At 31 December 2022	2,209,963	157,496	423,015	49,727	85,375	37,248	249,746	223,046	3,435,616
Additions	48,006	33	79	1,801	5,143	1,516	–	174,752	231,330
Disposals	(3,507)	(833)	–	(40)	(1,323)	(4,452)	–	–	(10,155)
Exchange realignment	(59,106)	(4,296)	(16,123)	(1,637)	(2,357)	(1,065)	(4,015)	(5,785)	(94,384)
At 31 December 2023	2,195,356	152,400	406,971	49,851	86,838	33,247	245,731	392,013	3,562,407
ACCUMULATED DEPRECIATION									
At 1 January 2022	865,901	99,249	65,473	49,323	87,748	35,050	8,678	–	1,211,422
Provided for the year	114,740	5,695	6,995	1,296	7,094	3,485	9,051	–	148,356
Eliminated on disposals	(168)	(37)	(4,950)	–	(1,487)	(333)	–	–	(6,975)
Liquidation of a subsidiary (Note 37)	–	–	–	–	(1,740)	(344)	–	–	(2,084)
Exchange realignment	(24,317)	(7,983)	(5,283)	(2,663)	(7,664)	(2,914)	(856)	–	(51,680)
At 31 December 2022	956,156	96,924	62,235	47,956	83,951	34,944	16,873	–	1,299,039
Provided for the year	93,883	4,057	10,189	3,162	5,232	1,850	6,598	–	124,971
Eliminated on disposals	(3,332)	(772)	–	(31)	(1,212)	(3,985)	–	–	(9,332)
Exchange realignment	(24,045)	(2,593)	(2,084)	(1,712)	(1,968)	(931)	(481)	–	(33,814)
At 31 December 2023	1,022,662	97,616	70,340	49,375	86,003	31,878	22,990	–	1,380,864
CARRYING AMOUNTS									
At 31 December 2023	1,172,694	54,784	336,631	476	835	1,369	222,741	392,013	2,181,543
At 31 December 2022	1,253,807	60,572	360,780	1,771	1,424	2,304	232,873	223,046	2,136,577

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

Hotel buildings and improvements	20–25 years
Hotel furniture and equipment	5–15 years
Other buildings	Over the term of the lease
Leasehold improvements	5 years
Other furniture and equipment	3–10 years
Motor vehicles	5–10 years
Office premises	30 years

As at 31 December 2023, certain of the property, plant and equipment of the Group with carrying amount of HK$576,431,000 (2022: HK$479,958,000) are pledged as collaterals for bank borrowings.

18. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties (note (i)) HK$'000	Total HK$'000
At 31 December 2023			
Carrying amounts	409,687	42,612	452,299
At 31 December 2022			
Carrying amounts	427,772	45,957	473,729
For the year ended 31 December 2023			
Depreciation charge	6,777	15,419	22,196
For the year ended 31 December 2022			
Depreciation charge	5,457	21,253	26,710

	2023 HK$'000	2022 HK$'000
Total cash outflow for leases (note (ii))	**52,446**	64,662
Additions to right-of-use assets (note (iii))	**12,919**	36,361

Notes:

(i) The leased properties include office premises and apartment units.

(ii) Total cash outflow for leases included the repayment of lease liabilities and interest paid. Details are set out in Note 44.

(iii) During the year ended 31 December 2023, additions to right-of-use assets also include prepaid rental.

As at 31 December 2023, certain of the leasehold land of the Group with carrying amount of HK$52,961,000 (2022: HK$57,496,000) are pledged as collaterals for bank borrowings.

19. GOODWILL

	HK$'000
COST	
At 1 January 2022, 31 December 2022 and 31 December 2023	23,604

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

For the purpose of impairment testing, goodwill set out above has been allocated to the individual cash-generating unit ("CGU") which refers to CSL. During the years ended 31 December 2023 and 2022, the management of the Group determined that there was no impairment of the CGU containing the goodwill by reference to the recoverable amount of CGU, which had been determined based on fair value less cost of disposal.

19. GOODWILL (CONTINUED)

On 31 August 2021, CSL entered into a subscription agreement with the subscribers, pursuant to which the subscribers conditionally agreed to pay HK$118,161,000 in aggregate for the subscription of 166,666 subscription shares, representing 62.5% of the enlarged issued share capital of CSL. After the subscription, the interests of the Group in CSL will be diluted from 80% to 30% and it will result in a deemed disposal of CSL. Based on the subscription price, the management of the Group was in the opinion that there was no impairment of the goodwill. The assets and liabilities of CSL were not reclassified as assets and liabilities held for disposal in the consolidated statement of financial position because certain condition precedents in respect of the subscription had not been fulfilled as at 31 December 2023 and 2022. Details of this subscription are set out in the Company's announcement dated 31 August 2021.

20. INTANGIBLE ASSETS

	Trademark HK$'000
COST	
At 1 January 2022	62,777
Exchange realignment	(4,943)
At 31 December 2022	57,834
Exchange realignment	(1,528)
At 31 December 2023	56,306

Intangible assets of the Group represent trademarks acquired, which have legal life of 10 years from September 2001 to September 2011 but are renewable upon expiry. During the year ended 31 December 2022, the trademarks were renewed for 10 years to September 2031. The directors of the Company are of the opinion that the Group will renew the trademarks continuously and has the ability to do so at minimal cost. Various studies including product life cycle studies, market competitive and environment trends, and brand extension opportunities had been performed by the management of the Group, which supported that the trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group. As a result, the trademarks are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead, they are tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing, trademarks with indefinite useful life set out above have been allocated to the individual CGU which refers to SUD. During the year ended 31 December 2023, the management of the Group determines that there is no impairment (2022: nil) of the CGU containing trademarks by reference to the recoverable amount of CGU, which has been determined based on the value in use calculation.

21. INTERESTS IN ASSOCIATES

	2023	2022
	HK$'000	HK$'000
Unlisted shares, at cost	**1,689,312**	1,735,321
Share of post-acquisition results, net of dividends received	**53,930**	61,561
Impairment loss recognised	**(166,406)**	—
	1,576,836	1,796,882

As at 31 December 2023 and 2022, the Group has interests in the following associates:

Name of associates	Form of entity	Place of incorporation/ registration and operation	Issued and fully paid share capital		Proportion of ownership interest: The Group's effective interest		Proportion of ownership interest: Held by a subsidiary		Principal activities
			2023	2022	**2023**	2022	**2023**	2022	
上海城開房地產經紀有限公司	Sino-foreign joint venture	The PRC	**RMB20,000,000**	RMB20,000,000	**28.9%**	28.9%	**49%**	49%	Provision of property agency services
上海莘天置業有限公司 ("Shanghai Shentian")	Sino-foreign joint venture	The PRC	**RMB2,850,000,000**	RMB2,850,000,000	**20.7%**	20.7%	**35%**	35%	Property development
上海地產北部投資發展有限公司	Limited liability company	The PRC	**RMB250,000,000**	RMB250,000,000	**20.7%**	20.7%	**35%**	35%	Property development
上海上實醫療美容醫院有限公司 ("Shanghai Healthcare")	Limited liability company	The PRC	**RMB150,000,000**	RMB150,000,000	**19%**	19%	**19%**	19%	Medical and healthcare consultation services
上實融資租賃有限公司 ("SIIC Financial Leasing")	Limited liability company	The PRC	**RMB1,873,873,875**	RMB1,873,873,875	**20%**	20%	**20%**	20%	Provision of financial leasing, operating leasing, entrusted leasing, joint financial leasing, leased asset management and financial leasing consultation services

Summarised financial information of material associate

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

21. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (Continued)

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

For the years ended 31 December 2023 and 2022

Shanghai Shentian

	2023 HK$'000	2022 HK$'000
Non-current assets	**21,315**	25,012
Current assets (note)	**7,020,847**	6,024,622
Non-current liabilities	**(1,485,654)**	(692,878)
Current liabilities	**(1,461,609)**	(1,122,710)
Net assets	**4,094,899**	4,234,046
Revenue	**4,412**	—
Loss for the year	**(27,028)**	(30,075)
Other comprehensive expense for the year	**(112,119)**	(364,783)
Total comprehensive expense for the year	**(139,147)**	(394,858)

Note: The balance mainly comprises land and construction costs relating to properties under development for sale and properties held-for-sale located at Shanghai in the PRC. The development plan of Shanghai Shentian's property project was approved by the respective government departments in the PRC and the construction commenced during the year ended 31 December 2014. The pre-sale activities for certain phases were carried out continuously since year 2018 and the constructions were completed by phases since early of year 2020. Completed properties of phase 1 of this project has been delivered in progress since prior periods and the other phases are expected to be delivered from 2024 onwards.

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

	2023 HK$'000	2022 HK$'000
Net assets of Shanghai Shentian	**4,094,899**	4,234,046
Proportion of the Group's ownership interest in Shanghai Shentian	**35%**	35%
Carrying amount of the Group's interest in Shanghai Shentian	**1,433,215**	1,481,916

21. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

For the years ended 31 December 2023 and 2022

	2023 **HK$'000**	2022 HK$'000
The Group's share of results	**3,539**	(261,263)
Dividends received from an associate during the year	**975**	627
Aggregate carrying amount of the Group's interests in these associates	**143,621**	314,966

22. INTERESTS IN JOINT VENTURES

	2023 **HK$'000**	2022 HK$'000
Unlisted shares, at cost	**2,619,296**	2,691,924
Share of post-acquisition results	**(50,602)**	(22,957)
	2,568,694	2,668,967

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

Name of joint ventures	Form of entity	Place of incorporation/ registration and operation	Issued and fully paid share capital		Proportion of ownership interest: The Group's effective interest		Held by a subsidiary		Held by a joint venture (note (i))		Principal activity
			2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	
上海莘至城置業有限公司 ("Shenzhicheng")	Limited liability company	The PRC	**RMB1,100,000,000**	RMB1,100,000,000	**29.5%**	29.5%	**50%**	50%	**–**	–	Property development, property investment and property management
上海諾卓企業管理有限公司 ("Shanghai Nuozhuo")	Limited liability company	The PRC	**RMB2,640,000,000**	RMB2,640,000,000	**29.5%**	29.5%	**50%**	50%	**–**	–	Integrated management service
上海天宇實宏企業發展有限公司 ("Shanghai Tianyu")	Limited liability company	The PRC	**RMB4,800,000,000**	RMB4,800,000,000	**21.2%**	21.2%	**5%**	5%	**55%**	55%	Property development
武漢庚城置業有限公司 ("Wuhan Gengcheng")	Limited liability company	The PRC	**RMB300,000,000**	RMB300,000,000	**28.9%**	28.9%	**49%**	49%	**–**	–	Property development
上海城之輝商務諮詢有限公司	Limited liability company	The PRC	**– (registered capital: RMB1,000,000)**	– (registered capital: RMB1,000,000)	**30%**	30%	**51%**	51%	**–**	–	Information consultancy, marketing and project planning services
上海城之信企業管理有限公司	Limited liability company	The PRC	**RMB13,043,000**	RMB6,000,000	**23% (note (ii))**	50%	**23% (note (ii))**	50%	**–**	–	Information consultancy, marketing and project planning services
上海卓美商務諮詢有限公司	Limited liability company	The PRC	**– (registered capital: RMB1,000,000)**	– (registered capital: RMB1,000,000)	**49%**	49%	**49%**	49%	**–**	–	Information consultancy, marketing and project planning services
上海東頤置業有限公司 ("Shanghai Dongyi Property")	Limited liability company	The PRC	**RMB300,000,000**	RMB300,000,000	**40%**	40%	**40%**	40%	**–**	–	Property development and property management

22. INTERESTS IN JOINT VENTURES (CONTINUED)

Notes:

(i) The joint venture is Shanghai Nuozhuo.

(ii) During the year ended 31 December 2023, two new investors contributed RMB7,043,000 in total to the entity and the shareholding of the Group on this entity reduced from 50% to 23%. As the decisions in respect of the relevant activities of this entity requires unanimous consent of all shareholders, the entity is jointly controlled by all the shareholders.

On 25 December 2020, SUD entered into a cooperation agreement (the "Cooperation Agreement") with Zhonggeng Property Group Co., Ltd. 中庚置業集團有限公司 ("Zhonggeng Group"), Wuhan Zhonggeng Shencheng Industrial Co., Ltd. 武漢中庚申城實業有限公司 ("Wuhan Zhonggeng"), a wholly-owned subsidiary of Zhonggeng Group, and Wuhan Gengcheng, being the project company, for the formation of the joint venture to acquire the land use rights of and to develop the Wuhan site located at Yangluo Economic Development Zone in Wuhan in the PRC 中國武漢市陽邏經濟開發區. The project company succeeded in the bidding of such land use rights at a consideration of RMB1,329 million. Pursuant to the terms of the Cooperation Agreement and subsequent amendment on Wuhan Gengcheng's article of association, the project company is owned as to 49% by SUD, 48% by Wuhan Zhonggeng and 3% by an unrelated entity and all matters of the project company are required unanimous approval from its shareholders and board of directors. SUD was committed to invest a total sum of RMB434,582,000 (equivalent to HK$478,088,000). As at 31 December 2023, an amount of RMB393,377,000 (equivalent to HK$432,758,000) (2022: RMB392,743,000 (equivalent to HK$443,828,000)) was made by SUD, in form of capital injection and a shareholder loan to Wuhan Gengcheng. As at 31 December 2023, the amount of this shareholder loan to Wuhan Gengcheng is HK$271,041,000 (2022: HK$277,707,000). Details of this shareholder loan to Wuhan Gengcheng are set out in Note 31. During the year ended 31 December 2021, the Group, as guarantor, entered into a guarantee agreement in favour of a bank, pursuant to which the Group has agreed to provide guarantee for the due performance of the repayment obligations of Wuhan Gengcheng to a bank under the fixed asset loan agreement dated 22 November 2021 which was entered into between Wuhan Gengcheng and the bank in relation to the grant of a loan up to a maximum principal amount of RMB400,000,000 by the bank to Wuhan Gengcheng for a term of not more than 2 years commencing from 22 November 2021 to 8 November 2023. In November 2023, the aforementioned loan and the guarantee provided by the Group were extended to 8 November 2025. The guarantee provided by the Group to Wuhan Gengcheng will end in three years after the expiry of the term of the loan agreement. Details of this guarantee provided to Wuhan Gengcheng are set out in the Company's announcement dated 22 November 2021.

Summarised financial information of material joint ventures

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

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

22. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Shenzhicheng

	2023 HK$'000	2022 HK$'000
Non-current assets (note)	**2,481,240**	2,329,086
Current assets	**108,277**	86,228
Non-current liabilities	**(1,104,978)**	(982,304)
Current liabilities	**(285,417)**	(194,279)
Net assets	**1,199,122**	1,238,731

Note: As at 31 December 2023, the balance mainly comprises residential properties held for rentals (2022: residential properties under development held for rentals) located at Shanghai in the PRC.

	2023 HK$'000	2022 HK$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**24,464**	10,717
Non-current financial liabilities (excluding trade and other payables and provisions)	**1,096,758**	982,064
Current financial liabilities (excluding trade and other payables and provisions)	**8,801**	5,650

	2023 HK$'000	2022 HK$'000
Expense	**(75,382)**	(6,807)
Loss for the year	**(6,802)**	(4,475)
Other comprehensive expense for the year	**(32,807)**	(106,487)
Total comprehensive expense for the year	**(39,609)**	(110,962)

22. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Shenzhicheng (Continued)

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

	2023 **HK$'000**	2022 HK$'000
Net assets of Shenzhicheng	**1,199,122**	1,238,731
Proportion of the Group's ownership interest in Shenzhicheng	**50%**	50%
Carrying amount of the Group's interest in Shenzhicheng	**599,561**	619,366

Shanghai Nuozhuo

	2023 **HK$'000**	2022 HK$'000
Non-current assets (note)	**2,893,250**	2,972,046
Current assets	**77**	86
Current liabilities	**(462)**	(475)
Net assets	**2,892,865**	2,971,657

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

	2023 **HK$'000**	2022 HK$'000
The above amounts of assets include the following:		
Cash and cash equivalents	**77**	86

22. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Shanghai Nuozhuo (Continued)

	2023 HK$'000	2022 HK$'000
Expense	—	—
Loss for the year	(6)	(11,683)
Other comprehensive expense for the year	(78,786)	(255,508)
Total comprehensive expense for the year	(78,792)	(267,191)

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

	2023 HK$'000	2022 HK$'000
Net assets of Shanghai Nuozhuo	2,892,865	2,971,657
Proportion of the Group's ownership interest in Shanghai Nuozhuo	50%	50%
Carrying amount of the Group's interest in Shanghai Nuozhuo	1,446,433	1,485,829

Wuhan Gengcheng

	2023 HK$'000	2022 HK$'000
Non-current assets	606	966
Current assets (note)	1,986,309	2,097,493
Current liabilities	(1,555,458)	(1,787,413)
Non-current liabilities	(178,218)	—
Net assets	253,239	311,046

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

22. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Wuhan Gengcheng (Continued)

	2023 HK$'000	2022 HK$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	9,016	15,360
Non-current financial liabilities (exclude trade and other payables and provisions)	178,218	—
Current financial liabilities (exclude trade and other payables and provisions)	55,006	254,266

	2023 HK$'000	2022 HK$'000
Expense	(153,298)	(16,508)
Loss for the year	(49,813)	(13,007)
Other comprehensive expense for the year	(7,994)	(27,388)
Total comprehensive expense for the year	(57,807)	(40,395)

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

	2023 HK$'000	2022 HK$'000
Net assets of Wuhan Gengcheng	253,239	311,046
Proportion of the Group's ownership interest in Wuhan Gengcheng	49%	49%
Carrying amount of the Group's interest in Wuhan Gengcheng	124,087	152,413

22. INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	2023 HK$'000	2022 HK$'000
The Group's share of results	**(1,845)**	(1,248)
Aggregate carrying amount of the Group's interests in these joint ventures	**398,613**	411,359

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$'000	2022 HK$'000
Equity securities:		
— Listed in the PRC (note (i))	**39,020**	46,780
— Unlisted (note (ii))	**4,545**	13,092
	43,565	59,872

Notes:

(i) The above listed equity investments represent the Group's equity interest in an entity listed in the PRC. These investments are not held-for-trading. Instead, they are held for long-term strategic purpose. The management of the Group elected to designate these investments as equity instruments at FVTOCI as they believe that recognising short-term fluctuations in fair value of these investments in profit or loss is not consistent with the Group's strategy of holding these investments for long-term strategic purpose and realising their performance potential in the long run.

(ii) The above unlisted equity investments represent the Group's equity interest in several private entities established in the PRC. The management of the Group elected to designate these investments at FVTOCI as they believe that these investments will benefit the Group in long run through realisation or receiving steady dividends. The Group engaged GW Financial Advisory Services Limited, an independent qualified professional valuer not connected to the Group, to determine the fair value of the Group's certain unlisted equity investments and the carrying amount of these investments is HK$2,077,000 (2022: HK$10,555,000). Details of the valuation for these investments are set out in Note 40.

24. RESTRICTED AND PLEDGED BANK DEPOSITS

Restricted bank deposits

The restricted bank deposits of HK$11,909,000 (2022: HK$19,509,000), of which an amount of HK$3,037,000 (2022: HK$9,882,000) is expected to be released within twelve months, represents a frozen portion of pre-sale proceeds received on sales of affordable housings to the public under the instruction of the local government in Shanghai in the PRC. The amount is calculated based on a pre-agreed percentage on the pre-sale proceeds received and required to transfer to the escrow account regularly.

Pledged bank deposits

The Group has entered into agreements with certain banks with respect to mortgage loans provided for buyers of the Group's property units and has made deposits as security to and given guarantees on mortgage loans provided for the buyers by these banks under the agreements. Pursuant to the terms of agreements, upon default in payments of mortgage loans by these buyers, the Group is liable to repay the banks the outstanding mortgage loans together with any accrued interest and penalty thereon, after netting off the pledged bank deposits, and the Group is entitled to take over the legal title and possession of the related properties. These pledged bank deposits of HK$32,899,000 (2022: HK$32,486,000), and the related guarantees, will be released when the property title deeds of the buyers are pledged to banks as security for respective mortgage loans. As at 31 December 2023, deposits of HK$16,396,000 (2022: HK$13,999,000), which are expected to be released within twelve months, are classified as current assets. The remaining balances of HK$16,503,000 (2022: HK$18,487,000), which are expected to be released more than one year after the property title deeds are passed to the buyers, are classified as non-current assets. These pledged bank deposits carry a variable interest rate at 0.25% (2022: 0.25%) per annum as at 31 December 2023. Details of the mortgage guarantees are set out in Note 43.

Pledged bank deposits also included deposits pledged to banks to secure bank borrowings granted to the Group. As at 31 December 2022, deposits of HK$4,960,000 had been pledged to secure long-term borrowings and were classified as non-current assets. These pledged bank deposits carried interest at fixed interest rates ranging from 1.75% to 3.00% per annum. These pledged bank deposits were released upon the settlement of relevant bank borrowings during the year ended 31 December 2023.

Details of impairment assessment of restricted and pledged bank deposits are set out in Note 39(b).

25. INVENTORIES

	2023 HK$'000	2022 HK$'000
Hotel operations		
Finished goods — food and beverage and others	**1,001**	1,803

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

	2023 HK$'000	2022 HK$'000
Property development		
Properties under development for sale	**17,561,217**	18,139,312
Properties held-for-sale	**5,054,159**	4,429,975
	22,615,376	22,569,287

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

Included in the properties held-for-sale as at 31 December 2023, an amount of HK$3,352,943,000 (2022: HK$2,727,929,000) is properties located in first-tier cities, such as Beijing and Shanghai, in the PRC and an amount of HK$1,701,216,000 (2022: HK$1,702,046,000) is properties located in cities other than first-tier cities in the PRC, of which an amount of HK$1,541,627,000 (2022: HK$1,688,983,000) has no pre-sale agreements entered into by the Group.

Included in the properties under development for sale as at 31 December 2023, an amount of HK$7,898,606,000 is properties located in first-tier cities, such as Beijing and Shanghai, in the PRC and an amount of HK$9,662,611,000 is properties located in cities other than first-tier cities in the PRC, of which an amount of HK$7,335,729,000 has no pre-sale agreements entered into by the Group.

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

The net realisable value of the Group's properties held-for-sale and properties under development for sale, which are not located in first-tier cities in the PRC and have no pre-sale agreements entered into by the Group, as at 31 December 2023 has been arrived at on the basis of valuation carried out by CWL. CWL has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. These properties held-for-sale and properties under development for sale are valued individually on market value basis, which conforms to RICS Valuation — Global Standards 2022 published by the Royal Institution of Chartered Surveyors. The net realisable value of these properties is arrived at by reference to comparable sales transactions available in the relevant markets with adjustments according to nature of each property, its location and the prevailing market prices and, for properties under development for sale, CWL has also taken into account the construction cost expended and the estimated construction cost to complete the development.

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

As at 31 December 2023, properties held-for-sale of HK$245,855,000 (2022: HK$178,824,000) are carried at net realisable value and an accumulated impairment loss of HK$58,589,000 (2022: HK$21,090,000) is included in the balance.

As at 31 December 2023, properties under development for sale of HK$3,303,180,000 (2022: nil) are carried at net realisable value and an accumulated impairment loss of HK$171,067,000 (2022: nil) is included in the balance.

As at 31 December 2023, properties under development for sale of HK$7,636,436,000 (2022: HK$12,600,983,000) are not expected to be realised within one year.

As at 31 December 2023, properties under development for sale of HK$12,924,145,000 (2022: HK$6,814,317,000) and properties held-for-sale of HK$129,973,000 (2022: HK$265,745,000) are pledged as collaterals for bank borrowings.

27. TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables		
— Contracts with customers		
Sales of properties (note (i))	**250,494**	268,617
Hotel operations and others	**971**	14,262
— Lease receivables	**14,223**	12,036
	265,688	294,915
Less: ECL allowance	**(232)**	(274)
	265,456	294,641
Other receivables (note (ii))	**285,595**	291,470
Secured deposits held by Shanghai government department (note (iii))	**246,018**	214,779
Receivable from a former subsidiary (note (iv))	**133,547**	137,184
Advance payments to contractors	**32,132**	14,780
Prepaid other taxes (note (v))	**260,328**	220,635
Deposits and prepayments	**2,469**	12,155
	1,225,545	1,185,644

Notes:

(i) The balance represents a trade receivable from Shanghai government department in respect of the sales of affordable housings and it will be settled once the project clearance process completes.

(ii) Other receivables mainly comprise various warranty deposits placed with the relevant government bodies in respect of properties under development for sale, properties held-for-sale and properties being sold.

(iii) The balance represents deposit paid to Shanghai government department in respect of two affordable housing projects in Shanghai in the PRC. The deposit was paid according to a pre-determined percentage on the pre-sale proceed received from the sales of affordable housings and it will be refunded to the Group once the properties delivery and projects clearance process complete.

(iv) The balance represents an amount due from a former subsidiary of the Group, net of ECL allowance, which may be settled upon completion of the liquidation process of 昆山錦亭 (as defined in Note 37). Details of the liquidation of 昆山錦亭 are set out in Note 37.

(v) Prepaid other taxes comprise prepayments for urban real estate tax, city maintenance and construction tax, business tax and value-added tax.

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

	2023 HK$'000	2022 HK$'000
Within 90 days	11,868	16,125
Within 91–180 days	–	273,393
Over 180 days	253,588	5,123
	265,456	294,641

Ageing of trade receivables which are past due

	2023 HK$'000	2022 HK$'000
Within 91–180 days	–	273,393
Over 180 days	253,588	5,123
	253,588	278,516

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

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in ECL allowance for trade receivables

	2023 HK$'000	2022 HK$'000
At 1 January	**274**	297
Exchange realignment	**(42)**	(23)
At 31 December	**232**	274

As at 31 December 2023, certain lease receivables with carrying amount of HK$11,832,000 (2022: HK$8,703,000) are pledged as collaterals for bank borrowings.

Details of impairment assessment of trade and other receivables are set out in Note 39(b).

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Listed securities held-for-trading		
— Equity securities listed in the PRC	**–**	5,580

29. BANK BALANCES AND CASH

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

The Group's bank balances comprise saving deposits and fixed deposits with maturity less than three months. These bank balances carry interest at market rates ranging from 1.25% to 4% (2022: 1.75% to 3.35%) per annum.

Included in the bank balances there is an amount of HK$1,217,949,000 (2022: HK$1,310,421,000) that can only be applied in the designated property development projects and is required to place in restricted bank accounts in accordance with the applicable government regulations and contractual restrictions, if applicable. These bank balances are held for meeting short-term cash commitments and are, thus, included in cash and cash equivalents.

Included in the bank balances, there are amounts of HK$4,054,000 (2022: HK$4,291,000) and HK$64,323,000 (2022: HK$80,690,000) that are denominated in United States Dollar ("US$") and HK$ respectively which are foreign currency of respective companies of the Group.

Details of impairment assessment of bank balances are set out in Note 39(b).

30. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE

	2023	2022
	HK$'000	HK$'000
Trade and other payables recognised as current liabilities		
Trade payables	**1,007,357**	1,810,201
Accrued expenditure on properties under development for sale	**3,979,465**	2,527,840
Amounts due to former shareholders of the Company's former subsidiaries (note (i))	**155,712**	159,768
Rental deposits and receipt in advance from tenants	**179,082**	225,781
Interest payable	**90,369**	91,044
Payables to the Shanghai government department (note (ii))	**153,888**	158,079
Accrued charges and other payables	**412,839**	364,982
Consideration payables (note (v))	**—**	576,337
Other taxes payables (note (iii))	**744,147**	865,674
	6,722,859	6,779,706
Deferred revenue recognised as non-current liabilities		
Deferred revenue (note (iv))	**37,026**	38,879

Notes:

(i) The amounts are non-trade in nature, interest-free and repayable on demand.

(ii) The amount represents the receipts of HK$1,042,791,000 (2022: HK$1,071,191,000) from the purchasers of affordable housings which were collected on behalf of the Shanghai government department, net of receivables of HK$888,903,000 (2022: HK$913,112,000) from Shanghai government department for the construction and other related costs and the agreed profit margin of the affordable housings. The amount is repayable on demand. During the years ended 31 December 2023 and 2022, no payment was repaid to Shanghai government department.

(iii) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable, business tax payable and value-added tax payable.

(iv) The balance mainly represents the deferred portion of the government's subsidies in relation to the development residential properties held for rentals in the PRC.

(v) As at 31 December 2022, the balance represented the outstanding consideration in respect of the Acquisition (as defined in Note 51) and it was settled during the year ended 31 December 2023. Details of the Acquisition and settlement of the consideration payables are set out in Note 51.

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

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

	2023 **HK$'000**	2022 HK$'000
Within 30 days	**402,857**	1,291,833
Within 31–180 days	**12,144**	115,792
Within 181–365 days	**73,760**	74,626
Over 365 days	**518,596**	327,950
	1,007,357	1,810,201

Included in trade and other payables, there is an amount of HK$15,897,000 (2022: HK$26,319,000) denominated in HK$ which is the foreign currency of respective companies of the Group.

31. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The Group had the following balances with related parties:

	notes	**2023** **HK$'000**	2022 HK$'000
Amount due from a related company recognised as non-current assets:			
— A joint venture	(ii)	**271,041**	277,707
Amounts due from related companies recognised as current assets:			
— A joint venture	(ii)	**231**	237
— An entity controlled by Xuhui SASAC	(i)	**1,652**	2,255
		1,883	2,492
Amounts due to related companies recognised as current liabilities:			
— Xuhui SASAC and entities controlled by Xuhui SASAC	(i)	**44,342**	45,400
— Non-controlling shareholders	(iii)	**317,032**	687,529
— SIHL	(iv)	**26,067**	26,777
— An associate	(v)	**4,817**	6,440
		392,258	766,146
Amount due to a related company recognised as non-current liabilities:			
— A non-controlling shareholder	(iii)	**388,626**	—

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

Notes:

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

(ii) The entire amounts due from joint ventures are non-trade in nature and unsecured.

The amount due from a joint venture as at 31 December 2023 of RMB246,377,000 (equivalent to HK$271,041,000) (2022: RMB245,743,000 (equivalent to HK$277,707,000)) represents funds advanced by the Group at a guaranteed return of 8% per annum to a joint venture for its acquisition of parcels of land and subsequent construction expenditure in respect of a property development project located at Wuhan in the PRC. In the opinion of the management of the Group, the amount will not be repaid in 12 months from the end of the reporting period.

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

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

Included in the balances as at 31 December 2023 there are amounts of RMB287,055,000 (equivalent to HK$315,792,000) and RMB298,072,000 (equivalent to HK$327,912,000) which represent loans advanced from a non-controlling shareholder of a subsidiary of the Group at the fixed interest rates of 4.75% per annum and 7% per annum respectively. The first loan and the second loan will mature on 4 October 2024 and 15 June 2025 respectively. Such loans are obtained for the purpose of a property development project located at Shanghai in the PRC.

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

(iv) The amounts are due to the Group's intermediate holding company (i.e. SIHL) and are non-trade in nature, interest-free and repayable on demand.

(v) The amounts are trade in nature, unsecured and interest-free. The Group is granted an average credit period of 30 days for the outstanding balance.

32. PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES

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

	2023 **HK$'000**	2022 HK$'000
Revenue recognised that was included in the balance of "pre-sale proceeds received on sales of properties" at the beginning of the year	**6,774,481**	8,981,829

32. PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES (CONTINUED)

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

33. BANK AND OTHER BORROWINGS

	2023 **HK$'000**	2022 HK$'000
Bank borrowings	**10,937,791**	9,643,354
Other borrowings (note (ii))	**7,064,625**	8,015,400
	18,002,416	17,658,754
Analysed as:		
Secured bank borrowings (note (i))	**4,843,732**	3,450,272
Unsecured bank and other borrowings	**13,158,684**	14,208,482
	18,002,416	17,658,754
Carrying amount repayable:		
Within one year	**3,588,828**	9,915,688
Within a period of more than one year but not more than two years	**5,436,968**	1,661,754
Within a period of more than two years but not more than five years	**6,359,760**	4,555,848
Within a period of more than five years	**2,616,860**	1,525,464
	18,002,416	17,658,754
Less: Amount due within one year shown under current liabilities	**(3,588,828)**	(9,915,688)
Amount due after one year (note (iii))	**14,413,588**	7,743,066
Floating rate (note (iv))		
— expiring within one year	**2,445,462**	7,261,979
— expiring beyond one year	**9,384,766**	4,464,374
Fixed rate		
— expiring within one year	**1,143,366**	2,653,709
— expiring beyond one year	**5,028,822**	3,278,692
	18,002,416	17,658,754

33. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

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

	2023 HK$'000	2022 HK$'000
Properties under development for sale	12,924,145	6,814,317
Properties held-for-sale	129,973	265,745
Investment properties	9,917,090	9,933,656
Hotel buildings and related right-of-use assets	629,392	537,454
Pledged bank deposits	—	4,960
Trade receivables	11,832	8,703
	23,612,432	17,564,835

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

	2023 HK$'000	2022 HK$'000
Advanced bonds — 2020 (note (a))	—	2,653,709
Domestic corporate bonds — 2022 (note (b))	1,261,409	1,293,777
Domestic corporate bonds — 2023 (note (c))	2,800,655	—
Medium term notes — 2021 (note (d))	967,349	992,750
Medium term notes — 2022 (note (e))	966,758	992,164
Borrowings from SIHL Finance Limited (note (f))	1,068,454	2,083,000
	7,064,625	8,015,400

(a) The advanced bonds — 2020 represented two batches of bonds issued by SUD to public and were listed on the Shanghai Stock Exchange during the year ended 31 December 2020. The bonds were unsecured and had maturity of three years falling due in year ending 31 December 2023. One batch of bonds, which would mature on 18 September 2023, were issued at the principal amount of RMB1,800,000,000 and carried a fixed interest rate at 4.07% per annum (the "Bond A"). Transaction costs of RMB5,604,000 (equivalent to HK$6,298,000) were directly deducted from the carrying amount of the Bond A. The Bond A, net of transaction costs, carried an effective interest rate at 4.18% per annum. The other batch of bonds, which would mature on 18 June 2023, were issued at the principal amount of RMB550,000,000 and carried a fixed interest rate at 3.49% per annum (the "Bond B"). Transaction costs of RMB2,075,000 (equivalent to HK$2,332,000) were directly deducted from the carrying amount of the Bond B. The Bond B, net of transaction costs, carried an effective interest rate at 3.62% per annum. During the year ended 31 December 2023, the Group repaid the advance bonds — 2020 in full upon maturity.

(b) The domestic corporate bonds — 2022 represent bonds issued by SUD to public and are listed on the Shanghai Stock Exchange during the year ended 31 December 2022. The bonds are unsecured and have maturity of three years falling due on 2 November 2025. The bonds have principal amount of RMB1,150,000,000 and carry a fixed interest rate at 3.07% per annum. Transaction costs of RMB5,425,000 (equivalent to HK$6,131,000) were directly deducted from the carrying amount of the bonds. The bonds, net of transaction costs, carry an effective interest rate at 3.24% per annum.

33. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(ii) (Continued)

(c) The domestic corporate bonds — 2023 represent bonds issued by SUD to public and are listed on the Shanghai Stock Exchange during the year ended 31 December 2023. The bonds are unsecured and have maturity of three years falling due in year ending 31 December 2026. One batch of bonds, which will mature on 9 January 2026, were issued at the principal amount of RMB750,000,000 and carry a fixed interest rate at 4.2% per annum (the “2023 Bond A”). Transaction costs of RMB2,310,000 (equivalent to HK$2,465,000) were directly deducted from the carrying amount of the 2023 Bond A. The 2023 Bond A, net of transaction costs, carries an effective interest rate at 4.31% per annum. The other batch of bonds, which will mature on 11 September 2026, were issued at the principal amount of RMB1,800,000,000 and carry a fixed interest rate at 3.5% per annum (the “2023 Bond B”). Transaction costs of RMB3,180,000 (equivalent to HK$3,516,000) were directly deducted from the carrying amount of the 2023 Bond B. The 2023 Bond B, net of transaction costs, carries an effective interest rate at 3.56% per annum.

(d) The medium term notes — 2021 represent notes issued by SUD to financial institutions during the year ended 31 December 2021. The notes are unsecured and have maturity of three years falling due on 15 October 2024. The notes have principal amount of RMB880,000,000 and carry a fixed interest rate at 3.48% per annum. Transaction costs of RMB2,491,000 (equivalent to HK$3,001,000) were directly deducted from the carrying amount of the notes. The notes, net of transactions costs, carry an effective interest rate at 3.58% per annum.

(e) The medium term notes — 2022 represent notes issued by SUD to financial institutions during the year ended 31 December 2022. The notes are unsecured and have maturity of three years falling due on 8 June 2025. The notes have principal amount of RMB880,000,000 and carry a fixed interest rate at 2.85% per annum. Transaction costs of RMB2,491,000 (equivalent to HK$2,918,000) were directly deducted from the carrying amount of the notes. The notes, net of transactions costs, carry an effective interest rate at 2.95% per annum.

(f) On 6 May 2019 and 12 August 2019, the Group entered into short-term loan agreements with SIHL Finance Limited, a subsidiary of SIHL, for two unsecured borrowings at the principal amounts of HK$423,000,000 and HK$740,000,000 respectively. These borrowings carried a variable interest rate at 3 months Hong Kong Interbank Offered Rate (“HIBOR”) plus a premium of 2.4% per annum. Upon the maturity dates, these borrowings of HK$423,000,000 and HK$740,000,000 were extended. During the year ended 31 December 2022, the borrowing at the principal amounts of HK$740,000,000 was further extended 12 August 2024 with interest rates remained unchanged and of which HK$94,546,000 was repaid in year 2023. During the year ended 31 December 2023, the borrowing at the principal amounts of HK$423,000,000 was further extended to 17 May 2024 (2022: 17 May 2023) with interest rates remained unchanged.

On 2 June 2021 and 25 November 2021, the Group raised new borrowings of HK$350,000,000 and HK$300,000,000 from SIHL Finance Limited respectively. These borrowings carried a variable interest rate at 3 months HIBOR plus a premium of 2.4% per annum and had maturity dates on 1 June 2022 and 24 November 2022 respectively. Upon the maturity dates, the borrowing with principal amount of HK$350,000,000 was further extended by a year up to 7 June 2023 with interest rates remained unchanged. During the year ended 31 December 2023, the Group repaid these borrowings in full upon maturity.

On 10 June 2022 and 10 December 2022, the Group raised new borrowings of HK$450,000,000 and HK$120,000,000 from SIHL Finance Limited respectively. These borrowings carried a variable interest rate at 3 months HIBOR plus a premium of 2.4% per annum and had maturity dates on 10 June 2023 and 10 December 2023 respectively. During the year ended 31 December 2023, the Group repaid these borrowings in full upon maturity.

(iii) As at 31 December 2023, included in the Group’s borrowings due after one year are amounts of other borrowings of HK$5,028,822,000 (2022: HK$3,278,692,000).

(iv) The Group’s variable-rate borrowings carry interest at HIBOR, Loan Prime Rate (“LPR”) and People’s Bank of China Lending Rate (“PBOCLR”).

33. BANK AND OTHER BORROWINGS (CONTINUED)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2023	2022
Effective interest rate:		
Fixed-rate borrowings	**2.80%–4.31%**	3.24%–4.18%
Variable-rate borrowings	**2.90%–7.67%**	3.10%–5.15%

Included in bank and other borrowings, there is an amount of HK$1,068,454,000 (2022: HK$2,083,000,000) denominated in HK$ which is the foreign currency of respective companies of the Group.

34. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
Within one year	**20,821**	48,721
Within a period of more than one year but not more than two years	**30,921**	39,706
	51,742	88,427
Less: Amount due for settlement within twelve months shown under current liabilities	**(20,821)**	(48,721)
Amount due for settlement after twelve months under non-current liabilities	**30,921**	39,706

The lease liabilities are denominated in currency other than the functional currency of the relevant group entity are set out below:

	HK$ against RMB HK$'000
As at 31 December 2023	**9,170**
As at 31 December 2022	15,335

35. DEFERRED TAXATION

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Fair value adjustment on properties under development for sale and properties held-for-sale HK$'000	Revaluation of investment properties HK$'000	Fair value adjustment on hotel properties HK$'000	Accrued expenses HK$'000	LAT deferred tax HK$'000	Leases HK$'000	Undistributed earnings of the PRC entities HK$'000	Others HK$'000	Total HK$'000
At 1 January 2022	(477,403)	(2,335,901)	(19,372)	(12,022)	(22,002)	(3,187)	(223,539)	30,541	(3,062,885)
Credit (charge) to profit or loss for the year	70,719	7,989	–	2,070	5,284	(860)	–	24,776	109,978
Credit to OCI upon fair value changes of equity instruments at FVTOCI	–	–	–	–	–	–	–	6,724	6,724
Liquidation of a subsidiary (Note 37)	–	(11,745)	–	–	–	–	–	–	(11,745)
Exchange realignment	35,350	190,759	1,530	894	1,586	276	17,658	(3,268)	244,785
At 31 December 2022	(371,334)	(2,148,898)	(17,842)	(9,058)	(15,132)	(3,771)	(205,881)	58,773	(2,713,143)
Credit (charge) to profit or loss for the year	12,926	1,673	199	(12,228)	1,551	929	56,386	40,056	101,492
Credit to OCI upon fair value changes of equity instruments at FVTOCI	–	–	–	–	–	–	–	974	974
Credit to OCI upon disposal of equity instruments at FVTOCI	–	–	–	–	–	–	–	1,376	1,376
Exchange realignment	8,918	52,467	473	299	394	96	5,174	(1,619)	66,202
At 31 December 2023	(349,490)	(2,094,758)	(17,170)	(20,987)	(13,187)	(2,746)	(144,321)	99,560	(2,543,099)

35. DEFERRED TAXATION (CONTINUED)

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

	2023 **HK$'000**	2022 HK$'000
Deferred tax assets	**136,686**	86,047
Deferred tax liabilities	**(2,679,785)**	(2,799,190)
	(2,543,099)	(2,713,143)

As at 31 December 2023, the Group has unused tax losses of HK$4,473,652,000 (2022: HK$3,927,177,000) available for offset against future profits, which are subject to the confirmation from Hong Kong Inland Revenue Department and the respective PRC tax authorities. No deferred tax asset was recognised in respect of such losses due to the unpredictability of future profit streams of respective group entities. During the year ended 31 December 2023, tax losses of HK$234,821,000 (2022: HK$432,758,000) were expired. Included in unrecognised tax losses, there are losses of HK$4,139,883,000 (2022: HK$3,593,408,000) that will expire in various dates in the next five years. Other losses may be carried forward indefinitely.

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation was provided in the consolidated financial statements in respect of temporary differences of HK$8,453,953,000 (2022: HK$7,150,306,000) which arises from the undistributed profits of certain PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

36. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023		
— Ordinary shares of HK$0.04 each	**10,000,000**	400,000
Issued and fully paid:		
At 1 January 2022	**4,806,323**	192,253
Shares repurchased and cancelled	**(12,646)**	(506)
At 31 December 2022	**4,793,677**	191,747
Shares repurchased and cancelled	**(2,194)**	(88)
At 31 December 2023	**4,791,483**	191,659

During the year ended 31 December 2023, the Company cancelled its own ordinary shares after repurchase through the Stock Exchange as follows:

Date of repurchase	Number of ordinary shares of HK$0.04 each '000	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid (excluding transaction costs) HK$'000	Transaction costs HK$'000
16 December 2022	200	0.58	0.58	116	—*
20 December 2022	300	0.6	0.59	178	1
21 December 2022	300	0.61	0.61	183	1
22 December 2022	200	0.59	0.59	118	—*
5 January 2023	150	0.62	0.62	93	—*
11 January 2023	900	0.61	0.61	549	1
12 January 2023	144	0.59	0.59	84	—*
	2,194			1,321	3

* The amount is less than HK$1,000.

The above ordinary shares were cancelled on 27 February 2023.

36. SHARE CAPITAL (CONTINUED)

During the year ended 31 December 2023, the Company repurchased its own ordinary shares through the Stock Exchange but not yet cancelled as follows:

Date of repurchase	Number of ordinary shares of HK$0.04 each '000	Price per share Highest HK$	Lowest HK$	Aggregate consideration paid (excluding transaction costs) HK$'000	Transaction costs HK$'000
29 December 2023	1,700	0.35	0.35	595	3

During the year ended 31 December 2022, the Company cancelled its own ordinary shares after repurchase through the Stock Exchange as follows:

Date of repurchase	Number of ordinary shares of HK$0.04 each '000	Price per share Highest HK$	Lowest HK$	Aggregate consideration paid (excluding transaction costs) HK$'000	Transaction costs HK$'000
17 November 2022	3,000	0.59	0.58	1,754	5
18 November 2022	2,000	0.59	0.58	1,175	3
21 November 2022	1,600	0.57	0.54	884	3
22 November 2022	800	0.54	0.51	420	1
23 November 2022	700	0.51	0.495	351	1
25 November 2022	350	0.51	0.5	177	—*
29 November 2022	1,000	0.51	0.5	501	1
5 December 2022	200	0.51	0.51	102	—*
7 December 2022	1,944	0.51	0.5	987	3
8 December 2022	500	0.52	0.51	259	1
9 December 2022	402	0.53	0.52	210	1
15 December 2022	150	0.59	0.59	88	—*
	12,646			6,908	19

* The amount is less than HK$1,000.

36. SHARE CAPITAL (CONTINUED)

The above ordinary shares were cancelled on 30 December 2022.

During the year ended 31 December 2022, the Company repurchased its own ordinary shares through the Stock Exchange but yet cancelled at year end as follows:

Date of repurchase	Number of ordinary shares of HK$0.04 each	Price per share Highest	Lowest	Aggregate consideration paid (excluding transaction costs)	Transaction costs
	'000	HK$	HK$	HK$'000	HK$'000
16 December 2022	200	0.58	0.58	116	—*
20 December 2022	300	0.6	0.59	178	1
21 December 2022	300	0.61	0.61	183	1
22 December 2022	200	0.59	0.59	118	—*
	1,000			595	2

* The amount is less than HK$1,000.

Save as disclosed above, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.

37. LOSS ON LIQUIDATION OF A SUBSIDIARY

In previous year, the Group had a dispute with a non-controlling shareholder of 昆山城開錦亭置業有限公司 ("昆山錦亭") regarding the arrangement of providing additional capital to 昆山錦亭 which in turns caused defaults of a bank borrowing of RMB130,000,000 (equivalent to HK$151,339,000), an other borrowing of RMB57,600,000 (equivalent to HK$67,034,000) and an amount due to a non-controlling shareholder of RMB154,183,000 (equivalent to HK$179,475,000). During the year ended 31 December 2022, the Group completed litigation procedures and initiated a voluntary liquidation of 昆山錦亭. After the court's assignment of a liquidator to take over 昆山錦亭 and completion of the creditors meeting in late July 2022, all the relevant activities of 昆山錦亭 were subject to direction by the liquidator. Accordingly, the Group lost control on 昆山錦亭 and it was de-consolidated from the Group's consolidated financial statements.

The net liabilities of 昆山錦亭 at the date the control was lost are as follow:

	HK$'000
Consideration:	
Cash consideration	—
Analysis of assets and liabilities over which control was lost:	
Investment properties	739,163
Equipment	135
Deferred tax assets	11,745
Other receivables	8,693
Bank balances and cash	256
Pledged bank deposits	3,429
Trade and other payables	(33,149)
Amounts due to a non-controlling shareholder (included in amounts due to related companies)	(179,475)
Amounts due to the Group	(417,582)
Bank and other borrowings	(218,373)
Net liabilities disposed of	(85,158)
Impact on liquidation of 昆山錦亭:	
Total consideration	—
Net liabilities disposed of	85,158
Non-controlling interests disposal of	(40,876)
	44,282
ECL on receivable from a former subsidiary	(289,113)
Loss on liquidation of 昆山錦亭	(244,831)
Net cash outflow arising on the liquidation:	
Cash received	—
Less: bank balances and cash disposed of	(256)
	(256)

38. CAPITAL RISK MANAGEMENT

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

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

The management of the Group actively and regularly reviews the capital structure. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of not more than 100% determined as the proportion net debt, which includes bank and other borrowings less bank balances and cash and restricted and pledged bank deposits to equity. As at 31 December 2023, the gearing ratio of the Group is 58.4% (2022: 63%). Based on recommendations of the management of the Group, the Group will balance its overall capital structure through new shares issue, and share buy-backs as well as the issue of new debt or the redemption of existing debts.

39. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets at FVTPL	—	5,580
Equity instruments at FVTOCI	43,565	59,872
Financial assets at amortised cost	7,208,884	5,752,830
Financial liabilities		
Amortised cost	20,364,343	21,406,874

b. Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, financial assets at FVTPL, restricted and pledged bank deposits, bank balances and cash, certain trade and other receivables, amounts due from related companies, certain trade and other payables, amounts due to related companies, dividends payable, bank and other borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group actively and regularly reviews and manages its capital structure to strictly control the debt level. The Group maintains a strategy on acquiring land only if development of the projects can commence within a short period of time so as to minimise the time period between acquisition and development of the acquired land, thus the Group's capital can be efficiently deployed.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results. The Group did not hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, excluding intercompany balances, at the reporting date are as follows:

	Assets		Liabilities	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**4,054**	4,291	**–**	–
HK$	**64,323**	80,690	**1,115,703**	2,145,324

Sensitivity analysis

The Group is mainly exposed to the currency of US$ and HK$ against RMB, the functional currency of relevant group entities.

The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2022: 5%) is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive number below indicates an increase in post-tax profit where RMB strengthen 5% (2022: 5%) against US$ and HK$ respectively. For a 5% (2022: 5%) weakening of RMB against US$ and HK$ respectively, there would be an equal and opposite impact on the result.

	US$ (i)		HK$ (ii)	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Impact for post-tax profit for the year	**(203)**	(215)	**52,569**	103,232

(i) This is mainly attributable to the exposure to certain bank balances denominated in US$.

(ii) This is mainly attributable to the exposure to certain bank balances, certain other borrowings and certain trade and other payables denominated in HK$.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see Note 33), pledged bank deposits and bank balances. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate other borrowings, amount due from a joint venture (see Note 31), bank balances and restricted and pledged bank deposits. The Group currently does not enter into any hedging instrument for fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the PBOCLR, LPR and HIBOR arising from the Group's RMB and HK$ denominated bank and other borrowings respectively.

Sensitivity analysis

The Group does not anticipate there is any significant impact on its interest-bearing assets resulting from the changes in interest rates as the interest rate of bank deposits are not expected to change significantly.

The sensitivity analyses below have been determined based on the exposure to interest rates for bank and other borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 (2022: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2022: 100) basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2023 would have decreased/increased by HK$78,238,000 (2022: HK$73,829,000) assuming interest of HK$21,851,000 (2022: HK$27,802,000) are capitalised into qualifying assets.

(iii) Other price risk

The Group is exposed to equity price risk arising from changes in the fair value of its financial assets at FVTPL and equity instruments at FVTOCI (both listed and unlisted).

No sensitivity analysis on other price risk is presented for the financial assets at FVTPL and unlisted equity instruments at FVTOCI as the management of the Group considers a reasonable possible change to the fair value of these financial instruments will not have a significant effect to the Group's profit or loss and investment revaluation reserve respectively.

The sensitivity analysis below has been determined assuming that the change in prices had occurred at the end of the reporting period and had been applied to the exposure to price risk for the Group's listed equity instrument at FVTOCI at that date.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

A 10% (2022: 10%) change in equity prices represents the management's assessment of the reasonably possible changes in prices. 10% is used in current year as a result of the volatile financial market.

As at 31 December 2023, if the price of the listed equity instruments at FVTOCI had been 10% higher/lower and all other variables were held constant, the Group's investment revaluation reserve, net of tax, would have increased/decreased by HK$2,926,000 (2022: HK$3,509,000) as a result of the changes in fair value of listed equity instruments at FVTOCI.

Credit risk and impairment assessment

As at 31 December 2023, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the liabilities in relation to financial guarantees provided by the Group as disclosed in Note 43(a). The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related companies, restricted and pledged bank deposits and bank balances.

With respect to the credit risk of the Group's treasury operations, the management of the Group has established internal procedures to monitor the Group's bank balances to be placed and securities investments and entered into with financial institution of good reputation. These internal procedures also impose limitation on the amount outstanding and to manage the credit ratings on equity investments to be held, so as to minimise the Group's credit risk exposure.

The credit risk on bank balances and restricted and pledged bank deposits is limited because the counterparties are banks with good reputation and having high credit ratings assigned by international credit rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

In order to minimise the credit risk on trade and other receivables and amounts due from related companies, the management of the Group implements monitoring procedures to ensure that follow-up action is taken to recover overdue debts and reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts on trade and other receivables (including lease receivables) and amounts due from related companies. In this regard, the management of the Group considers that the credit risk on these balances are significantly reduced. The Group applies simplified approach on trade receivables and lease receivables and 12m ECL on other receivables and amounts due from related companies to assess for lifetime ECL prescribed by HKFRS 9. To measure the ECL on these balances, they are assessed individually on the recoverability based on historical settlement records, past experience, and also the available and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in these outstanding balances.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group has significant concentration of credit risk on the receivable from a former subsidiary of the Group of HK$133,547,000 (2022: HK$137,184,000) (included in other receivables), net of ECL allowance of HK$281,467,000 (2022: HK$289,133,000). Considered the former subsidiary of the Group was in liquidation process, the management of the Group made an assessment on the recoverability of this balance at the end of the reporting period based on the expected proceeds to be received by the Group from realisation of assets held by the former subsidiary and the assets distribution arrangement after the liquidation process to determine whether adequate ECL was recognised. The primary asset of that former subsidiary refers to investment properties located at Kunshan in the PRC. Details of the liquidation of this subsidiary are set out in Note 37.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which account for 100% (2022: 100%) of the total trade and other receivables (including lease receivables) and amounts due from related companies as at 31 December 2023. The management of the Group closely monitors the subsequent settlement of these balances and financial positions of related companies and debtors to which the Group made advancements. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In relation to the guarantees provided by the Group to secure obligations of the buyers of the property units for the repayment of their mortgage loans, if there is a default on repayment of mortgage loans by these buyers, the Group is responsible for repaying the banks the outstanding mortgage loans together with any accrued interests and penalties thereon. Under such circumstance, the Group is entitled to forfeit the property buyer's deposits, take over the legal title and possession of the related properties and re-sell them to other interested buyers to recover any amounts paid or payable by the Group to banks. In this regard, the management of the Group considers that the Group's credit risk on such guarantees is significantly reduced. Details disclosure of these guarantees are set out in Note 43(a).

The Group's exposure to credit risk is mainly influenced by the characteristics of each individual non-governmental customer rather than the industry or country in which the customers operate. Therefore, significant concentration of credit risk arises when the Group has significant exposure to any individual non-governmental customer. At the end of the reporting period, the Group has no significant concentration of credit risk in its business including property development, property investment, hotel operations and property management.

The Group's credit risk position on other receivables are closely monitored by the management of the Group.

For financial guarantee contracts, the aggregate utilised amount of outstanding financial guarantees issued to banks in respect of bank facilities granted to a joint venture and property buyers of the Group that the Group could be required to pay at the end of the reporting period are set out in Note 43(a). The fair value of these financial guarantees, at dates of initial recognition, were considered insignificant. At the end of the reporting period, the management of the Group has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in the profit or loss.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2023, the Group had available unutilised banking facilities of HK$12,298,776,000 (2022: HK$3,717,091,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand or less than 1 year	1–2 years	2–5 years	More than 5 years	Total undiscounted cash flows	Carrying amount at 2023
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2023							
Non-derivative financial liabilities							
Trade and other payables	N/A	1,558,861	–	–	–	1,558,861	1,558,861
Amounts due to related companies	5.90	392,258	388,626	–	–	780,884	780,884
Bank and other borrowings	3.53	5,241,127	5,954,624	6,608,778	3,296,403	21,100,932	18,002,416
Dividends payable	N/A	22,182	–	–	–	22,182	22,182
Financial guarantee contracts issued							
Maximum amount guaranteed (Note 43(a))	N/A	1,497,844	–	–	–	1,497,844	–
		8,712,272	6,343,250	6,608,778	3,296,403	24,960,703	20,364,343
Lease liabilities	4.75	20,821	33,806	–	–	54,627	51,742

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 2023 HK$'000
2022							
Non-derivative financial liabilities							
Trade and other payables	N/A	2,961,304	–	–	–	2,961,304	2,961,304
Amounts due to related companies	5.90	766,146	–	–	–	766,146	766,146
Bank and other borrowings (note)	3.60	11,350,759	1,926,771	4,712,593	2,179,116	20,169,239	17,658,754
Dividends payable	N/A	20,670	–	–	–	20,670	20,670
Financial guarantee contracts issued							
Maximum amount guaranteed (Note 43(a))	N/A	2,541,714	–	–	–	2,541,714	–
		17,640,593	1,926,771	4,712,593	2,179,116	26,459,073	21,406,874
Lease liabilities	4.75	48,721	43,567	–	–	92,288	88,427

Note: The undiscounted cash flows of bank and other borrowings are prepared based on the earliest date on which the Group can be required to pay after considering the waiver obtained from the bank, if applicable, as disclosed in Note 33.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the financial guarantee arrangement if the counterparty to the guarantee claims the amount. Based on expectations made by the management of the Group, at the end of the reporting period, it is not likely an amount is payable under the arrangement. However, this estimate is subject to change as it depends on the probability of the counterparty to guarantee who exercises the right to claim. It is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for non-derivative financial liabilities with variable interest rate are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engaged an independent qualified professional valuer to perform the valuation. The management of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's financial assets at FVTPL and equity instruments at FVTOCI are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value 2023	Fair value 2022	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs
Financial assets at FVTPL	**Listed equity securities in the PRC — N/A**	Listed equity securities in the PRC — HK$5,580,000	Level 1	Quoted bid prices in an active market	N/A
Equity instruments at FVTOCI	**Listed equity securities in the PRC — HK$39,020,000**	Listed equity securities in the PRC — HK$46,780,000	Level 1	Quoted bid prices in an active market	N/A
	Unlisted equity securities in the PRC — HK$4,545,000	Unlisted equity securities in the PRC — HK$13,092,000	Level 3	Adjusted net asset value method under cost approach	Discount factor of 5% (2022: 6%)

40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Reconciliation of Level 3 fair value measurement

	Unlisted equity securities classified as equity instruments at FVTOCI HK$'000
At 1 January 2022	22,108
Change in fair value recognised in OCI	(7,484)
Exchange realignment	(1,532)
At 31 December 2022	**13,092**
Change in fair value recognised in OCI	**(8,240)**
Exchange realignment	**(307)**
At 31 December 2023	**4,545**

In the opinion of the management of the Group, there were no material change in fair value of unlisted equity instruments at FVTOCI during the years ended 31 December 2023 and 2022. Besides, no material impact on the fair value of these instruments is expected if there is 5% increase or decrease of the discount factor. Therefore, no sensitivity analysis for these level 3 instruments are presented.

There were no transfer between instruments in Level 1, 2 and 3 in both years.

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities carried at amortised cost approximate their respective fair values.

41. CAPITAL COMMITMENTS

The Group

	2023 HK$'000	2022 HK$'000
Expenditure contracted for but not provided for in the consolidated financial statements		
— additions in properties under development for sale	**7,085,216**	10,928,447
— capital contribution into a joint venture	**45,330**	47,281
	7,130,546	10,975,728

42. OPERATING LEASES

The Group as lessor

Property rental income earned during the year is HK$773,021,000 (2022: HK$541,497,000). Certain of the Group's investment properties have committed tenants for the next two to ten years with an option to renew the lease after that date, at which time all terms are renegotiated.

Undiscounted lease payments receivable on lease are as follows:

	2023 HK$'000	2022 HK$'000
Within one year	**459,325**	560,818
In the second year	**304,019**	354,265
In the third year	**232,612**	241,235
In the fourth year	**184,860**	189,069
In the fifth year	**140,569**	163,151
After five years	**198,059**	364,428
	1,519,444	1,872,966

43. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

(a) Financial guarantee contracts

	2023 **HK$'000**	2022 HK$'000
Guarantees given to banks in respect of banking facilities utilised by:		
— property buyers	**1,475,737**	2,417,124
— a joint venture	**114,279**	124,590
	1,590,016	2,541,714

Guarantees given to banks in respect of banking facilities utilised by property buyers

The Group entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and made deposits as security to and gave guarantees on mortgage loans provided to the buyers by these banks under the agreements. The management of the Group considers that the possibility of default of repayment of the mortgage loans by the relevant buyers is remote and, in case of the default, the net realisable value of the related properties withheld by the Group can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Accordingly, no ECL under HKFRS 9 has been made in the consolidated financial statements for these guarantees.

Guarantee given to a bank in respect of banking facilities utilised by a joint venture of the Group

The Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to a joint venture of the Group. As at 31 December 2023, the maximum liability of the Group under such guarantee was the outstanding amount of the bank borrowing to the joint venture of RMB103,880,000 (equivalent to HK$114,279,000) (2022: RMB110,250,000 (equivalent to HK$124,590,000)) which represents the Group's portion of the outstanding amount of the bank borrowing to the joint venture.

In the opinion of the management of the Group, the fair values of the aforementioned financial guarantee contracts of the Group are insignificant at initial recognition. At the end of the reporting period, the management of the Group has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of these financial guarantee contracts. Accordingly, the loss allowance for these contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in profit or loss for both years as the amount of the loss allowance was not significant.

(b) Contingent liabilities

In the opinion of the management of the Group, there were no material contingent liabilities of the Group which required a separate disclosure in the consolidated financial statements for both years.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividends payable (note (ii)) HK$'000	Interest payable (Note 30) HK$'000	Bank and other borrowings (Note 33) HK$'000	Amounts due to related companies (Note 31) HK$'000	Lease liabilities (Note 34) HK$'000	Total HK$'000
At 1 January 2022	1,981,874	127,450	19,720,082	697,654	120,189	22,647,249
Financing cash flows (note (i))	(2,135,755)	–	(1,011,871)	260,110	(64,662)	(2,952,178)
Finance costs recognised (Note 9)	–	–	1,112,583	–	4,329	1,116,912
New leases entered	–	–	–	–	36,361	36,361
Transfer	–	(36,406)	36,406	–	–	–
Liquidation of a subsidiary (Note 37)	–	–	(218,373)	(179,475)	–	(397,848)
Dividends declared	276,208	–	–	–	–	276,208
Foreign exchange translation	(101,657)	–	(1,980,073)	(18,583)	(7,790)	(2,108,103)
At 31 December 2022	20,670	91,044	17,658,754	759,706	88,427	18,618,601
Financing cash flows (note (i))	(142,232)	–	(128,661)	11,348	(52,446)	(311,991)
Finance costs recognised (Note 9)	–	–	885,728	25,340	4,872	915,940
New leases entered	–	–	–	–	12,683	12,683
Transfer	–	(675)	675	–	–	–
Dividends declared	143,744	–	–	–	–	143,744
Foreign exchange translation	–	–	(414,080)	(20,327)	(1,794)	(436,201)
At 31 December 2023	22,182	90,369	18,002,416	776,067	51,742	18,942,776

Notes:

(i) The financing cash flows represented the net amount of proceeds from bank and other borrowings, advances from related companies, payments of transaction costs for issue of domestic corporate bonds and medium term notes, payments of finance costs, repayments of bank and other borrowings, repayments to related companies, repayment of lease liabilities and payments of dividends.

(ii) This balance comprises dividends payable and dividends payable to non-controlling shareholders.

45. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in Note 12, is as follows:

	2023 HK$'000	2022 HK$'000
Short-term employee benefits	**5,146**	6,105
Post-employment benefits	**—**	—
	5,146	6,105

Total remuneration is included in "total staff costs" (Note 11).

(b) Transactions and balances with related parties

Saved as disclosed in elsewhere in the consolidated financial statements, the Group has following transactions and balances with related parties:

Name of related companies	Nature of transactions	2023 HK$'000	2022 HK$'000
Entities controlled by SIIC	Management service income	**11,933**	4,038
Entities controlled by SIHL	Management fee	**(16,070)**	(1,073)
	Property charges	**(1,659)**	(1,455)
	Rental income	**2,325**	—
	Rental expense	**—**	(2,346)
Associates	Property agency fee	**(146)**	(1,111)
	Management income	**175**	—
	Management fee	**—**	(417)
Entities controlled by Xuhui SASAC	Management service income	**16,734**	17,581

Details of the balances with related parties as at 31 December 2023 and 2022 are set out in Note 31.

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Government-related entities

The Group itself is part of a larger group of companies under SIIC (SIIC and its subsidiaries are referred to as the "SIIC Group") which is controlled by the PRC government. The management of the Group considers that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC Government Related Entities"). Apart from the transactions with the SIIC Group and Xuhui SASAC which have been disclosed above and in other notes to the consolidated financial statements, the Group also conducts businesses with other PRC Government Related Entities in the ordinary course of business. The Group's saving deposits, borrowings and other general banking facilities are placed or entered into with certain banks which are PRC Government Related Entities in its ordinary course of business. In view of the nature of the aforementioned financing transactions, the management of the Group is of the opinion that separate disclosures would not be meaningful.

In addition, the Group entered into various transactions, including sales, purchases and other operating expenses with other PRC Government Related Entities. In the opinion of the management of the Group, these transactions are considered as individually and collectively insignificant to the operation of the Group during the years ended 31 December 2023 and 2022.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of issued and paid-up share capital/ registered capital held				Principal activities
			2023		2022		
			Directly	Indirectly	Directly	Indirectly	
深圳鳳凰置業有限公司 (note (i))	The PRC	US$10,000,000	–	82%	–	82%	Property investment
中置(北京)企業管理有限公司 (note (ii))	The PRC	HK$200,000,000	–	100%	–	100%	Investment holding
北京金馬文華園房地產開發有限公司 (note (i) and (vii))	The PRC	US$12,000,000	–	NA	–	85%	Property development
北京新松房地產開發有限公司 (note (i))	The PRC	RMB190,000,000	–	100%	–	100%	Property development and property investment
北京市御水苑房地產開發有限責任公司 (note (iii))	The PRC	RMB20,000,000	–	97.5%	–	97.5%	Property development
北京新松置地投資顧問有限公司 (note (iii))	The PRC	RMB30,000,000	–	100%	–	100%	Investment holding
西安中新滻灞歐亞酒店發展有限公司 (notes (iii))	The PRC	RMB50,000,000	–	100%	–	100%	Hotel operations
西安中新永佳房地產開發有限公司 (notes (iii))	The PRC	RMB10,000,000	–	100%	–	100%	Property development

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of issued and paid-up share capital/ registered capital held				Principal activities
			2023		2022		
			Directly	Indirectly	Directly	Indirectly	
西安中新沁園房地產開發有限公司 (notes (iii))	The PRC	RMB10,000,000	–	100%	–	100%	Property development
西安中新華勝房地產開發有限公司 (notes (iii))	The PRC	RMB10,000,000	–	100%	–	100%	Property development, property investment and hotel operations
西安中新榮景房地產開發有限公司 (notes (iii))	The PRC	RMB10,000,000	–	100%	–	100%	Property development
西安中新永景房地產開發有限公司 (notes (iii))	The PRC	RMB10,000,000	–	100%	–	100%	Property development
西安城開新源置業有限公司 (note (iii))	The PRC	RMB1,000,000,000	–	100%	–	100%	Property development
重慶中華企業房地產發展有限公司 (note (iii))	The PRC	RMB200,000,000	–	100%	–	100%	Property development and property investment
天津中新濱海房地產開發有限公司 (note (ii))	The PRC	HK$100,000,000	–	100%	–	100%	Property development
天津中新華安房地產開發有限公司 (note (ii))	The PRC	RMB240,000,000	–	100%	–	100%	Property development
天津中新華城房地產開發有限公司 (note (ii))	The PRC	RMB80,000,000	–	100%	–	100%	Property investment
天津中新嘉業房地產開發有限公司 (note (ii))	The PRC	RMB120,000,000	–	100%	–	100%	Property investment
天津中新信捷房地產開發有限公司 (note (ii))	The PRC	RMB240,000,000	–	100%	–	100%	Property development
天津凱津房地產開發有限公司 (note (iii))	The PRC	RMB210,000,000	–	100%	–	100%	Property development
天津卓城房地產開發有限公司 (note (iii))	The PRC	RMB1,500,000,000	–	100%	–	100%	Property development
上海九久廣場投資開發有限公司 (note (iii))	The PRC	RMB226,160,000	–	100%	–	100%	Property investment

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of issued and paid-up share capital/ registered capital held				Principal activities
			2023		2022		
			Directly	Indirectly	Directly	Indirectly	
上海啟耀房地產開發有限公司 (note (iii))	The PRC	US$12,000,000	–	100%	–	100%	Property development and property investment
上海海輝房地產有限公司 (note (iii))	The PRC	RMB12,000,000	–	100%	–	100%	Property development
上海海輝物業管理有限公司 (note (iii))	The PRC	RMB500,000	–	100%	–	100%	Property management
上海城浩置業有限公司 (note (iii))	The PRC	RMB2,400,000,000	–	80%	–	80%	Property development
煙台卓實房地產開發有限公司 (note (iii))	The PRC	US$90,000,000	–	100%	–	100%	Property development
瀋陽向明 (note (i))	The PRC	US$63,750,000	–	100%	–	100%	Property development and property investment
上海城開(集團)有限公司 SUD (note (i))	The PRC	RMB3,200,000,000	–	59%	–	59%	Investment holding and property development
上海萬源房地產開發有限公司 (note (iii))	The PRC	RMB300,000,000	–	53%	–	53%	Property development and property investment
上海城開(集團)無錫置業有限公司 (note (iii))	The PRC	RMB500,000,000	–	59%	–	59%	Property development and hotel operations
上海城開集團晶實置業有限公司 (note (iii))	The PRC	RMB300,000,000	–	59%	–	59%	Property development
上海城開晶享置業有限公司 (note (iii))	The PRC	RMB480,600,000	–	59%	–	59%	Property development and property investment
上海城瀧置業有限公司 (note (iii))	The PRC	RMB400,000,000	–	59%	–	59%	Property development and property investment
Advantage World Investment Limited ("AWI") (note (iv))	The BVI	US$100	–	51%	–	51%	Investment holding

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of issued and paid-up share capital/ registered capital held				Principal activities
			2023		2022		
			Directly	Indirectly	Directly	Indirectly	
上海世界貿易商城有限公司 (note (iii))	The PRC	US$100,000,000	–	51%	–	51%	Property investment
上海城寰企業管理諮詢有限公司 (note (iii))	The PRC	RMB100,000	–	100%	–	100%	Investment holding
上海市上投房地產投資有限公司 Shanghai Shangtou Real Restate (note (iii))	The PRC	RMB770,000,000	–	100%	–	100%	Investment holding
上海上投寶旭置業有限公司 (notes (iii) and (vi))	The PRC	RMB100,000,000	–	71.3%	–	71.3%	Property development
上海上投新虹投資有限公司 (note (iii))	The PRC	RMB50,000,000	–	90%	–	90%	Property development and property investment
上海上投閔賢置業有限公司 (note (iii))	The PRC	RMB250,000,000	–	90%	–	90%	Property development
上海城開宜浩房地產開發有限公司 (notes (iii) and (v))	The PRC	RMB200,000,000	–	47.2%	–	47.2%	Property development
上海城開青新房地產開發有限公司 (note (iii))	The PRC	RMB100,000,000	–	59%	–	59%	Property development

Notes:

(i) This company was established in the PRC in the form of sino-foreign equity joint venture.

(ii) This company was established in the PRC in the form of wholly-owned foreign enterprise.

(iii) This company was established in the PRC in the form of limited liability company.

(iv) This company was established in the BVI in the form of limited liability company.

(v) 80% of the interest of this company was held by SUD.

(vi) 70% of the interest of this company was held by SUD and the remaining 30% was held indirectly by the Company through other wholly owned subsidiaries.

(vii) This company was deregistered during the year ended 31 December 2023.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

The above table only includes those subsidiaries which, in the opinion of the management of the Group, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the management of the Group, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year except SUD which has outstanding issued advanced bonds, domestic corporate bonds and medium term notes as set out in Note 33(ii) in which the Group has no interest.

47. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023**	2022	**2023**	2022
				HK$'000	HK$'000	**HK$'000**	HK$'000
SUD and its subsidiaries	Incorporated and operating in the PRC — Shanghai	**41%**	41%	**(78,897)**	(150,289)	**3,883,893**	4,075,637
AWI and its subsidiaries	Incorporated in the BVI and the PRC and operating in the PRC — Shanghai	**49%**	49%	**79,766**	64,153	**2,397,532**	2,409,697
Individually immaterial subsidiaries with non-controlling interests				**(4,726)**	(15,686)	**216,100**	(214,331)
				(3,857)	(101,822)	**6,497,525**	6,271,003

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below.

47. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The summarised financial information below represents amounts shown in SUD's consolidated financial statements prepared in accordance with HKFRSs and before intragroup eliminations.

SUD and its subsidiaries

	2023 HK$'000	2022 HK$'000
Non-current assets	14,622,968	16,402,096
Current assets	12,831,462	10,392,887
Current liabilities	(8,764,878)	(10,164,897)
Non-current liabilities	(9,983,229)	(7,470,108)
Equity attributable to owners of the Company	4,822,430	5,084,341
Non-controlling interests of SUD	3,351,180	3,533,185
Non-controlling interests of SUD's subsidiaries	532,713	542,452
Revenue	898,295	2,508,295
Expenses	(1,042,645)	(2,666,228)
Loss before tax	(144,350)	(157,933)
Loss for the year	(199,144)	(372,139)
Loss attributable to owners of the Company	(120,247)	(221,850)
Loss attributable to the non-controlling interests of SUD	(83,562)	(154,167)
Profit attributable to the non-controlling interests of SUD's subsidiaries	4,665	3,878
Loss for the year	(199,144)	(372,139)

47. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

SUD and its subsidiaries (Continued)

	2023 **HK$'000**	2022 HK$'000
Other comprehensive expense attributable to owners of the Company	**(150,056)**	(501,872)
Other comprehensive income (expense) attributable to the non-controlling interests of SUD	**14,319**	(203,025)
Other comprehensive expense attributable to the non-controlling interests of SUD's subsidiaries	**(14,404)**	(44,097)
Other comprehensive expense for the year	**(150,141)**	(748,994)
Total comprehensive expense attributable to owners of the Company	**(270,303)**	(723,722)
Total comprehensive expense attributable to the non-controlling interests of SUD	**(69,243)**	(357,192)
Total comprehensive expense attributable to the non-controlling interests of SUD's subsidiaries	**(9,739)**	(40,219)
Total comprehensive expense for the year	**(349,285)**	(1,121,133)
Dividends paid to non-controlling interests of SUD	**112,761**	—
Net cash generated from (used in) operating activities	**3,235,184**	(3,010,051)
Net cash used in investing activities	**(356,931)**	(396,387)
Net cash used in financing activities	**(1,306,169)**	(3,490,875)
Net cash inflow (outflow)	**1,572,084**	(6,897,313)

47. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The summarised financial information below represents amounts shown in AWI's consolidated financial statements prepared in accordance with HKFRSs and before intragroup eliminations.

AWI and its subsidiaries

	2023 **HK$'000**	2022 HK$'000
Non-current assets	**6,285,315**	6,474,372
Current assets	**113,410**	139,871
Current liabilities	**(143,449)**	(157,362)
Non-current liabilities	**(1,362,355)**	(1,539,132)
Equity attributable to owners of the Company	**2,495,389**	2,508,052
Non-controlling interests of AWI	**2,397,532**	2,409,697
Revenue	**335,610**	307,928
Expenses	**(141,071)**	(142,369)
Profit before tax	**194,539**	165,559
Profit for the year	**162,788**	130,925
Profit attributable to owners of the Company	**83,022**	66,772
Profit attributable to the non-controlling interests of AWI	**79,766**	64,153
Profit for the year	**162,788**	130,925

47. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

AWI and its subsidiaries (Continued)

	2023 HK$'000	2022 HK$'000
Other comprehensive expense attributable to owners of the Company	**(65,803)**	(214,715)
Other comprehensive expense attributable to the non-controlling interests of AWI	**(63,223)**	(206,295)
Other comprehensive expense for the year	**(129,026)**	(421,010)
Total comprehensive income (expense) attributable to owners of the Company	**17,219**	(147,943)
Total comprehensive income (expense) attributable to the non-controlling interests of AWI	**16,543**	(142,142)
Total comprehensive income (expense) for the year	**33,762**	(290,085)
Dividends paid to non-controlling interests of AWI	**28,708**	59,923
Net cash generated from operating activities	**174,482**	92,986
Net cash inflow from investing activities	**1,224**	2,620
Net cash used in financing activities	**(182,805)**	(145,760)
Net cash outflow	**(7,099)**	(50,154)

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK$'000	2022 HK$'000
Non-current assets		
Investments in subsidiaries	2,405,964	2,405,964
Property and equipment	627	1,982
Right-of-use assets	3,670	7,340
Amounts due from subsidiaries	8,622,803	9,255,135
	11,033,064	11,670,421
Current assets		
Amounts due from subsidiaries	8,759,065	9,555,692
Deposit and prepayment	1,690	2,963
Bank balances and cash	54,597	122,213
Loan receivable from a subsidiary	20,418	20,000
	8,835,770	9,700,868
Current liabilities		
Other payables and accruals	10,122	12,039
Amount due to intermediate holding company	78,819	78,819
Amounts due to subsidiaries	5,062,847	5,437,669
Bank and other borrowings	1,552,502	5,473,214
Lease liabilities	3,845	3,667
Dividends payable	22,182	20,670
	6,730,317	11,026,078
Net current assets (liabilities)	2,105,453	(1,325,210)
Total assets less current liabilities	13,138,517	10,345,211
Non-current liabilities		
Bank borrowings	2,992,299	—
Lease liabilities	—	3,845
	2,992,299	3,845
Total assets less total liabilities	10,146,218	10,341,366
Capital and reserves		
Share capital	191,659	191,747
Reserves	9,954,559	10,149,619
	10,146,218	10,341,366

49. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Shareholders' contribution HK$'000 (note)	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2022	192,253	8,909,949	265,355	1,161,085	2,475,111	(2,845,465)	10,158,288
Profit for the year	–	–	–	–	–	1,277,533	1,277,533
Exchange difference on translation from functional currency to presentation currency	–	–	–	(871,243)	–	–	(871,243)
Total comprehensive (expense) income for the year	–	–	–	(871,243)	–	1,277,533	406,290
Repurchase and cancellation of ordinary shares (Note 36)	(506)	(6,402)	–	–	–	–	(6,908)
Transaction costs attributable to repurchase and cancellation of ordinary shares	–	(19)	–	–	–	–	(19)
Dividends recognised as distributions (Note 50)	–	–	(216,285)	–	–	–	(216,285)
As at 31 December 2022	191,747	8,903,528	49,070	289,842	2,475,111	(1,567,932)	10,341,366
Profit for the year	–	–	–	–	–	165,343	165,343
Exchange difference on translation from functional currency to presentation currency	–	–	–	(215,423)	–	–	(215,423)
Total comprehensive (expense) income for the year	–	–	–	(215,423)	–	165,343	(50,080)
Transfer to distributable reserve	–	(600,000)	600,000	–	–	–	–
Repurchase and cancellation of ordinary shares (Note 36)	(88)	(1,233)	–	–	–	–	(1,321)
Transaction costs attributable to repurchase and cancellation of ordinary shares	–	(3)	–	–	–	–	(3)
Dividends recognised as distributions (Note 50)	–	–	(143,744)	–	–	–	(143,744)
As at 31 December 2023	191,659	8,302,292	505,326	74,419	2,475,111	(1,402,589)	10,146,218

Note: The shareholders‘contribution represents contribution from SIHL arising from combination under common control during the year ended 31 December 2011.

50. DIVIDENDS

Dividends recognised as distribution during the year:

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
2022 final dividend declared — HK2.1 cents (2022: HK2.1 cents for year 2021)	**100,621**	100,933
2022 special dividend declared — HK0.9 cents (2022: HK2.4 cents for year 2021)	**43,123**	115,352
	143,744	216,285

A final dividend and a special dividend of HK2.1 cents (2022: HK2.1 cents) per ordinary share and HK0.9 cent (2022: HK2.4 cents) per ordinary share respectively, in an aggregate amount of HK$143,744,000 (2022: HK$216,285,000), in respect of the year ended 31 December 2022, were declared and an amount of HK$142,232,000 (2022: HK$214,017,000) was paid during the year ended 31 December 2023.

Subsequent to the end of the reporting period, a final dividend and a special dividend of HK2.1 cents per ordinary share and HK0.8 cent per ordinary share respectively, in respect of the year ended 31 December 2023, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

51. ACQUISITION OF ADDITIONAL INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY THROUGH AN ACQUISITION OF A SUBSIDIARY

On 30 November 2022, Honest State Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company incorporated under the laws of the BVI with limited liability, entered into the share transfer agreement (the "STA"), among others, with Renowned Support Holdings Limited (the "Vendor"), a company incorporated under the laws of the BVI with limited liability. Pursuant to the STA, the Purchaser had conditionally agreed to purchase and the Vendor had conditionally agreed to sell the entire shares of Leap Charm Limited, a company incorporated under the laws of Hong Kong with limited liability (the "Target Company") (the "Sale Shares") at a consideration of RMB696,000,000 (the "Consideration") (collectively referred to as the "Acquisition").

The principal asset of the Target Company and its subsidiaries (the "Target Group") was 28.5% equity interest in 西安滻灞建設開發有限公司 (the "Project Company"). The Project Company and its subsidiaries were indirect non-wholly owned subsidiaries of the Company and they were established to hold and develop a property project located in Xi'an in the PRC. The Acquisition, in substance, was an acquisition of additional interest in a subsidiary without change in control and was accounted for as an equity transaction.

The Consideration comprised (a) the purchase price of the Sale Shares in an amount of RMB490,346,000; and (b) after completion of the Acquisition (the "Completion"), the repayment of a loan in an amount of RMB205,654,000 owing by the subsidiary of the Target Company to an affiliate of the Vendor (the "Vendor's Affiliate Loan").

51. ACQUISITION OF ADDITIONAL INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY THROUGH AN ACQUISITION OF A SUBSIDIARY (CONTINUED)

The purchase price of the Sale Shares was payable by the Purchaser in cash in three tranches:

(i) RMB100,000,000 (the "Deposit") would be placed by the Purchaser in a joint account opened in the name of the Purchaser and under the joint management of the Purchaser and the Vendor within 10 business days after the signing of the STA. The Deposit would be released from the joint account to the designated account of the Vendor within 10 business days after the date of the Completion;

(ii) RMB250,000,000 would be payable within 10 business days after the Completion and the satisfaction of the following conditions (the "Second Payment Conditions"), and would be payable no earlier than 15 January 2023;

a) the affiliates of the Vendor had settled the amount of RMB86,000,000 due to the Project Company within 2 days from the date of the First Loan Repayment (as defined below);

b) important documents and materials of the Target Group having been handed over to the Purchaser; and

c) the Vendor having obtained the Notice of Matters Relating to Settlement and Payment of Enterprise Income Tax on Non-resident Enterprise (非居民企業所得税税收繳款通知書) for the transfer of the Sale Shares under the STA and provided to the Purchaser the relevant tax payment proof.

(iii) RMB140,346,000 would be payable before 31 March 2023, or within 10 business days after the Completion and the satisfaction of the following conditions, whichever was later:

a) the fulfilment of the Second Payment Conditions;

b) the personal guarantees of the ultimate beneficial owner of the Vendor and his spouse having been duly signed and remain valid;

c) the fulfilment of either one of (i) the corporate guarantee having been duly signed by an affiliate of the Vendor (the "Corporate Guarantor") with the approval from the shareholder's meeting of the Corporate Guarantor; or (ii) the pledge on the Charged Properties (as defined in the Company's announcement dated 30 November 2022) having been duly registered and the Purchaser having obtained the original real estate registration certificates of the Charged Properties, whichever was earlier; and

d) the fulfilment of either one of (i) the transfer of Sale Shares having been completed for 3 years; or (ii) the pledge on the Charged Properties having been duly registered and the Purchaser having obtained the original real estate registration certificates of the Charged Properties, whichever was earlier.

51. ACQUISITION OF ADDITIONAL INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY THROUGH AN ACQUISITION OF A SUBSIDIARY (CONTINUED)

After the Completion, the Purchaser would procure repayment of the Vendor's Affiliate Loan in the following manners:

(i) an amount of RMB86,000,000 would be repaid within 5 business days after the Completion (the "First Loan Repayment"); and

(ii) an amount of RMB119,654,000 would be repaid within 10 business days after the fulfilment of the Second Payment Conditions, but would be paid no earlier than 15 January 2023.

In relation to the Project Company, there were certain accounts receivable due from and accounts payable due to affiliates of the Vendor. Pursuant to the STA, these accounts payable and receivable would be settled as follows:

(i) The Vendor would ensure that its affiliates would settle the accounts receivable in the total amount of RMB86,000,000 due to the Project Company within 2 days from the date of the First Loan Repayment; and

(ii) Affiliates of the Vendor would waive the payment obligations of the Project Company in respect of the accounts payable due to them in the amount of RMB2,550,000.

Subject to the satisfaction or waiver by the Purchaser of the conditions precedents set out under the STA, the Completion would take place not later than the third day after payment of the Deposit by the Purchaser (or such other date as the Purchaser may agree). Details of the required conditions precedent for the completion of the Acquisition were set out in the Company's announcement dated 30 November 2022.

Following the Completion (which was in December 2022), the Target Group and the Project Company became indirect wholly-owned subsidiaries of the Company.

	HK$'000
Consideration transferred:	
Cash	205,140
Consideration payable for Sale Shares (included in other payable as at 31 December 2022)	441,119
Consideration payable for Vendor's Affiliate Loan (included in other payable as at 31 December 2022)	135,218
	781,477

51. ACQUISITION OF ADDITIONAL INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY THROUGH AN ACQUISITION OF A SUBSIDIARY (CONTINUED)

The fair value of the assets acquired and liabilities assumed of the Target Group at the date of Completion were as follows:

	HK$'000
Interest in an associate (note)	110,239
Bank balances and cash	235
Other payables	(227,917)
	(117,443)

Note: The balance had been eliminated in the Group's consolidated financial statements upon completion of the Acquisition.

	HK$'000
Adjustment to other reserve as a result of the Acquisition:	
Consideration for Sale Shares paid and payable	540,803
Add: Fair value of identifiable net liabilities acquired	117,443
Less: Non-controlling interests	(605,415)
	52,831

Net cash outflow arising from the Acquisition during the year ended 31 December 2022:

	HK$'000
Cash and cash equivalents acquired	235
Cash paid	(205,140)
	(204,905)

Interest in an associate of the Target Company as at 31 December 2022:

	HK$'000
Interest in an associate at the date of the Completion	110,239
Share of results of an associate since the date of the Completion	175,708
	285,947

FINANCIAL SUMMARY

	Year ended 31 December				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
Revenue	8,583,906	6,356,732	11,015,088	11,022,496	**7,953,596**
Profit before tax	2,745,131	1,856,397	3,661,442	1,153,599	**1,855,255**
Income tax	(1,525,433)	(1,115,433)	(2,762,758)	(848,598)	**(1,364,542)**
Profit for the year	1,219,698	740,964	898,684	305,001	**490,713**
Attributable to:					
Owners of the Company	600,292	521,765	572,328	406,823	**494,570**
Non-controlling interests	619,406	219,199	326,356	(101,822)	**(3,857)**
	1,219,698	740,964	898,684	305,001	**490,713**

	As at 31 December				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
Assets and liabilities					
Total assets	60,444,024	67,425,918	71,874,828	57,446,787	**59,016,220**
Total liabilities	(36,662,398)	(41,912,456)	(49,163,406)	(36,615,513)	**(38,507,726)**
	23,781,626	25,513,462	22,711,422	20,831,274	**20,508,494**
Equity contributable to:					
Owners of the Company	13,249,553	14,366,331	15,213,886	14,560,271	**14,010,969**
Non-controlling interests	10,532,073	11,147,131	7,497,536	6,271,003	**6,497,525**
	23,781,626	25,513,462	22,711,422	20,831,274	**20,508,494**

GLOSSARY OF TERMS

Term used	Brief description
"2024 AGM"	forthcoming annual general meeting of the Company is scheduled to be held on Monday, 20 May 2024
"Adoption Date"	16 May 2013, adoption date of the New Share Option Scheme
"Audit Committee"	audit committee of the Company
"Board"	board of Directors
"Code"	code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Company" or "SIUD"	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Company Secretary"	company secretary of the Company
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Invested Entities"	any entity in which any member of the Group holds any equity interest
"Investment Appraisal Committee"	investment appraisal committee of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Member(s)"	Duly registered holder(s) from time to time of the share(s) in the capital of the Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules of the Stock Exchange

Term used	Brief description
"Mr. Shi"	Mr. Shi Stone (石德毅), the ultimate beneficial owner of the Vendor
"New Share Option Scheme"	pursuant to ordinary resolutions passed by Shareholders at its annual general meeting held on 16 May 2013, the Company adopted a new share option scheme
"Nomination Committee"	nomination committee of the Company
"Originally project"	a residential, commercial and hotel project located at the East of Chan River, Chanba Avenue, Chanba Ecotope, Xi'an, the PRC which is held and developed by the Project Company and its subsidiaries
"PRC"	the People's Republic of China
"Project Company"	Xi'an Chanba Construction Development Co., Ltd (西安滻灞建設開發有限公司), a company incorporated under the laws of PRC with limited liability and an indirectly wholly-owned company after the completion of the Acquisition
"Purchaser"	Honest State Limited, a company incorporated under the laws of BVI with limited liability, an indirect wholly-owned subsidiary of the Company and a substantial shareholder of the Project Company
"Remuneration Committee"	remuneration committee of the Company
"RMB"	Renminbi
"SFO"	Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong

Term used	Brief description
"Shanghai Saiba"	Shanghai Saiba Consultancy Co., Ltd. (上海賽灞企業顧問有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company
"Shanghai Saiyin"	Shanghai Saiyin Management Co., Ltd. (上海賽銀企業管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Saiba
"Share Option Scheme"	pursuant to ordinary resolutions passed by Shareholders at its special general meeting held on 12 December 2002, the Company adopted a share option scheme
"Shareholder(s)"	holder(s) of share(s) of the Company
"SIHL"	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange with a stock code 363. It is a controlling shareholder of the Company
"SIIC"	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUD"	Shanghai Urban Development (Holdings) Co., Ltd. (上海城開(集團)有限公司), a company incorporated in the PRC with limited liability and is indirectly owned by the Company as to 59% and by Xuhui SASAC as to 41%

Term used	Brief description
"Target Company"	Leap Charm Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
"Vendor"	Renowned Support Holdings Limited, a company incorporated under the laws of BVI with limited liability
"Xuhui SASAC"	State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District (上海市徐匯區國有資產監督管理委員會), a government authority authorised by and established directly under Shanghai Xuhui District People's Government for supervising and managing state-owned assets in the possession of Xuhui District, including but not limited to, exercising state-owned shareholders' right over SUD and a shareholder holding 41% of the equity interest in SUD

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