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深圳控股有限公司

SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

2024 FINAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Shenzhen Investment Limited (the “Company”) is pleased to present the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	4	15,567,468	15,832,132
Cost of sales and services	5	<u>(11,128,364)</u>	<u>(10,721,440)</u>
Gross profit		4,439,104	5,110,692
Selling and distribution expenses	5	(416,791)	(514,590)
Administrative expenses	5	(1,196,697)	(1,516,803)
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		11,254	(75,025)
(Losses)/gains result from changes in fair value of and transfer to investment properties		(227,877)	554,651
Net impairment losses on financial assets		(8,961)	(26,697)
Other expenses	5	(613,446)	(436,541)
Other income	6	741,205	408,173
Other gains/(losses)		<u>175</u>	<u>(3,916)</u>
Operating profit		<u>2,727,966</u>	<u>3,499,944</u>

	<i>Note</i>	Year ended 31 December	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income	7	137,745	203,581
Finance costs	7	<u>(1,381,486)</u>	<u>(1,244,915)</u>
Finance costs – net	7	(1,243,741)	(1,041,334)
Share of results of joint ventures and associates		(1,135,416)	(682,698)
Impairment losses on investment in an associate and a joint venture	8	<u>(1,171,000)</u>	<u>–</u>
(Loss)/profit before income tax		(822,191)	1,775,912
Income tax expenses	9	<u>(715,166)</u>	<u>(1,582,516)</u>
(Loss)/profit for the year		<u><u>(1,537,357)</u></u>	<u><u>193,396</u></u>
(Loss)/profit for the year attributable to			
– Owners of the Company		(1,822,579)	(261,397)
– Non-controlling interests		<u>285,222</u>	<u>454,793</u>
		<u><u>(1,537,357)</u></u>	<u><u>193,396</u></u>
Losses per share attributable to owners of the Company (expressed in HK cents per share)			
Basic	10	<u><u>(20.48)</u></u>	<u><u>(2.94)</u></u>
Diluted	10	<u><u>(20.48)</u></u>	<u><u>(2.94)</u></u>

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
(Loss)/profit for the year	<u>(1,537,357)</u>	<u>193,396</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
– Share of other comprehensive income of joint ventures and associates	(252,908)	(159,337)
– Surplus on revaluation of investment property transferred from property, plant and equipment	36,466	–
– Exchange differences on translation of foreign operations	<u>(1,263,056)</u>	<u>(699,679)</u>
Other comprehensive income for the year, net of tax	<u>(1,479,498)</u>	<u>(859,016)</u>
Total comprehensive income for the year	<u><u>(3,016,855)</u></u>	<u><u>(665,620)</u></u>
Total comprehensive income attributable to:		
– Owners of the Company	(3,164,765)	(1,048,633)
– Non-controlling interests	<u>147,910</u>	<u>383,013</u>
	<u><u>(3,016,855)</u></u>	<u><u>(665,620)</u></u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 31 December	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		6,663,197	6,181,723
Investment properties		32,916,540	33,450,507
Investments in joint ventures		7,942,496	8,735,858
Investments in associates		2,263,641	4,545,599
Intangible assets		843,325	887,135
Financial assets at fair value through profit or loss	12	139,649	131,365
Financial assets at fair value through other comprehensive income		2,317	2,368
Trade and other receivables	13	661,023	277,026
Deferred income tax assets		3,520,101	3,513,667
		<u>54,952,289</u>	<u>57,725,248</u>
Current assets			
Properties under development		60,556,638	70,563,075
Completed properties held for sale		32,734,452	19,744,800
Inventories		240,115	266,208
Trade and other receivables	13	10,884,193	11,665,380
Financial assets at fair value through profit or loss	12	894	906
Biological assets		1,489	4,512
Restricted cash and bank deposits		6,013,544	3,389,371
Cash and cash equivalents		5,786,000	11,053,858
		<u>116,217,325</u>	<u>116,688,110</u>
Total assets		<u>171,169,614</u>	<u>174,413,358</u>

		As at 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	22,071,756	22,071,756
Capital reserve		59,019	59,019
Other reserves		1,027,997	2,370,145
Retained earnings		15,391,191	17,836,686
		<u>38,549,963</u>	<u>42,337,606</u>
Non-controlling interests		<u>6,769,996</u>	<u>5,142,605</u>
Total equity		<u>45,319,959</u>	<u>47,480,211</u>
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	14	22,804,481	24,897,499
Lease liabilities		252,259	269,430
Deferred income		19,759	20,219
Due to the immediate holding company		697,382	700,651
Deferred income tax liabilities		7,159,234	7,319,668
		<u>30,933,115</u>	<u>33,207,467</u>
Current liabilities			
Bank and other borrowings	14	14,560,568	14,141,603
Contract liabilities		28,229,357	24,303,239
Trade and other payables	15	18,819,666	22,802,440
Lease liabilities		93,909	105,488
Due to the immediate holding company		3,638,644	3,194,490
Due to the ultimate holding company		18,652,676	17,653,750
Tax payable		10,921,720	11,524,670
		<u>94,916,540</u>	<u>93,725,680</u>
Total liabilities		<u>125,849,655</u>	<u>126,933,147</u>
Total equity and liabilities		<u>171,169,614</u>	<u>174,413,358</u>

SHENZHEN INVESTMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Shenzhen Investment Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of the Company’s registered office is located at 8th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in property development, property investment, property management and manufacture operation.

In the opinion of the directors, the immediate holding company of the Company is Shum Yip Holdings Company Limited (“Shum Yip Holdings”, 深業(集團)有限公司), which is a private company incorporated in Hong Kong. The ultimate holding company of the Company is 深業集團有限公司 (“Shum Yip Group”), which is a state-owned company established in Shenzhen, the People’s Republic of China (the “PRC”).

The financial figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2024 have been agreed by the Company’s auditor, Ernst & Young (“EY”), to the amount set out in the Group’s draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and consequently no assurance has been expressed by EY on this announcement.

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of 2024 annual results does not constitute the Group’s statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Going concern basis

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least of 12 months from 31 December 2024.

The directors of the Company have reviewed the Group’s cash flow projections, which covers a period of twelve months from 31 December 2024. The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group’s operations, the continued availability of the Group’s bank and other borrowings as well as the Group’s ability to raise new financing under the prevailing rules and regulations, and the continuous financial support from the ultimate holding company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the coming twelve months from 31 December 2024.

Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2.2 Basis of preparation

(i) Compliance with Hong Kong Financial Reporting Standards (“HKFRS”) and the Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with applicable HKFRS as issued by the HKICPA and requirements under the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the HKICPA

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), and investment properties, which are measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024:

- Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16
- Classification of Liabilities as Current or Non-current – Amendments to HKAS 1
- Non-current Liabilities with Covenants – Amendments to HKAS 1
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New or amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group, summarised as below:

		Effective for the annual periods beginning on or after
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no material impact on the financial performance and position of the Group in the current or future reporting period and on foreseeable future transactions is expected when they become effective except HKFRS 18.

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

3 Segment information

The Group manages its businesses by business units, which are organised based on their products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments:

- (a) the property development segment engages in the development of properties;
- (b) the property investment segment invests in commercial properties for rental;
- (c) the property management segment engages in the management of both properties developed by the Group and external parties;
- (d) the manufacture segment engages in the manufacture and sale of industrial products; and
- (e) the "others" segment comprises, principally, the hotel operations, sale of display panel and agricultural products, provision of construction services and other businesses.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets exclude unallocated assets such as deferred tax assets, restricted cash, cash and cash equivalents, other financial assets, investments in associates and joint ventures, and other head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities such as interest-bearing bank and other borrowings, an amount due to the ultimate holding company, tax payable, an amount due to the immediate holding company, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before taxation from continuing operations. The adjusted profit before taxation is measured consistently with the Group's profit before taxation except that other income and other gains, finance costs, net fair value gain or loss on financial assets measured at fair value through profit or loss, results of associates and joint ventures, as well as head office and corporate expenses are excluded from such measurement.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the year ended 31 December 2024 and 2023 is set out in the following table.

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
2024						
Revenue from contracts with customers						
Recognised at a point of time	9,133,298	–	9,542	403,593	688,974	10,235,407
Recognised over time	–	–	3,485,571	–	688,150	4,173,721
Revenue from other sources						
Rental income	–	1,391,539	–	–	–	1,391,539
Total segment revenue	9,133,298	1,391,539	3,495,113	403,593	1,377,124	15,800,667
Inter-segment revenue	–	(14,200)	(205,620)	–	(13,379)	(233,199)
Revenue from external customers	9,133,298	1,377,339	3,289,493	403,593	1,363,745	15,567,468
Segment results before changes in fair value of investment properties	1,389,347	519,728	293,816	32,887	116,340	2,352,118
Losses result from changes in fair value of and transfer to investment properties	–	(227,877)	–	–	–	(227,877)
Segment results after changes in fair value of investment properties	1,389,347	291,851	293,816	32,887	116,340	2,124,241
Share of results of joint ventures and associates						(1,135,416)
Impairment losses on investment in an associate and a joint venture						(1,171,000)
Other income						741,205
Other gains						175
Fair value loss of financial assets measured at fair value through profit or loss, net						11,254
Corporate and other unallocated expenses						(148,909)
Finance costs – net						(1,243,741)
Loss before income tax						(822,191)
Segment assets	91,216,376	37,451,856	990,308	351,400	3,249,113	133,259,053
Corporate and other unallocated assets						27,704,424
Interest in associates						2,208,641
Interest in joint ventures						7,997,496
Total assets						171,169,614
Segment liabilities	73,789,702	7,584,197	1,006,174	98,059	753,140	83,231,272
Corporate and other unallocated liabilities						42,618,383
Total liabilities						125,849,655
Other segment information:						
Depreciation and amortisation	176,382	70,563	47,332	3,271	156,787	454,335
Additions to non-current segment assets during the year	91,103	464,602	29,836	8,430	471,540	1,065,511

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
2023						
Revenue from contracts with customers						
Recognised at a point of time	9,585,487	–	10,965	470,971	1,076,364	11,143,787
Recognised over time	–	–	3,001,764	–	939,211	3,940,975
Revenue from other sources						
Rental income	–	1,463,868	–	–	–	1,463,868
Total segment revenue	9,585,487	1,463,868	3,012,729	470,971	2,015,575	16,548,630
Inter-segment revenue	–	(43,684)	(219,150)	–	(453,664)	(716,498)
Revenue from external customers	9,585,487	1,420,184	2,793,579	470,971	1,561,911	15,832,132
Segment results before increase in fair value of investment properties	2,089,950	650,683	211,811	23,767	(196,600)	2,779,611
Gains result from changes in fair value of and transfer to investment properties	–	554,651	–	–	–	554,651
Segment results after increase in fair value of investment properties	2,089,950	1,205,334	211,811	23,767	(196,600)	3,334,262
Share of results of joint ventures and associates						(682,698)
Other income						408,173
Other losses						(3,916)
Fair value loss of financial assets measured at fair value through profit or loss, net						(75,025)
Corporate and other unallocated expenses						(163,550)
Finance costs – net						(1,041,334)
Profit before income tax						<u>1,775,912</u>
Segment assets	92,940,153	39,685,002	1,044,382	368,357	3,417,178	137,455,072
Corporate and other unallocated assets						<u>23,676,829</u>
Interests in associates						4,545,599
Interests in joint ventures						8,735,858
Total assets						174,413,358
Segment liabilities	72,869,502	7,489,618	1,171,382	96,836	1,131,771	82,759,109
Corporate and other unallocated liabilities						<u>44,174,038</u>
Total liabilities						126,933,147
Other segment information:						
Depreciation and amortisation	176,848	70,749	47,466	3,271	157,202	455,536
Additions to non-current segment assets during the year	<u>70,346</u>	<u>350,028</u>	<u>29,836</u>	<u>8,430</u>	<u>364,103</u>	<u>822,743</u>

As the Group generates substantially all of its revenues from customers domiciled in the Mainland China and majority of its non-current assets are located in Mainland China, no geographical information is presented.

4 Revenue

Revenue, represents sale of completed properties, commercial and industrial goods, rental income, property management fee income and others.

Revenue from contracts with customers by major products and service lines is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
Sales of properties	9,133,298	9,585,487
Property management service income	3,289,493	2,793,579
Sales of industrial goods	403,593	470,971
Others	1,363,745	1,561,911
	14,190,129	14,411,948
Revenue from other sources		
Rental income	1,377,339	1,420,184
	15,567,468	15,832,132

5 Expenses by nature

Expenses included in cost of sales and services, selling and distribution expenses, administrative expenses and other expenses were analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Cost of properties and inventories sold (including employee benefit expenses)	6,668,130	6,449,564
Cost of services provided	4,460,234	4,271,876
Employee benefit expenses		
– Wages and salaries	731,994	890,466
– Pension costs – defined contribution plans	179,984	272,850
– Share options granted to directors and employee	38	229
Other taxes and levies	194,672	227,142
Advertising and promotion costs	110,641	161,283
Depreciation of property, plant and equipment*	98,498	142,590
Amortisation of intangible assets*	4,848	3,762
Sales commission	136,107	143,781
Write-down of inventories to the net realisable value	306,731	73,342
Research and development expenses	77,676	55,808
Auditors' remuneration		
– Audit services	4,387	4,442
– Non-audit services	1,383	1,978
Others	379,975	490,261
Total cost of sales and services, selling and distribution expenses, administrative expenses and other expenses	13,355,298	13,189,374

* Depreciation of property, plant and equipment and amortization of intangible assets for the year as disclosed above are included in the Administrative expenses and Selling and marketing costs in the profit or loss.

6 Other income

	2024 HK\$'000	2023 HK\$'000
Interest income	383,375	253,863
Income from demolition and relocation	267,448	75,786
Government grant	43,008	39,134
Dividend income from financial assets at FVTPL	2,151	2,168
Others	45,223	37,222
	<u>741,205</u>	<u>408,173</u>

7 Finance costs – net

	2024 HK\$'000	2023 HK\$'000
Finance income		
– Interest income from bank deposits	(137,745)	(203,581)
Finance costs:		
– Interest expenses of bank borrowings	1,424,020	1,466,572
– Interest expenses of other borrowings	325,605	434,738
– Lease liabilities	11,761	8,438
– Loans from the ultimate holding company	578,969	548,420
– Loans from the immediate holding company	198,390	145,531
– Loans from fellow subsidiaries	62,201	63,866
– Loans from a joint venture	5,831	5,596
– Loans from an other related company	5,777	6,187
– Loans from non-controlling interests	267,435	451,645
Total interest expense on financial liabilities not at fair value through profit or loss	<u>2,879,989</u>	<u>3,130,993</u>
Less: amounts capitalised on qualifying assets	<u>(1,498,503)</u>	<u>(1,886,078)</u>
	<u>1,381,486</u>	<u>1,244,915</u>
Finance costs – net	<u>1,243,741</u>	<u>1,041,334</u>

Finance costs have been capitalised on qualifying assets at average rate of 3.59% for the year ended 31 December 2024 (2023: 3.70%).

8 Impairment losses on investment in an associate and a joint venture

During the year ended 31 December 2024, the Group made an impairment provision amounted to HK\$879,000,000 in relation to the investment in Road King. The recoverable amount of the investment in Road King has been determined based on a value-in-use calculation using the Company's share of the present value of the estimated future cash flows expected to be generated by the associate from financial budgets covering a five-year period. The projected cash flows have been updated to reflect the current financial performance of Road King. The key assumptions adopted for growth rates and discount rates used in the value-in-use calculations are based on management's best estimates. Growth rates are determined by considering both internal and external factors. The pre-tax discount rate applied to the cash flow projections is 9.79% (2023: 10.16%).

During the year ended 31 December 2024, the Group made an impairment provision amounted to HK\$292,000,000 in relation to the investment in Shum King. As the investment in Shum King mainly relates to the loans which are considered as part of the investments, the recoverable amount has been determined based on the estimated future cash flows expected to be generated by the joint venture from the sales of properties.

9 Income tax expenses

(a) Income tax expenses

	2024 HK\$'000	2023 HK\$'000
Current income tax		
– Mainland China corporate income tax ("CIT")	592,500	1,488,777
– Withholding tax on dividend	35,962	105,456
– Land appreciation tax ("LAT") in Mainland China	188,563	683,872
	<u>817,025</u>	<u>2,278,105</u>
Deferred income tax		
– Mainland China CIT	(117,500)	(636,887)
– Withholding tax on dividend	2,419	32,598
– LAT in Mainland China	13,222	(91,300)
	<u>(101,859)</u>	<u>(695,589)</u>
	<u><u>715,166</u></u>	<u><u>1,582,516</u></u>

The provision for Hong Kong Profits Tax for the year ended 31 December 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax was made as the Group has no assessable profits arising in or derived from Hong Kong for year (2023: nil).

No provision for taxation has been recognised for companies incorporated in the British Virgin Islands (“BVI”), as they are not subject to any tax during the year (2023: nil).

Under the relevant income tax law, the Mainland China subsidiaries are subject to CIT at a statutory rate of 25% on their respective taxable income during the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

Dividend withholding tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to a withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are qualified as tax residents of Hong Kong according to the tax treat arrangements between the PRC and Hong Kong. The Company’s applicable dividend without tax rate is 5%.

During the financial year ended 31 December 2024 and 2023, deferred income tax liabilities had been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries in the PRC, as these earnings are expected to be distributed by the PRC subsidiaries and would be remitted to their overseas holding companies in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totalled approximately HK\$1,799 million at 31 December 2024 (2023: nil).

10 Losses per share

Basic losses per share are calculated by dividing the losses attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Loss attributable to the owners of the Company (HK\$’000)	<u>(1,822,579)</u>	<u>(261,397)</u>
Weighted average number of ordinary shares in issue during the year	<u>8,898,793,115</u>	<u>8,898,793,115</u>

For the financial year ended 31 December 2024 and 2023, the effect of conversion of share option scheme were anti-dilutive and the diluted earnings per share for the year is therefore equal to the basic earnings per share.

11 Dividends

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend declared for 2023 – HK7 cents per share (2023: declared for 2022 – HK12 cents per share) (<i>note (a)</i>)		
Cash	<u>622,916</u>	<u>1,067,855</u>
	<u>622,916</u>	<u>1,067,855</u>
Dividend declared in respect of current period:		
No interim dividend for 2024 (2023: HK2 cents per share) (<i>note (b)</i>)	<u>–</u>	<u>177,976</u>
	<u>622,916</u>	<u>1,245,831</u>

- (a) The Company declared a final dividend of HK7.00 cents per share in respect of year ended 31 December 2023 amounted to approximately HK\$622,916,000. The final dividend has been paid in cash on 4 July 2024.

The Company declared a final dividend of HK12.00 cents per share in respect of year ended 31 December 2022 amounted to approximately HK\$1,067,855,000. The final dividend has been paid in cash on 5 July 2023.

- (b) The Company did not declare an interim dividend for 2024 (2023: HK2.00 cents per share and amounted to HK\$177,976,000 fully paid in cash).
- (c) On 28 March 2025, the board of directors resolved not to propose a final dividend, for the financial year ended 31 December 2024.

12 Financial assets at fair value through profit or loss

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current:		
Financial assets measured at FVTPL		
– Listed equity investments in Mainland China	42,458	32,050
– Unlisted equity investments in Mainland China	<u>97,191</u>	<u>99,315</u>
	<u>139,649</u>	<u>131,365</u>
Current:		
Financial assets measured at FVTPL		
– Listed equity investments in Hong Kong	<u>894</u>	<u>906</u>

13 Trade and other receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Included in non-current assets		
– Other receivables – net	<u>661,023</u>	<u>277,026</u>
Included in current assets		
– Trade receivables – net (<i>note (a)</i>)	1,448,618	2,263,251
– Other receivables – net (<i>note (b)</i>)	9,291,542	7,944,492
– Prepayments (<i>note (c)</i>)	<u>144,033</u>	<u>1,457,637</u>
	<u>10,884,193</u>	<u>11,665,380</u>

As at 31 December 2024, non-current other receivables mainly represented the fair value of the relocation properties which will be delivered to the Group as a result of the demolition and relocation arrangements with the governments. Other than that, the carrying value of trade and other receivables approximated their fair value.

(a) Details of trade receivables are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	1,619,472	2,433,697
Less: provision for loss allowance	<u>(170,854)</u>	<u>(170,446)</u>
Trade receivables – net	<u>1,448,618</u>	<u>2,263,251</u>

The Group normally does not grant any credit terms to its customers for the sale of properties. The Group seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

As at 31 December 2024, the Group's trade receivables with a net carrying value of approximately HK\$41,481,000 (31 December 2023: HK\$40,116,000) was pledged to secure other borrowings of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the contract date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	1,006,851	2,130,418
1 to 2 years	455,255	144,633
2 to 3 years	33,096	22,246
Over 3 years	124,270	136,400
	<u>1,619,472</u>	<u>2,433,697</u>

None of the single customer's contributed 10% or more of the Group's total revenue during the financial year ended 31 December 2024 and 2023.

(b) Details of other receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
Prepaid tax	4,310,233	3,436,714
Dividend receivable from joint ventures and associates	645,547	736,900
Loans to an associate	24,942	—
Loans to joint ventures	1,909,215	1,589,468
Due from non-controlling interests	512,794	511,296
Due from fellow subsidiaries	24,312	37,166
Due from the ultimate holding company	32,188	39,124
Due from the immediate holding company	1,143	9,364
Others	2,158,384	1,913,811
	<u>9,618,758</u>	<u>8,273,843</u>
Less: allowance for impairment	<u>(327,216)</u>	<u>(329,351)</u>
Other receivables – net	<u>9,291,542</u>	<u>7,944,492</u>

(c) Details of dividends receivable are as follows:

	2024 HK\$'000	2023 HK\$'000
Taizhou Shum Yip	493,960	570,965
Tianan	151,186	165,525
Others	401	410
	<u>645,547</u>	<u>736,900</u>

(d) Details of prepayments are as follows:

	2024 HK\$'000	2023 HK\$'000
For acquisitions of land	15,368	1,293,142
For construction costs and construction materials	69,117	120,134
Others	59,548	44,361
	<u>144,033</u>	<u>1,457,637</u>

14 Bank and other borrowings

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current		
Bank loans – secured	587,649	718,369
Bank loans – unsecured	18,421,395	20,186,326
Other borrowings – secured CMBS (<i>note (a)</i>)	3,795,438	3,992,804
	<u>22,804,481</u>	<u>24,897,499</u>
Current		
Bank loans – secured	467,314	434,530
Bank loans – unsecured	10,606,523	10,104,577
Other borrowings – secured CMBS (<i>note (a)</i>)	3,486,731	3,602,496
	<u>14,560,568</u>	<u>14,141,603</u>
	<u><u>37,365,049</u></u>	<u><u>39,039,102</u></u>

All of the non-current interest-bearing borrowings are carried at amortised cost.

The Group has complied with the financial covenants of its borrowing facilities during the financial year ended 31 December 2024 and 2023.

- (a) At 31 December 2024, other borrowings included Commercial Mortgage-backed Securities (“CMBS”) as below:

At 1 March 2021, RMB1,800,000,000 (equivalent to HK\$1,943,820,000) was issued in China Interbank Bond Market, which was secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rate of the CMBS classified as Priority Level with a principal amount of RMB1,790,000,000 was fixed at 3.88% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rate of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance. In 2024, the Group adjusted the interest rate of the CMBS to 3.65% per annum. None of the CMBS were repurchased or redeemed in the year.

At 7 May 2021, RMB2,000,000,000 (equivalent to HK\$2,159,800,000) was issued in China Interbank Bond Market, which was secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rate of the CMBS classified as Priority Level with a principal amount of RMB1,999,000,000 was fixed at 3.80% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rate of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance. In 2024, RMB1,446,045,000 (equivalent to HK\$1,561,584,000) was redeemed by the Group and subsequently re-issued to the investors.

At 24 February 2022, RMB3,200,000,000 (equivalent to HK\$3,455,680,000) was issued in China Interbank Bond Market, which was secured by investment properties and its receivables of future rental incomes. The interest rate of the CMBS classified as Priority Level with a principal amount of RMB3,190,000,000 was fixed at 3.40% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rate of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance.

15 Trade and other payables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	5,803,323	6,047,954
Other payables and accruals (<i>note (b)</i>)	12,655,154	16,482,215
Other taxes payable (<i>note (c)</i>)	361,191	272,271
	<u>18,819,668</u>	<u>22,802,440</u>

(a) Trade payables

The ageing analysis of the trade payables based on invoice date was as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	5,224,385	5,134,335
1 to 2 years	171,538	438,086
2 to 3 years	177,447	319,905
Over 3 years	229,953	155,628
	<u>5,803,323</u>	<u>6,047,954</u>

The total amounts of the trade payables are non-interest-bearing.

(b) Other payables and accruals

Other payables and accruals mainly included amount due to joint ventures, fellow subsidiaries an other related company and non-controlling interests of the Group.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accruals and other payables	4,915,153	7,245,355
Output VAT to be transferred	2,427,725	2,160,749
Employee benefits payable	803,271	1,205,391
Dividend payables to non-controlling shareholders	88,435	77,204
Loans to a joint venture	12,601	228,984
Loans to fellow subsidiaries	1,906,341	2,143,286
Loans to an other related company	167,558	171,533
Loans to non-controlling interests	2,334,068	3,249,713
	<u>12,655,152</u>	<u>16,482,215</u>

(c) Details of dividends payable are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Xinchao Investment Co., Ltd.	74,354	75,979
Others	14,081	1,225
	<u>88,435</u>	<u>77,204</u>

(d) Other taxes payables

Other taxes payables mainly included value-added taxes payables and other taxes.

16 Share capital and reserves

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Issued and fully paid:		
8,898,793,115 (31 December 2023: 8,898,793,115) ordinary shares	<u>22,071,756</u>	<u>22,071,756</u>

(a) During the year, the movements in share capital were as follows:

	2024		2023	
	Number of shares in Issue	Issued share capital <i>HK\$'000</i>	Number of shares in Issue	Issued share capital <i>HK\$'000</i>
At 1 January	<u>8,898,793,115</u>	<u>22,071,756</u>	<u>8,898,793,115</u>	<u>22,071,756</u>
At 31 December	<u>8,898,793,115</u>	<u>22,071,756</u>	<u>8,898,793,115</u>	<u>22,071,756</u>

(b) Capital reserve

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Capital reserve	<u>59,019</u>	<u>59,019</u>

17 Financial guarantees

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial guarantees to purchasers of the Group's properties (<i>note (a)</i>)	13,070,659	12,778,057
Financial guarantees to related parties of the Group (<i>note (b)</i>)	1,445,322	1,938,357
Financial guarantees to the parties affected by the urban renewal project, using their demolished properties as collateral for the loan (<i>note (c)</i>)	<u>323,381</u>	<u>282,139</u>

- (a) Pursuant to the terms of the financial guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the buyer of the Group's properties obtained the individual property ownership certificate.

The directors consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty and therefore no provision has been made in connection with the guarantees.

- (b) As at 31 December 2024, the Group has given guarantees amounted to HK\$1,445,322,000 (31 December 2023: HK\$1,938,357,000) in respect of bank loans and other borrowings to Taizhou Shum Yip Investment Development Limited and Shum King Company Limited, both of which are joint ventures of the Group.
- (c) The Group provided loan guarantees to the parties affected by the urban renewal project, using their demolished properties as collateral for the loan.

Pursuant to the terms of the guarantees, if there is default on repayment by these affected parties, the Group is responsible for repaying the outstanding bank loans with any accrued interest and penalties owed to the bank. The Group is then entitled to take over the legal ownership of the repossessed properties. The Group's guarantee period extends from the date of signing the guarantee contract until the affected parties obtain the ownership certificate of the repossessed properties.

The directors consider that in case of default in payment, the net realizable value of the related properties is sufficient to repay the outstanding loans along with any accrued interest and penalties, and therefore no provisions have been made in connection with the guarantees.

18 Commitments

Capital commitments outstanding at 31 December 2024 not provided for in the financial report were as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Commitments in respect of the acquisition of land and buildings, and development costs attributable to properties under development contracted, but not provided for	<u>7,144,700</u>	<u>12,313,696</u>

The Group agreed a maximum capital contribution to a related party, Shum King Company Limited, of HK\$3,000,000,000 for its development of a piece of land in Hong Kong. As at 31 December 2024, the Group had an outstanding capital commitment to Shum King of HK\$1,542,500,000 (2023: HK\$1,562,500,000).

19 Related-party transactions

In addition to the financial guarantees provided to joint ventures and the capital commitments provided to a joint venture, the Group had the following significant related party transactions:

(a) Financing arrangements

- (i) The Group entered certain financing arrangements with its related parties.

	2024 HK\$'000	2023 HK\$'000
Loans from the ultimate holding company	18,349,939	15,889,902
Loans from the immediate holding company	3,647,383	3,250,651
Loans from fellow subsidiaries	1,889,199	2,134,324
Loans from a joint venture	–	224,479
Loans from an other related company	167,558	171,533
Loans from non-controlling interests	2,319,309	3,209,714
	26,373,388	24,880,603

The balances are interest bearing at interest rates ranging from 2.3% to 6.65% per annum (2023: 2.5% to 6.65% per annum). The relevant finance costs are disclosed in note 7.

- (ii) The Group also provides loans to its related parties.

	2024 HK\$'000	2023 HK\$'000
Loans to associate	24,942	–
Loans to joint ventures	1,909,215	1,589,468
Loans to non-controlling interests	462,293	459,465
	2,396,450	2,048,933

The interest income from the associates, joint ventures and non-controlling shareholders for the year ended 31 December 2024 were HK\$597,000 (2023: HK\$Nil), HK\$229,057,000 (2023: HK\$242,067,000) and HK\$10,526,000 (2023: HK\$11,525,000) respectively.

The balances are interest bearing at rates ranging from 5.00% to 8.00% per annum (2023: from 5.00% to 8.00% per annum).

(b) Leasing arrangements with related parties

- (i) The Group entered leases in respect of certain leasehold properties from its related parties, with lease terms ranging from 1 year to 3 years. During the year ended 31 December 2024, the amounts of lease liabilities payable by the Group to its ultimate holding company, immediate holding company and associates were HK\$7,437,000 (2023: HK\$5,098,000), HK\$5,767,000 (2023: HK\$7,859,000), and HK\$24,927,000 (2023: HK\$26,318,000) respectively. The interest expenses paid to its ultimate holding company, immediate holding company and associates for the year ended 31 December 2024 were HK\$847,000 in aggregate (2023: HK\$928,000), respectively.

- (ii) The Group also entered into a lease arrangement with its ultimate holding company and fellow subsidiaries as a lessor. For the year ended 31 December 2024, the rental income in respect of the lease arrangement was HK\$7,086,000 (2023: HK\$7,869,000) and HK\$5,581,000 (2023: Nil).
- (iii) The prices for the above transactions were determined based on mutual agreement between the Group and related parties.

(c) Other related party transactions

- (i) The Group entered arrangements with its ultimate holding company and fellow subsidiaries in which the Group provides management services (training and property management). For the years ended 31 December 2024, the management fee income in respect of the management services provided to the ultimate holding company and fellow subsidiaries were HK\$5,838,000 and HK\$12,210,000 (2023: HK\$3,396,000 and HK\$2,660,000).
- (ii) The Group entered into arrangements with its ultimate holding company in which the Group provides consulting services in respect of certain agricultural lands and property development projects. For the year ended 31 December 2024, the management fee income in respect of these management services was HK\$1,887,000 (2023: Nil).
- (iii) The Group entered into the development and construction services agreement with the parent of its non-controlling interest. The parent of its non-controlling interest will provide development, construction, marketing and other services to the Group. The service fee shall be determined and accrued and payable by the Group to the parent of its non-controlling interest. For the year ended 31 December 2024, the cost in respect of these services was HK\$86,765,000, included value-added tax (2023: HK\$59,192,000). This transaction constitutes the continuing connected transactions under Hong Kong Listing Rules.
- (iv) The Group entered into the property management services agreement with its fellow subsidiary. The Group will provide property management service in relation to the property comprising office, laboratories, apartments and commercial areas in Guangming District Science City. The service fee shall be determined and accrued and payable by the fellow subsidiary to the Group. For the year ended 31 December 2024, the revenue in respect of these services was HK\$21,147,000, included value-added tax (2023: HK\$0). This transaction constitutes the continuing connected transactions under Hong Kong Listing Rules.
- (v) The Group also entered arrangements with its fellow subsidiaries which provide hotel management services to the Group. For the year ended 31 December 2024, the management fee in respect of these event management services was HK\$2,547,000 (2023: Nil).
- (vi) The Group entered into the Digital Platform Development Agreements and the Digital Platform Repair and Maintenance Services Agreements with its ultimate holding company and fellow subsidiaries for the provision of services of development and maintenance of digital platforms and systems. For the year ended 31 December 2024, the service fee income in respect of the development and maintenance services provided to the ultimate holding company and fellow subsidiaries were HK\$9,594,000 and HK\$9,517,000 respectively (2023: HK\$8,818,000 and HK\$12,190,000).
- (vii) During the year ended 31 December 2024, the Group provided development and construction services to the subsidiaries of its joint venture, Tian An Cyber Park (Group) Co.,Ltd, the relevant revenue earned is HK\$25,060,000 (2023: HK\$45,538,000).
- (viii) The Group also entered arrangements with its fellow subsidiaries in which the Group provided goods. For the year ended 31 December 2024, the amount of providing goods was HK\$2,073,000 (2023: Nil).

- (ix) The prices for the above mentioned transactions with related parties were determined based on mutual agreement between the Group and related parties.

(d) Outstanding balances with related parties:

- (i) The Group had an outstanding balance due to its ultimate holding company, fellow subsidiaries, joint ventures and non-controlling interests were HK\$302,737,000 (2023: HK\$1,763,848,000), HK\$17,142,000 (2023:HK\$8,962,000), HK\$12,601,000 (2023:HK\$4,505,000) and HK\$14,759,000 (2023:HK\$39,999,000) as at the end of the reporting period. The Group had an outstanding balance due from ultimate holding company, immediate holding company, fellow subsidiaries and non-controlling interests were HK\$32,188,000 (2023:HK\$39,124,000), HK\$1,143,000 (2023:HK\$9,364,000), HK\$24,312,000 (2023:HK\$37,166,000) and HK\$50,501,000 (2023:HK\$51,831,000) as at the end of the reporting period. These balance are unsecured, interest-free and has no fixed terms of repayment.

(e) Compensation of key management personnel of the Group

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	13,739	14,398
Post-employment benefits	1,947	3,193
Share-based payments	38	229
	<hr/>	<hr/>
Total compensation paid	15,724	17,820
	<hr/> <hr/>	<hr/> <hr/>

LETTER FROM THE BOARD

In 2024, amid complex and severe circumstances of increasing external pressure and internal challenges, China's economy maintained overall stability with steady progress. In the face of incessant market challenges, the Group rose to the occasion courageously and took proactive measures, achieving solid progress in various sectors: our sales of real estate accelerated notably, operational expansion results was outstanding, innovation business gained momentum for greater breakthrough, and the transformation of the Company was advanced steadily in depth. Against the background of continuous adjustment of the real estate market, the Group achieved an annual revenue of HK\$15.57 billion, with a gross profit of HK\$4.44 billion. However, due to the contraction of gross profit margin, the Group recorded core earnings of approximately HK\$950 million. Coupled with the factors including provision for impairment of inventories, decrease in fair value of investment properties, losses from associates and joint ventures and investment provision, loss attributable to the equity shareholders of the Company was HK\$1.82 billion. After prudent consideration of short-term performance fluctuations and our cash flow conditions, the Board is of the view that it is essential to retain funds to address industry risks and opportunities and thus does not recommend the payment of a final dividend for 2024.

Operational Review for 2024

Focusing on operations while striving to promote the stable development of the Company

Our real estate business progressed steadily

The Group actively advanced its real estate business while strengthening control of the key nodes of its projects, with 11 projects completed during the year, and income recognized from the property development business of approximately HK\$9.13 billion. In terms of sales of properties, the Group seized policy windows to accelerate the destocking process, achieving contracted property sales of nearly RMB16.97 billion (approximately HK\$18.61 billion) for the year, representing a decrease of 36.2% as compared to last year. Numerous projects reported brilliant results during the year, for instance, Shangcheng Xuefu (上城學府) was sold out within three hours after launch, becoming the first “Day-one Sellout” project after the promulgation of the “September 29 New Policy” by Shenzhen government; apartments of Time Mansion (上林苑) were 70% sold on the launch day, making it another “phenomenal” project in Shenzhen's apartment market. Other than Shenzhen, our projects in Shanghai and Chengdu also achieved considerable sales results. In respect of the construction segment, the Group accelerated the establishment of its engineering quality control system while persisting in developing “Dual Excellence” business to help foster new real estate development models. As for business development, the Phase II of the First Portion of Chegongmiao Renewal Project achieved important progress, with the demolition work successfully completed and the stage of substantive development commencing officially. Preliminary work for multiple interest coordination projects was also progressing in an orderly manner.

Our operation business expanded rapidly

The spin-off and listing of urban integrated operation business achieved results, and a historic breakthrough was made in business expansion, with contracted GFA exceeding 100 million sq.m. and a net expanded contracted area of approximately 15.39 million sq.m. for the year. In 2024, the Group's property management revenue amounted to approximately HK\$3.29 billion, representing an increase of 17.8% over last year. In respect of city services, Shum Yip Operations entered Hong Kong's core area for the first time as it was contracted to undertake the management and maintenance services for the mainland port area of West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. The coverage of our property management services was further expanded as we secured projects in Shenzhen's Cuizhu and Gongming Sub-districts as well as Jinping District of Shantou City. Our park operations were also consolidated as we were contracted to provide integrated operation-renovation-maintenance services for Bijiashan Park and property management services for Central Park and Huanggang Park. As for commercial operations, our Upperhills project's annual sales exceeded RMB6 billion with a visitor flow of 46 million and more, both reporting double-digit growth compared to 2023. We made efforts to expedite the locating and landing of Shenzhen's first in-town duty-free store in Upperhills. During the year, Shenzhen Women and Children Tower was selected into the country's first batch of projects with replicable experience for child-friendly urban space construction, being Shenzhen's only selected project. We also successfully expanded externally into the commercial areas of Huangmugang Metro Transport Hub and Shenzhen Capital Group Building (深創投大廈). As for hotel operations, Mandarin Oriental Shenzhen received a five-star rating from Forbes Travel Guide, and our Shenzhen North Station project introduced two star-rated hotel brands under Marriott International.

Our park business progressed steadily

The Group vigorously advanced the transformation and upgrading of its park business by promoting "Small But Beautiful" benchmark park operations with Chuangzhi Building and Tairan Place (泰然坊) as pilot projects to shape its own brand. Digital Shatou, as a demonstration project of virtual park operation, has attracted nearly 3,000 tenants by providing them with 143 types of necessary services covering policy, finance, and legal affairs. We also innovatively introduced the new "Park + Fund" operating model which, leveraging our controlling shareholder Shum Yip Group's capital empowerment advantages, aimed to attract high-quality sci-tech enterprises to the Group's Shum Yip Huadong Jiangyin Park through establishing industrial investment funds and making equity investments, helping the park enhance its investment service capabilities for the technology sector.

Investment property operations grew steadily

Despite the prolonged market downturn, the Group continued its marketing efforts by taking innovative approaches, resulting in further upgrading of the office buildings and commercial circles. Integrated Commerce (集中商業) signed 200 new branded tenants and renewed over 80 during the year while Shum Yip Upperhills further developed its "first-launch economy" by adding 30 national and regional first-in stores to its portfolio with a brand adjustment rate of 41%; a total of 13 Fortune 500 companies are now operating in our office buildings, securing us the second place in Shenzhen. Meanwhile, the Group continued to upgrade and renovate its properties, with the aim of enhancing asset value while eliminating major risk hazards in old properties. During the year, the Group's property investment income amounted to approximately HK\$1.38 billion, with an overall occupancy rate of 90.8%, far outperforming the market.

Our innovative business rose to new heights

As for modern agriculture, the Group has been vigorously building high-standard modern agricultural industrial parks, among which the Xinfeng Agricultural Industrial Park has had its planting area added up to nearly 3,500 mu, and succeeded in trial-planting high-value crops like artichokes with an annual output of agricultural products of over 1.5 million kilograms. The “four-season” agritourism projects in Dapeng, Nan’ao and Xinfeng were also being carried out at an accelerated pace. For advanced manufacturing, the construction of innovation carriers was accelerating with enhanced efficiency, with Jinghua Company officially recognized as a national-level specialised, refined, differentiated and innovated “Little Giants” enterprise, and one invention patent and nine utility model patents granted thereto. In addition, Jinghua Company has started the construction of Vietnam production base, signifying a big leap forward in its globalization drive.

Focusing on empowerment, with internal management quality and efficiency significantly enhanced

Our internal control improved remarkably

The Group’s focus on lean management to reduce costs and increase efficiency has resulted in a 20.6% decrease in selling and administrative expenses as compared to 2023, leading to cost savings of approximately HK\$420 million. With brilliant performance achieved in ESG works, the Group once again received a rating of A from MSCI-ESG, securing its leading position in the real estate industry. Our institutional foundation has been continuously consolidated, with emphasis placed on enhancing institutional support for the critical segments, standardizing decision-making procedures, and improving decision-making efficiency. Management of our invested companies was reinforced with a campaign for management excellence launched for our invested companies. We have developed a dynamic monitoring system for our invested companies, aiming to conduct special in-depth research thereon. Our talent pipeline became more reasonable, with which we will be able to cultivate our talent pipeline efficiently and bring in talents in short supply accurately.

Our financial management remained pragmatic

The Group applied greater efforts to coordinate capital allocation, and completed overseas maturing loan replacement amounting to approximately HK\$6.9 billion, resulting in a reduced scale of high-interest liabilities and lower liquidity risk exposure. The gearing ratio excluding advance receipts stood at 68.3% and the net debt ratio (excluding interest-bearing loans from related parties) was 66.3% with a healthy asset-liability structure. We achieved an average borrowing cost of about 4.0% for the year, remaining at a low level for the industry.

Brand building met with positive results

The Group strove for the goal of “brand enhancement through co-construction (品牌提質共建)” while carrying out the key tasks steadily, winning multiple major awards and honors including Top 100 Brands & Enterprises of Shenzhen, and Innovation Achievements by Chinese Enterprises and Brands. Our core brands also received several major honors. In particular, Shum Yip Operations was ranked 15th among the Top 100 Property Service Enterprises in China and was recognized as a leading enterprise in China’s smart city services for four consecutive years. Shum Yip Commercial Management (Shenzhen) was ranked among the 2024 Top 5 in Commercial Property Service Power and recongnized as the 2024 Property Service Power Benchmark for Commercial Complex in the Guangdong-Hong Kong-Macao Greater Bay Area. Shum Yip Hotel Management was awarded “Outstanding Hotel Group of the Year” by the Asia Hotel and Tourism Property Forum, while Jingju Hotel was awarded “Famous Hotel Brand of Shenzhen” by the Shenzhen Hotel Association.

2025 Business Plan

Looking ahead to 2025, the Chinese Government will implement more proactive macro policies to promote the integration of scientific and technological innovation and industrial innovation, continue to make efforts to stabilize the real estate market, and prevent and resolve risks and external shocks in key areas, so as to promote a sustained economic recovery. This year marks the conclusion of the “14th Five-Year Plan” and the strategic planning year for the “15th Five-Year Plan.” The Group will adhere to the work principle of “stabilizing operations, preventing risks, promoting transformation”, striving to elevate its high-quality transformation and development to a new level.

Reshape Core Strengths through “Real Estate+”

Firstly, we will focus on our “principal business” and promote the steady development of our real estate business. In terms of sales, the Group’s available-for-sale value this year is expected to exceed RMB30 billion, with over 60% concentrated in the Guangdong, Hong Kong and Macao Greater Bay Area, and approximately 50% of the new projects planned to enter the market are located in first and second-tier cities. The Group will accelerate sales for capital recovery. For marketable projects in core cities, we will adopt flexible pricing strategies, striking a balance between liquidity and profitability, with a focus on “strategic revenue growth” to strengthen key performance support. For inventory projects, we will prioritize liquidity, accelerate inventory turnover, closely monitor local government policies on existing home acquisitions, and adjust pricing in line with market conditions. For non-residential properties, we will actively expand disposition channels, such as bulk transactions and portfolio transfer, to drive breakthroughs in sales. In terms of delivery, as at the end of 2024, the Group’s sold unsettled contracted sales amount to HK\$28.2 billion, of which approximately 60% is scheduled to be recognized as revenue in 2025. The Group will strengthen the management and oversight of key milestones in major projects to ensure their smooth delivery.

In terms of investment, the Group will actively and prudently promote investment expansion in line with its land acquisition strategy of “investment based on sales and expenditure based on revenue.” The Group will closely monitor investment opportunities in the open market, capitalize on market dynamics to optimize its holdings, and expand investments in first-tier cities and other regions with strong industrial growth and positive net population inflows. By targeting upgrading demand, the Group aims to enhance the realization of investment returns. Additionally, the Group will continue to advance coordinated benefit projects, ensuring their orderly transformation and implementation.

In terms of product strategy, the Group has actively responded to the national call to build “safe, comfortable, green and intelligent houses” and established an “Urban Infrastructure Foundation + Product Line System” strategy, anchoring the future core competitiveness of its real estate business in the dimension of urban co-development. It views and builds projects from the perspective of a comprehensive urban construction operator, striving for building “good houses” with Shum Yip characteristics. Based on the “Green Core” technology strategy, focusing on the integration and innovation of green building and intelligent technology, the Group also carries out the research and development and application of the fourth-generation three-dimensional eco-housing, deeply adapt to the industrial change driven by artificial intelligence, laying out a number of AI technology application scenarios in real estate project management and product creation.

Secondly, with a focus on “operation”, the Group is accelerating the growth and expansion of its urban asset management and integrated operation services. In mature overseas markets, it is an inevitable trend for real estate businesses to shift their focus from front-end development to back-end operations and services. We will actively expand operation-driven real estate derivative businesses, further scaling up, strengthening revenue streams, and enhancing brand value.

First, the Group will enhance property operation and management levels, leveraging opportunities to connect with the capital market to actively promote the integration of various property resources into Shum Yip Operations. Meanwhile, by focusing on deepening core business development, establishing benchmark projects, accelerating the transition from scale expansion to quality enhancement, we aim to gradually convert scale advantages into operational efficiency.

Second, the Group will strengthen the core capabilities of commercial operations and solidify UpperHills’ position as a benchmark by operating the first in-town duty-free store in Shenzhen to high standards, creating a one-stop shopping experience that integrates “cross-border tourism + duty-free” retail. The Group will accelerate the launch of key projects such as “Bay Front • UpperHills Water Street (灣中•上城水街)” in Zhongshan and the Huangmugang Metro Commercial Project in Shenzhen, while further driving the outward expansion of commercial operations.

Third, the Group will enhance hotel management capabilities by conducting in-depth research on development pathways for establishing a domestic high-end international hotel group, accelerating the opening of the Wuyishan Jingju Resort Hotel (武夷山憬居度假酒店), further expanding the “Jingju” brand’s product portfolio, and continuously improving hotel occupancy rates.

Fourth, the Group will accelerate the development of an industrial ecosystem for park services, enhance the investment attraction and operational capabilities of existing parks, and create “boutique and premium (小而美)” benchmark parks. The Group will expedite the establishment of a replicable and scalable themed park investment and operation model; continue to build the “Shum Yip Industrial Ecosystem” and refine the full-chain management mechanism covering “investment-construction-operations” in the park business.

Fifth, the Group will vigorously promote the revitalization of existing assets under the guidance of asset value enhancement, facilitate the centralized management of dispersed assets through various approaches, including upgrades and renovations, innovation-driven transformation, and asset securitization, to ensure their continuous revitalization.

Opening up new growth pathways through “Innovation+”

The Group will firmly focus on developing and expanding its innovative business segments to create a second growth curve for the Group’s performance.

First, the Group will continue to strengthen its investment in technological innovation and actively promote the development of various innovation platforms. It will encourage technology enterprises, including Jinghua and Nongke, to engage in industry-academia-research collaboration and proactively apply for innovation accreditations and research projects. Furthermore, the Group will accelerate the establishment of overseas production bases for Jinghua Electronics and support its outward expansion and mergers and acquisitions. Additionally, by further promoting the integration and application of landing with business scenarios, such as artificial intelligence and real estate development, comprehensive urban operation, customer service, daily office, the Group will, adhering to the principle of “pilot-driven leadership, key breakthroughs, and gradual deepening” (試點引領、重點突破、漸進深化), enhance internal management efficiency, optimize customer experience, and drive continuous business model innovation, enabling high-quality transformation and development of the main industry with “Artificial Intelligence+”.

Second, the Group will accelerate the layout of its modern agricultural industry, centering on projects such as the Agricultural Industrial Park and the Flower Wonderland, and excel in the operation of agri-tourism projects, thereby promoting the development of its distinctive and advantageous industries along the entire value chain. The Group will also rationalize its business development in terms of both linear and non-linear progression, accurately identify niche markets and advantageous product categories, conduct research on participating in the supply chain of agricultural products, explore the feasibility of the “Pet Economy,” and actively seek investment targets in the agricultural industry.

Third, the Group will promote the transformation and development via capital operations, utilize various approaches to deploy across the upstream and downstream segments of the industrial chain, and pursue mergers and acquisitions to achieve non-linear growth and promote the listing of mature business segments. In collaboration with the capital platform of the controlling shareholder and the resources of the Guangming Science City’s scientific devices and other resources, the Group will focus on scientific and technological innovation to enhance the overall quality of listed companies.

Achieving Multi-Dimensional Empowerment through “Governance+”

The Group will continue to advance the modernization of its corporate governance capabilities to further stimulate its intrinsic momentum for high-quality development. It will strengthen corporate financial management, promote the deep integration of business and finance, and establish a strategic financial management system that effectively supports corporate strategy, decision-making, service operations, and risk prevention. Additionally, the Group will maintain strict control over the scale of interest-bearing liabilities to ensure the security of its capital and debt structure, aiming to further optimize the financing structure and alleviate the pressure of principal and interest repayments. To deepen the management of equity participating enterprises and their alignment with the strategy of the Company, the Group has closely monitored the performance of major equity participating enterprises and dynamically assessed their impact on the Company’s financial statements, and actively implemented appropriate responses. To explore the optimization of organizational control, the Group will focus on lean adaptation, deepening the organizational management of its subsidiaries in accordance with the principles of “re-optimizing real estate, re-integrating operations, and streamlining emerging businesses” while adhering to the “flattening, lean management, and efficiency” guidance.

Stimulating Vibrant Growth with “Talent+”

Talent is the foremost resource. Focused on building a structured talent pipeline, the Group will coordinate efforts in “selection, training, deployment, and management”, striving to enhance the overall quality and effectiveness of its talent pool. Based on talent inventory, we will continue to attract outstanding fresh graduates, intensify the recruitment of “top-tier and scarce” talent, and continuously build a talent hierarchy with “a higher apex, a more robust body, and a firmer base”. Focusing on salary assessment, we actively explore the “one enterprise, one policy (一企一策)” incentive and constraint mechanism in response to the new dynamics of enterprise transformation, ensuring that incentives for the principal business are more effective and those for emerging businesses are more market-driven.

Driving Transformational Development through “Planning+”

The preparation of the “15th Five-Year Plan” will commence this year, and the Group will accurately grasp macroeconomic, industry, and policy trends, fully assess its endowment and capabilities, adapt to market demand and changes, accurately calculate the arrangement of systematic resources required for transformation and development, and take a holistic approach to long-term planning. The Group will seize opportunities to acquire quality resources to complement and strengthen the business and scale of its listed companies, driving their high-quality transformation, development, and overall quality enhancement.

The Group is committed to promoting stability through progress and fostering transformation through innovation with integrity. With steadfast confidence, it will forge ahead with unwavering determination and persistent effort to accelerate improvements in quality, efficiency and speed across all initiatives, striving to open a new chapter of high-quality development and contributing further to socio-economic prosperity and urban advancement, and create sustainable returns for our shareholders!

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Results

In 2024, due to factors including contraction of gross profit margin, impairment of inventories and losses from associates, operating results decreased. The Group realized turnover of HK\$15.57 billion, representing a year-on-year decrease of 1.7%. Gross profit was HK\$4,440 million, with overall gross profit margin of 28.5%. Loss attributable to equity shareholders of the Company was HK\$1,823 million. If excluding the net effect of changes in fair value of investment properties attributable to the Group, changes in fair value of financial assets, provision for impairment of inventories, the effect of results from and provision of associates and joint ventures, the profit attributable to equity shareholders of the Company was HK\$953 million.

Property Development Business

Sales Revenue Booked

During the year, Group recorded property sales booked of approximately 404,000 square meters (excluding interests attributable to the major associates of the Group), representing a decrease of approximately 2.6% over last year, and achieved sales revenue booked of approximately RMB8,330 million (equivalent to approximately HK\$9,133 million) (net of value-added tax), representing a decrease of approximately 4.7% over last year. Guangzhou and Shenzhen projects contributed 35.2% of the sales revenue booked. Gross profit margin of property development sales was 30.2%, representing a decrease of 6.3 percentage points over last year. As a result of the downturn in selling prices in the real estate market, the Group made an impairment provision of approximately HK\$307 million on the inventories held.

Breakdown of Property Sales Booked in 2024

Property Name	Type	City	Booked Area (sq.m.)	Net Sales (RMB'000)
Shum Yip Park Mansion	Residential	Shenzhen	27,467	815,859
Shum Yip Cloud Center	Residential	Shenzhen	34,327	642,107
Shum Yip Natural City	Residential	Shenzhen	9,556	295,351
Sky Park	Apartment	Shenzhen	8,192	221,453
UpperHills	Residential/office/innovative industrial building	Shenzhen	3,499	188,207
Kechuang Building	Office	Shenzhen	701	63,838
Taifu Square	Apartment/office	Shenzhen	230	8,978
Scenery Bay	Residential	Guangzhou	21,080	728,452
Moon River Palace	Residential	Guangzhou	95	5,453
Bay Front	Residential/apartment/office	Zhongshan	113,063	2,434,703
Bustling City	Residential	Foshan	13,376	178,737
Shum Yip City	Residential	Foshan	11,058	136,531
Gaobangshan	Residential/commercial	Huizhou	9,613	77,092
Garden Hills	Residential/commercial	Huizhou	7,213	53,812
Wanlin Lake	Commercial	Huizhou	139	4,866
Shum Yip Saina Bay	Commercial	Heyuan	101	1,535
Nanwan Mansion	Residential	Nanjing	13,462	568,773
Upper Life	Residential/commercial	Nanjing	490	11,611
Longwan Mansion	Residential	Nanjing	197	8,483
Qinglong Mansion	Residential	Nanjing	213	5,677
Heron Mansion	Residential/ancillary office	Changsha	933	19,953
Ruicheng	Residential/commercial/office	Changsha	1,059	6,354
Shum Yip Tairong Mansion	Residential	Chengdu	58,094	1,106,898
Yihu Rose Garden	Residential/commercial	Chengdu	20,804	149,194
Shum Yip Dongyue Mansion	Residential/commercial	Chengdu	6,053	89,775
Nanhu Rose Bay	Residential/commercial	Wuhan	23,590	346,127
Shum Yip Huafu Garden	Commercial	Changzhou	171	1,781
Splendid City	Commercial	Taizhou	97	1,147
Jiangyin Shum Yip Technology Industrial Park	Plant	Wuxi	11,958	55,635
Ma'anshan Shum Yip Huafu	Residential/commercial	Ma'anshan	4,196	31,859
Shenma Industrial Park	Plant	Ma'anshan	3,331	9,886
Parking space			—	57,096
Total			404,358	8,327,223

Note: 854 parking spaces were sold

Contracted Sales

In 2024, the Group realized contracted sales amount of approximately RMB16,970 million (equivalent to approximately HK\$18,610 million). Contracted sales area was approximately 603,000 square meters, and the average price per square meter was RMB28,120. Capitalizing on the market rebound opportunities, the Group implemented targeted marketing strategies. Multiple projects in Shenzhen saw strong sales, with Shum Yip Shangcheng Xuefu selling out immediately upon launch, securing contracts worth RMB2.55 billion, Shum Yip Luxury Mansion recording contracts worth RMB2.22 billion and Shum Yip Tairui Mansion fixing contracts worth RMB1.44 billion. Additionally, projects in Shanghai and Chengdu also delivered notable sales performance.

By geographical location, projects in the Guangdong-Hong Kong-Macao Greater Bay Area accounted for 75.0% of the contracted sales amount, 24.0% came from projects in the municipalities and provincial capitals, and 1.0% came from other cities. By the types of products, residential products accounted for 82% of contracted sales, and non-residential products (including office, apartment and industrial park) accounted for 18%.

Breakdown of Contracted Sales in 2024 ^{Note 1}

Project	City	Type	Sales Area (sq.m.)	Sales ^{Note 2} (RMB'000)
Shum Yip Shangcheng Xuefu	Shenzhen	Residential	33,649	2,548,236
Shum Yip Luxury Mansion	Shenzhen	Residential	34,117	2,222,755
Shum Yip Tairui Mansion	Shenzhen	Residential	31,972	1,442,341
Chegongmiao First Renewal Project	Shenzhen	Office	17,705	987,930
Shum Yip Cloud Center	Shenzhen	Residential	39,369	880,992
Sky Park	Shenzhen	Apartment	8,310	538,297
Shum Yip Time Mansion	Shenzhen	Apartment	8,240	319,953
Tanglang City ^{Note 3}	Shenzhen	Apartment	8,789	308,673
Natural City	Shenzhen	Residential	8,554	286,983
Shum Yip Upper Coast	Shenzhen	Residential	3,233	233,905
UpperHills	Shenzhen	Industrial R&D, office	3,223	180,067
Shum Yip Taifu Square	Shenzhen	Apartment	3,569	87,042
Shum Yip Parkview Bay	Shenzhen	Residential	352	11,264
Shum Yip Scenery Bay	Guangzhou	Residential	8,550	304,271
Moon River Palace	Guangzhou	Residential, parking space	924	11,493
Shunde Shum Yip City	Foshan	Residential	14,337	157,375
Shum Yip Bustling City	Foshan	Residential	7,178	101,251
Gaobangshan No. 1	Huizhou	Residential, parking space	33,686	260,153
Garden Hills	Huizhou	Residential	18,450	124,192

Project	City	Type	Sales Area (sq.m.)	Sales ^{Note 2} (RMB'000)
Wanlin Huafu	Huizhou	Residential	1,819	19,291
Wanlin Lake	Huizhou	Residential	508	2,301
Shum Yip Starry Lakeshore	Dongguan	Parking space	–	24,446
Parkview Garden	Zhongshan	Residential	39,395	1,055,261
Bay Front	Zhongshan	Residential, apartment	47,466	616,816
Saina Bay	Heyuan	Residential, parking space	101	1,000
Shum Yip Upper Mansion	Shanghai	Residential	40,870	1,437,151
Nanwan Mansion	Nanjing	Residential	8,106	348,233
Jiangyin Shum Yip Technology Industrial Park	Nanjing	Industrial R&D	16,828	81,503
Shum Yip Upper Life	Nanjing	Residential	526	13,267
Qinglong Mansion	Nanjing	Residential	350	8,123
Shenma East China Industrial Technology Industrial Park	Nanjing	Industrial R&D	2,186	6,994
Longwan Mansion	Nanjing	Commercial, parking space	13	95
Shum Yip Heron Mansion	Changsha	Residential	1,995	34,861
Shum Yip Luxiyunjing	Changsha	Residential	583	11,809
Changsha Ruicheng Xihui	Changsha	Commercial	1,227	7,725
Shum Yip Tairong Mansion	Chengdu	Residential	55,438	1,155,871
Shum Yip Dongyue Mansion	Chengdu	Residential	26,505	401,004
Qingbaijiang Shum Yip Taifu Square	Chengdu	Residential	16,806	115,526
Shum Yip North Shore	Chengdu	Residential	6,668	49,007
Shum Yip Yihu Rose Garden	Chengdu	Commercial	1,688	16,763
Shum Yi Wah City	Chengdu	Residential	106	1,502
Nanhu Rose Bay	Wuhan	Commercial, parking space	24,140	383,305
Changzhou Shum Yip Huafu	Changzhou	Commercial, parking space	138	1,800
Shum Yip Yunqi Garden	Taizhou	Residential	7,227	70,866
Splendid City	Taizhou	Residential	97	1,250
Royal Spring Garden	Chaohu	Residential	203	2,800
Shenma Cihu High-tech Industrial Park	Ma'anshan	Industrial R&D	13,372	46,673
Ma'anshan Shum Yip Huafu	Ma'anshan	Commercial, parking space	4,822	44,961
Total			603,389	16,967,377

Note 1: As all the contracted sales took place in Mainland China, the contracted sales figures are expressed in Renminbi.

Note 2: Sales includes the sales of parking spaces.

Note 3: Tanglang City project was co-developed with Shenzhen Metro Group, as to 50% owned by the Group, and it is accounted using equity method.

Project Development and Construction

During the year, the Group's newly started construction area was approximately 283,000 square meters. The planned completed projects were delivered on schedule with a completed area of approximately 1.914 million square meters.

New Construction Projects in 2024

Project	City	Type	New Construction Area (sq.m.'000)
Luxiyunjing Phase 2	Changsha	Commercial	43
G29 (Vanke Shum Yip Parkview Garden (萬科深業頤灣花園)) Phase 2	Zhongshan	Residential	67
Bay Front Phase 2 (F36, 38 Water Street Commercial) Commercial and Hall	Zhongshan	Complex	173
Total			283

Newly Completed Projects in 2024

Project	City	Type	New Construction Area (sq.m.'000)
Shum Yip Natural City (Block 7/8)	Shenzhen	Residential	209
Shum Yip Park Mansion	Shenzhen	Residential	130
Guangzhou Shum Yip Scenery Bay Phase 1	Guangzhou	Residential	189
Guangzhou Shum Yip Scenery Bay Phase 2	Guangzhou	Residential	70
Shunde Shum Yip City Primary School	Foshan	Public facility	22
Zhongshan Bay Front Project Phase 1 (Joint-inspection Building)	Zhongshan	Complex	159
Zhongshan Bay Front Phase 2 (F36, 38 Water Street Commercial) Commercial	Zhongshan	Complex	108

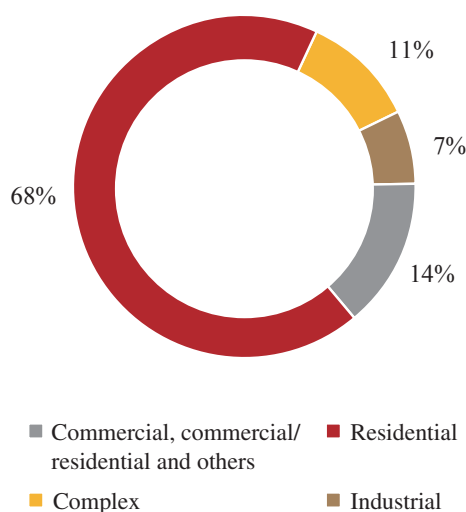
Project	City	Type	New Construction Area (sq.m.'000)
Bay Front Project Phase 1 (Residential F27/4, 5, 6, 7#)	Zhongshan	Complex	92
Bay Front Project Phase 1 (Tower F40/1, 2, 3#; Detached Office 4-8#)	Zhongshan	Complex	82
Bay Front Project Phase 1 (Residential F26/4, 5#)	Zhongshan	Complex	49
Bay Front Project Phase 1 (F34 Detached Office 4-9#)	Zhongshan	Complex	9
G111/Nanwan Mansion Phase 1 (Block 5, 7, 8#)	Nanjing	Residential	59
Shum Yip North Shore	Chengdu	Residential	236
Shum Yip Tairong Mansion	Chengdu	Residential	225
Shum Yip Taiyue Mansion	Chengdu	Residential	106
Chengdu Longquanyi Project South Land Plot	Chengdu	Complex	94
Chengdu Longquanyi Project North Land Plot – Auto City	Chengdu	Complex	44
Ma'anshan Cihu Phase 1	Ma'anshan	Industrial	32
Total			1,914

Land Expansion and Reserves

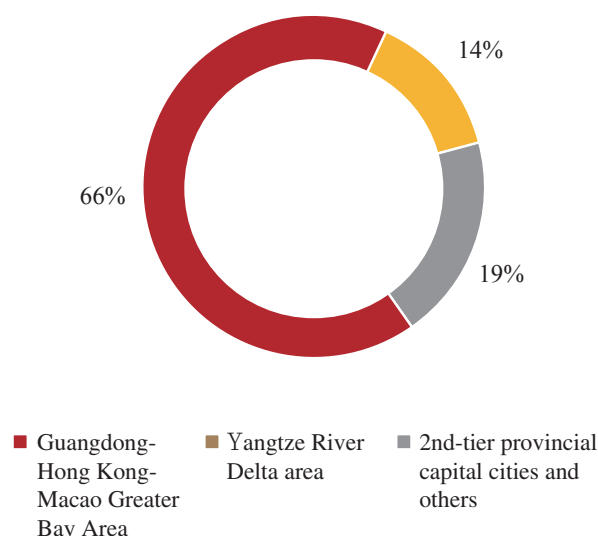
During the year, Phase II of Chegongmiao First Renewal Project in Shenzhen achieved major milestones. With the demolition phase successfully wrapped up, the project moved into the substantive development stage. Meanwhile, preparatory efforts for the coordinated development projects in Henggang South of Longgang District were progressing in an orderly manner. As of 31 December 2024, the Group had land reserves with a capacity building area of approximately 6.221 million square meters, of which, the projects not yet started had a capacity building area of approximately 1.052 million square meters, the projects under construction had a capacity building area of approximately 4.578 million square meters and the completed but not yet booked projects had a capacity building area of approximately 591,000 square meters. The structure of the land reserve remained reasonable and healthy, with land reserve in the Greater Bay Area, the Yangtze River Delta region and the second-tier provincial capital cities accounting for 66.3%, 14.5% and 18.8% of the total capacity buildings area respectively.

Graphic 1: Distribution of Land Reserves (As at 31 December 2024)

By type – Capacity Building Area ^{Note}
(sq.m.)



By region – Capacity Building Area ^{Note}
(sq.m.)



Note: Capacity building area is the sum of the gross floor area which is used in the calculation of the plot ratio within the land for construction.

Property Investment Business

In 2024, facing the severe challenges of market downturn and intensified competition, the Group insisted on refined operation and took various measures to enhance tenant sourcing for office buildings, industrial parks, commercial complex and professional markets, upgraded and renovated old and inefficient properties, innovated property leasing model, and the property investment business maintained stable performance. The overall occupancy rate was 90.8%, far outperforming the market average. UpperHills continued to consolidate its fundamentals in office spaces and actively optimised its customer structure. Among them, premium clients in high-tech, financial and professional services industries account for nearly 70%, and a total of 13 Fortune 500 companies.

During the year, the Group recorded an income from property investment of approximately HK\$1,377 million, representing a year-on-year decrease of 3.0%. The gross profit margin of property investment business was approximately 65%. As at 31 December 2024, the Group had investment properties of approximately 1.731 million square meters, with a fair value of approximately HK\$32.92 billion. Affected by the downturn of office building market, the Group recorded a decrease in the fair value of its investment property portfolio of HK\$228 million during the year.

Urban Integrated Operation Business

Overview of the Business Segment

The Group's urban integrated operations business, comprising urban and industrial park property management, residential property management, commercial operation and property management services, had a total contracted GFA exceeding 100 million square meters and a total GFA under management of approximately 96.69 million square meters, of which approximately 80.3% was attributable to independent third-party projects and approximately 69.9% was attributable to non-residential properties, both indicators are higher than the industry average. During the year, revenue from the property management business amounted to approximately HK\$3.29 billion, representing an increase of 17.8% over last year, with gross profit margin of approximately 15.7%. With its industry-leading comprehensive strength and widely-recognized service, the Group was listed among the "2024 Specialised Operational Leading Brand of China Property Service Companies (No. 12)" (2024中國物業服務專業化運營領先品牌企業第12名), "Top 1 Outstanding Urban Property Service Brand in China 2024" (2024中國城市服務優秀品牌Top1), "Top 1 Outstanding Industrial Property Service Brand in China 2024" (2024中國產業物業服務優秀品牌Top1) and "Leading Enterprises in Smart City Services in China" (中國智慧城市服務領先企業) by the China Index Academy, "Top State-Owned Property Management Companies by Comprehensive Strength (No. 9)" (國有物業服務企業綜合實力第9名) by the China Property Management Research Institution, etc.

Operation Business Expansion

In 2024, Shum Yip Operations of the Group had net expanded area under management of approximately 15.39 million square meters, of which the net expansion of property management urban and public construction projects accounted for 70%, and the market expansion strength remained strong. Shum Yip Operations expanded its business to Hong Kong for the first time, and commenced a new segment of port management and maintenance by undertaking the port management and maintenance services at the West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. It further expanded its territory in the field of property management urban by undertaking property management urban services in Cuizhu Street and Gongming Street in Shenzhen and property management urban services in Jinping District, Shantou. It obtained the Zhengpu Port mixed-use property service project in Ma'anshan, representing the first integrated services project containing the service content of "Shenxiang Full-range Product Line". It comprehensively improved the type of park by undertaking integrated operation, renovation and maintenance service project of Bijiashan, and property management services in Central Park, Huanggang Park and Children's Paradise. It established a joint venture with Shenzhen Media Group, integrating high-quality resources in the influence of mainstream media and professional operation service efficiency.

Commercial Operation

In 2024, the operations of all commercial projects were stable, and sales performance grew steadily. The Group further developed its commercial product line by signing 200 new branded merchants and renewing contracts with more than 80 merchants during the year. UpperHills strengthened “first launch economy” by adding 30 national and regional first store, further enhancing its competitive edge. During the year, the customer traffic exceeded 46 million at the shopping mall and the sales amounted to RMB6 billion, both representing a year-on-year double-digit increase as compared with 2023. The “park + business” consumption mode represented by Bijiashan Sports Park, being the linked park of UpperHills, has taken initial shape with synergy between park and business district, and seized the opportunity for low-altitude economic development. It launched the drone delivery route starting from UpperHills, with Lianhuashan Park, Bijiashan Park and Central Park as the drop-off points. The commercial operation of Shenzhen Women and Children Tower project performed well and was selected as one of the first national lists of replicable experiences in construction of urban child-friendly spaces. The tenant sourcing efforts were accelerated for Zhongshan Bay Front project by brand signing publicity. In addition, the Group has increased the layout of its commercial operations and expanded the commercial areas of Huangmugang Metro Transport Hub and Shenzhen Capital Group Building (深創投大廈) with a commercial project entrusted operation mode.

Hotel Operation Business

The Group owns 6 hotels in operation, namely Suzhou Marriott Hotel (with 302 guest rooms), Chaohu Shum Yip Bantang Hot Spring Hotel (with 27 spring villas), Holiday Inn Resort Chaohu Hot Spring (with 203 guest rooms), Muji Hotel (with 79 guest rooms) in UpperHills, Shenzhen, Mandarin Oriental Shenzhen (with 178 guest rooms) and Jingju Hotel (with 196 guest rooms) in Shenzhen Women and Children Tower. During the year, the Group took measures according to the actual situation of each hotel to stabilize their core operating indicators, and the hotels recorded operating income (included under other operating segment) of approximately HK\$472 million, which remained flat as compared to last year.

During the year, both Mandarin Oriental Shenzhen and Spa (水療中心) were awarded five-star rating by Forbes Travel Guide in 2024, together with 10 awards including China’s Top 50 Hotels by Voyage. Shenzhen MUJI Hotel was awarded “2023 Shenzhen Tourism Best Lifestyle Hotel” (2023年度深圳旅遊最佳生活方式酒店) by Shenzhen Tourism Association, and Shenzhen Jingju Hotel was shortlisted in the “GBE Hotel Design Awards 2024” (GBE 酒店設計大獎 2024) and was awarded the “Best Lifestyle Experience Hotel Award” (最佳生活方式體驗酒店獎).

The Group accelerated its hotel project initiatives, and signed contracts with two star-rated hotel brands under Marriott International Group in September 2024. These projects are located near Shenzhen North Railway Station and are expected to be completed and opened by 2027. With these developments, the Company has now a total of 12 hotels under operation, management and construction.

Advanced Manufacturing Business

The manufacturing business of the Group is mainly from its subsidiary Shenzhen Jinghua Displays Electronics Co., Ltd. (“Jinghua Company”), which is engaged in the research and development, production and sales of products such as IoT intelligent display controllers and LCD devices. With the qualification of national high-tech enterprise and Shenzhen specialized and sophisticated SMEs, it is a high-quality service provider in the field of human-machine interface display and interactive control. In 2024, Jinghua Company was granted as a national-level specialised, refined, differentiated and innovated (SRDI) “Little Giants” enterprise, made breakthroughs in technological research and development with one invention patent and nine utility model patents granted, and realized mass production of high-difficulty dot matrix displays after obtaining customer recognition; it started the construction of Vietnam production base, signifying a big leap forward in its globalization drive; during the year, it achieved significant cost reduction and efficiency enhancement with the gross profit margin of products continuing to increase. Due to the impact of the real estate industry, delivery of orders for home appliances products was delayed during the year, and revenue from manufacturing business amounted to HK\$404 million, representing a year-on-year decrease of 14.3%, and gross profit margin was approximately 27.0%, representing a year-on-year increase of 2.8 percentage points.

High-tech Agriculture Business

The Group’s high-tech agriculture business includes sales of agricultural products and flowers and agri-tourism. In 2024, the industrial scale of the agriculture segment continued to increase. Xinfeng agricultural industrial park has a planting area of nearly 3,500 acres, having successfully trial-cultivated high-value crops including artichokes and high-oleic peanuts, with annual output of agricultural products reaching over 3,000,000 catties, where the artichoke output reached 100,000 catties, and it also promoted the construction of farm product processing center and industrial park supporting facilities. Jinnong project transferred land of 310 mu and was successfully awarded “Shenzhen Farm”. The agri-tourism projects have been implemented in a steady manner, and a number of parks have opened for trial operation. Dapeng Seasons Coastal Countryside (大鵬四季濱海田園) project was listed in “Millions of Project” (百千萬工程) of Shenzhen. The construction scheme of Xinfeng • Four Seasons Riverside Garden (新豐•四季濱江田園) was awarded the excellent work award of “YinJiXiangCun Creative Design Competition” (印跡鄉村創意設計大賽) by the Ministry of Agriculture and Rural Affairs. During the year, revenue from agriculture operation (included under other operating segment) was approximately HK\$573 million.

Financial Management

Capital and Financing

As at 31 December 2024, in terms of bank loans, the Group’s total bank and other borrowings amounted to HK\$37.37 billion (31 December 2023: HK\$39.04 billion). Floating rate loans and fixed-rate loans accounted for 63.7% and 36.3%, respectively; long-term loans and short-term loans accounted for 61.0% and 39.0%, respectively; borrowings denominated in Hong Kong dollars and Renminbi borrowings accounted for 37.7% and 62.3%, respectively.

As at 31 December 2024, the Group's cash balance was HK\$11.80 billion (including restricted cash) (31 December 2023: HK\$14.44 billion). The Group had net assets, excluding non-controlling interests, of HK\$38.55 billion (31 December 2023: HK\$42.34 billion). The asset-liability ratio, excluding advance receipts, was 68.3%, and the net gearing ratio (net debt excluding interest-bearing loans from related parties divided by equity attributable to owners of the Company) was 66.3%.

Due to the prolonged high interest rate environment overseas, the finance costs increased during the year. The Group optimized its capital and debt structure through various means, and the average comprehensive interest rate of the Group's bank and other borrowings was maintained at a low level of 3.98% per annum during the year.

Key Financial Indicators

	As at 31 December 2024	As at 31 December 2023
HK\$100 million		
Bank and other borrowings	373.7	390.4
– Long-term borrowings	228.1	249.0
– Short-term borrowings	145.6	141.4
Cash (including restricted cash)	118.0	144.4
Net gearing ratio	66.3%	58.1%

Effect of Exchange Rate Fluctuation

The Group's assets are mainly denominated in Renminbi, while Hong Kong dollar is adopted as the reporting currency in the Group's financial statements. The effect of the decrease in RMB exchange rate on the Group's finance was mainly reflected in the depreciation of the asset and earnings denominated in Renminbi against Hong Kong dollar, the reporting currency. During the year, such fluctuations in the asset and earnings denominated in Renminbi against Hong Kong dollar, the reporting currency, of HK\$1,263.1 million were included in other comprehensive income.

Internal Control

The Group's focus on leaning to reduce costs and increase efficiency has resulted in a 20.6% decrease in selling and administrative expenses over last year, resulting in cost savings of approximately HK\$420 million.

Major Joint Ventures and Associates

During the year, the Group's major joint ventures and associates performed had varied performance, but the overall results of the Group's major joint ventures and associates underperformed due to the impact of the real estate industry recession.

Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) contributed profit of approximately HK\$351 million to the Group. Shenzhen Langtong Property Development Company Limited (a 50% owned company of the Group) contributed loss of approximately HK\$7.45 million. Shenzhen Tianan Cyber Park (Group) Co., Ltd. (a 37.5% owned company of the Group) contributed profit of approximately HK\$49.87 million to the Group. Shum King Company Limited (a 50% owned company of the Group) contributed loss of approximately HK\$410 million to the Group. Road King Infrastructure Limited (1098.HK) (a 27% owned company of the Group) contributed loss of HK\$1,135 million to the Group.

It was assessed that a provision for impairment was made for the Group's interest in Shum King Company Limited and Road King Infrastructure Limited, which amounted to approximately HK\$1,171 million in aggregate.

Pledge of Assets and Contingent Liabilities

As at 31 December 2024, the Group had total loans of HK\$8.34 billion (31 December 2023: HK\$8.75 billion) that were pledged with assets.

As at 31 December 2024, the Group has given guarantees amounted to HK\$1.45 billion in respect of Bank and other borrowings.

Progress of the Litigation Involving Shum Yip Terra Company

On 29 November 2024, Chengdu Fengze Investment Co., Ltd (成都豐澤投資有限公司) ("Chengdu Fengze") and Shum Yip Terra (Holdings) Company Limited (深業泰然(集團)股份有限公司) ("Shum Yip Terra Company", together with Chengdu Fengze, the "Subsidiaries"), both being non-wholly-owned subsidiaries of the Company, received a statement of claim (民事起訴狀) from the Intermediate People's Court of Chengdu City (成都市中級人民法院) regarding the claims by Sichuan Haofu Industrial Co., Ltd. (四川浩福實業有限公司) (the "Claimant") against the Subsidiaries and four individuals (all of the individuals are not directors or senior management of the Company) regarding the disputes in earnings distribution over the investment of "198" Congshu Area ("198"叢樹片區) in Chenghua district, Chengdu, the People's Republic of China (the "Litigation"), with an amount of the Claim of approximately RMB220 million. The Subsidiaries have engaged legal advisers to handle the Litigation, and will rigorously defend the Litigation to protect its legitimate interest. The first trial of the case commenced on 24 December 2024 and is now in progress. As the Litigation is still at an early stage, it is difficult to predict the final outcome of the Litigation with certainty and the Company is still assessing the financial impact of the Litigation on the Group.

Employees and Remuneration Policy

As at 31 December 2024, the Group employed 18,710 employees of whom 17 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest were in Mainland China. The total remuneration for the year ended 31 December 2024 (excluding remuneration of the directors) amounted to approximately HK\$3.034 billion.

Employee benefits and bonuses are based on their individual performance, the Group's profit condition, benefit level of the industry and the current market condition. The remuneration packages are reviewed on an annual basis to ensure internal equity and its competitiveness in the market. In driving performance, we also grant share options, under the share option scheme of the Group, to employees based on individual performance and the results of the Group.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 28 May 2025. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 21 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 20 May 2025.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year 2024.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Dr. WONG Yau Kar, David and Prof. GONG Peng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the 2024 final results.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

APPRECIATION

We take this opportunity to express our gratitude to our investors and shareholders for their trust and support and to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

By Order of the Board
SHENZHEN INVESTMENT LIMITED
WANG Yuwen
Acting Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises 7 directors, of which Mr. WANG Yuwen, Ms. CAI Xun, Mr. YAN Zhongyu and Ms. SHI Xiaomei are the executive directors of the Company and Mr. LI Wai Keung, Dr. WONG Yau Kar, David and Prof. GONG Peng are the independent non-executive directors of the Company.