



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

Stock Code : 00270

# 2025 ANNUAL REPORT



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# Corporate Information

As at 30 March 2026

## Board of Directors

### Executive Directors

Mr. KUANG Hu (*Managing Director*)  
Mr. TSANG Hon Nam (*Deputy General Manager*)  
Ms. LIANG Yuanjuan (*Chief Financial Officer*)

### Non-Executive Directors

Mr. WANG Min (*Acting Chairman*)  
Mr. LI Wenchang  
Mr. HE Zhifeng

### Independent Non-Executive Directors

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

## Audit Committee

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

## Remuneration Committee

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

## Nomination Committee

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

## General Counsel & Chief Compliance Officer & Company Secretary

Ms. YANG Na

## Auditor

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

## Principal Bankers

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

## Registered Office

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

## Share Registrar

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

## Share Information

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

## Shareholders' Calendar

|                        |                                                                          |
|------------------------|--------------------------------------------------------------------------|
| Annual General Meeting | 18 June 2026 3:00 p.m.                                                   |
| Final Dividend         | HK19.63 cents per ordinary<br>share, payable on or<br>about 23 July 2026 |

### Last Share Registration Date

|                                      |                               |
|--------------------------------------|-------------------------------|
| For attending Annual General Meeting | 12 June 2026,<br>by 4:30 p.m. |
| For entitlement for Final Dividend   | 26 June 2026,<br>by 4:30 p.m. |

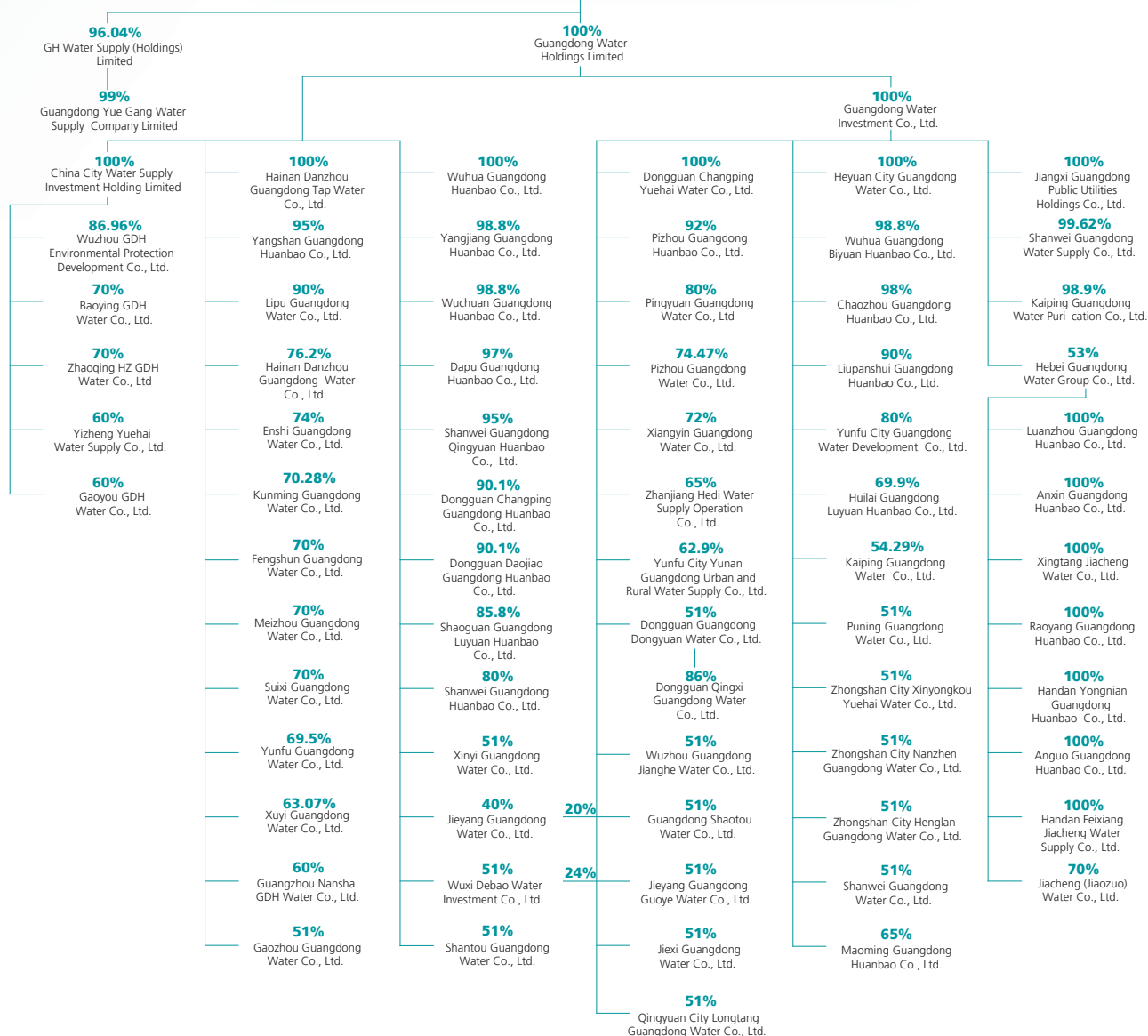
### Closure of Register of Members

|                |              |
|----------------|--------------|
| Final Dividend | 29 June 2026 |
|----------------|--------------|

# The Group's Principal Businesses

As at 30 March 2026

## Water Resources



# The Group's Principal Businesses

As at 30 March 2026



## Property Investment



**100%**  
Global Head  
Developments Limited  
(Guangdong Investment  
Tower properties)

**100%**  
Guangdong Properties  
Holdings Limited  
(Guangdong Group  
Building properties)

**64.7%**  
Guangzhou Yuehai  
Comic City Co., Ltd.  
(Guangzhou Comic City)

**76.13%**  
GDH Teem (Holdings) Limited  
(Teem Plaza)

**60%**  
Guangzhou Yuehai Tianhecheng  
Investment Co., Ltd.

**68%**  
Guangzhou Yuehai Wanye  
Investment Development  
Company Limited  
(Panyu Teemall)

**76.02%**  
Tianjin YueHai Teem  
Shopping Center Co., Ltd.  
(Tianjin Teemall)



## Department Store Operation



**85.20%**  
GDH Teem Commercial  
Co., Ltd.



## Hotel Ownership, Operation and Management



**76.13%**  
Sheraton Guangzhou  
Hotel

**100%**  
Fill Success Investments Limited  
(Wharney Hotel)

**100%**  
Guangdong Hotel Limited  
(Oasis Avenue-A GDH Hotel)

**100%**  
Guangdong Hotel (Zhu Hai)

**99%**  
Shenzhen Guangdong  
Hotel Enterprise Ltd.  
(Guangdong Hotel (Shen Zhen))

**100%**  
Guangdong Hotel Management  
(Zhu Hai) Co., Ltd.  
(Holiday Inn Zhuhai City Center)



## Energy Projects, Road and Bridge



**100%**  
Guangxi  
GDH Highway Co., Ltd  
(Xingliu Expressway)

**100%**  
Dongguan Yuehai  
Yinping Development  
and Construction  
Limited

**71.25%**  
Zhongshan GDH  
Energy Co., Ltd.  
(GDH Energy Project)

**17.48%**  
Guangdong Yudean  
Jinghai Power  
Generation Co., Ltd.  
(Yudean Jinghai  
Power Plant)

# Financial Highlights

## Financial Highlights for the Year ended 31 December

|                                                           | 2025<br>HK\$'000      | 2024<br>HK\$'000 | Change<br>% |
|-----------------------------------------------------------|-----------------------|------------------|-------------|
| Revenue (continuing operations)                           | <b>18,824,908</b>     | 18,505,293       | 1.7         |
| Profit for the year attributable to owners of the Company | <b>4,656,261</b>      | 3,142,138        | 48.2        |
| Earnings per share – Basic                                | <b>HK 71.22 cents</b> | HK 48.06 cents   | 48.2        |
| Dividends per share                                       |                       |                  |             |
| Interim                                                   | <b>HK 26.66 cents</b> | HK 23.97 cents   |             |
| Proposed final                                            | <b>HK 19.63 cents</b> | HK 7.27 cents    |             |
|                                                           | <b>HK 46.29 cents</b> | HK 31.24 cents   | 48.2        |
| EBITDA (continuing operations)                            | <b>10,231,415</b>     | 9,693,505        | 5.5         |
| Owners' equity                                            | <b>42,924,328</b>     | 41,658,024       | 3.0         |
| Total assets                                              | <b>101,741,060</b>    | 135,595,403      | -25.0       |
| Net financial borrowings <sup>7</sup>                     | <b>6,828,260</b>      | 11,707,976       | -41.7       |

## Key Ratios

|                                                    | 2025          | 2024   |
|----------------------------------------------------|---------------|--------|
| Gearing <sup>1</sup>                               | <b>19.73%</b> | 30.86% |
| Interest cover <sup>2</sup>                        | <b>15.87X</b> | 10.53X |
| Liquidity <sup>3</sup>                             | <b>1.15X</b>  | 1.09X  |
| Return on average shareholders' funds <sup>4</sup> | <b>11.01%</b> | 7.53%  |
| Post-tax return on average assets <sup>5</sup>     | <b>4.42%</b>  | 2.28%  |
| Dividend payout ratio <sup>6</sup>                 | <b>65.00%</b> | 65.00% |

## Share Information (as at 31 December)

|                                        | 2025                  | 2024           |
|----------------------------------------|-----------------------|----------------|
| Number of ordinary shares issued       | <b>6,538m</b>         | 6,538m         |
| Market capitalisation                  | <b>HK\$44,393m</b>    | HK\$43,870m    |
| Closing market price per share         | <b>HK\$6.79</b>       | HK\$6.71       |
| Basic and diluted earnings per share   | <b>HK 71.22 cents</b> | HK 48.06 cents |
| Net asset value <sup>8</sup> per share | <b>HK\$6.57</b>       | HK\$6.37       |

# Financial Highlights

Notes:

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

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

|                              | 2025<br>HK\$'000  | 2024<br>HK\$'000 |
|------------------------------|-------------------|------------------|
| Continuing operations        |                   |                  |
| <b>Loan maturity profile</b> |                   |                  |
| Within 1 year                | 6,252,409         | 7,330,175        |
| In the 2nd year              | 1,380,288         | 2,223,176        |
| In the 3rd to 5th year       | 3,212,047         | 3,882,747        |
| Over 5 years                 | 10,766,848        | 10,425,907       |
|                              | <b>21,611,592</b> | 23,862,005       |
| <b>Currency</b>              | <b>%</b>          | <b>%</b>         |
| Hong Kong dollars            | 20.8              | 18.9             |
| Renminbi                     | 79.2              | 81.1             |
| <b>Interest rate</b>         | <b>%</b>          | <b>%</b>         |
| Floating                     | 95.4              | 92.1             |
| Fixed                        | 3.6               | 7.0              |
| Non-interest bearing         | 1.0               | 0.9              |

## Source of financing (as at 31 December 2025)

|                                 | Available and<br>committed<br>% | Utilised<br>% |
|---------------------------------|---------------------------------|---------------|
| Continuing operations           |                                 |               |
| Bank and other borrowings       | 99.3                            | 99.0          |
| Non-interest bearing borrowings | 0.7                             | 1.0           |
|                                 | <b>100.0</b>                    | 100.0         |

# Financial Highlights

## Analysis of the Group's Businesses

Year ended 31 December 2025

| Continuing operations          | Revenue<br>HK\$'000 | %      | Segment results<br>HK\$'000 | %      |
|--------------------------------|---------------------|--------|-----------------------------|--------|
| By Activity:                   |                     |        |                             |        |
| Water resources                | 14,139,556          | 75.11  | 5,902,619                   | 77.67  |
| Property investment            | 1,681,806           | 8.93   | 939,418                     | 12.36  |
| Department store operation     | 447,972             | 2.38   | 72,501                      | 0.95   |
| Electric power generation      | 1,237,378           | 6.57   | 141,499                     | 1.86   |
| Hotel operation and management | 704,641             | 3.74   | 93,151                      | 1.23   |
| Road and bridge                | 613,555             | 3.27   | 450,179                     | 5.93   |
| Others and elimination         | –                   | –      | (53,588)                    | –      |
|                                | 18,824,908          | 100.00 | 7,545,779                   | 100.00 |
| By Geographical Area:          |                     |        |                             |        |
| Chinese Mainland               | 18,472,041          | 98.13  |                             |        |
| Hong Kong                      | 352,867             | 1.87   |                             |        |
|                                | 18,824,908          | 100.00 |                             |        |

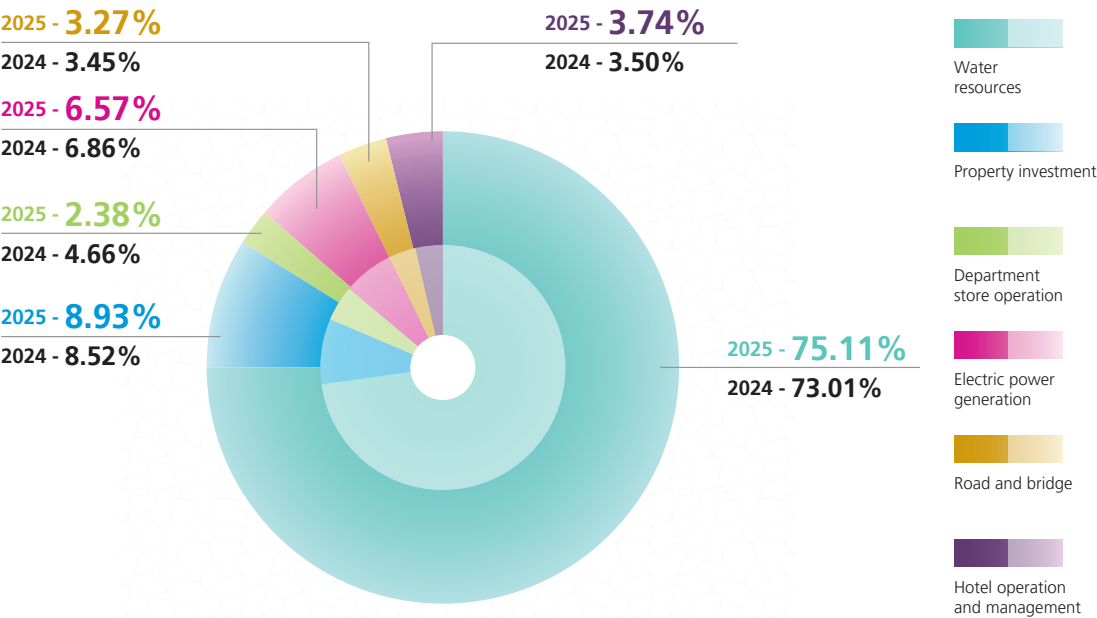
Year ended 31 December 2024

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

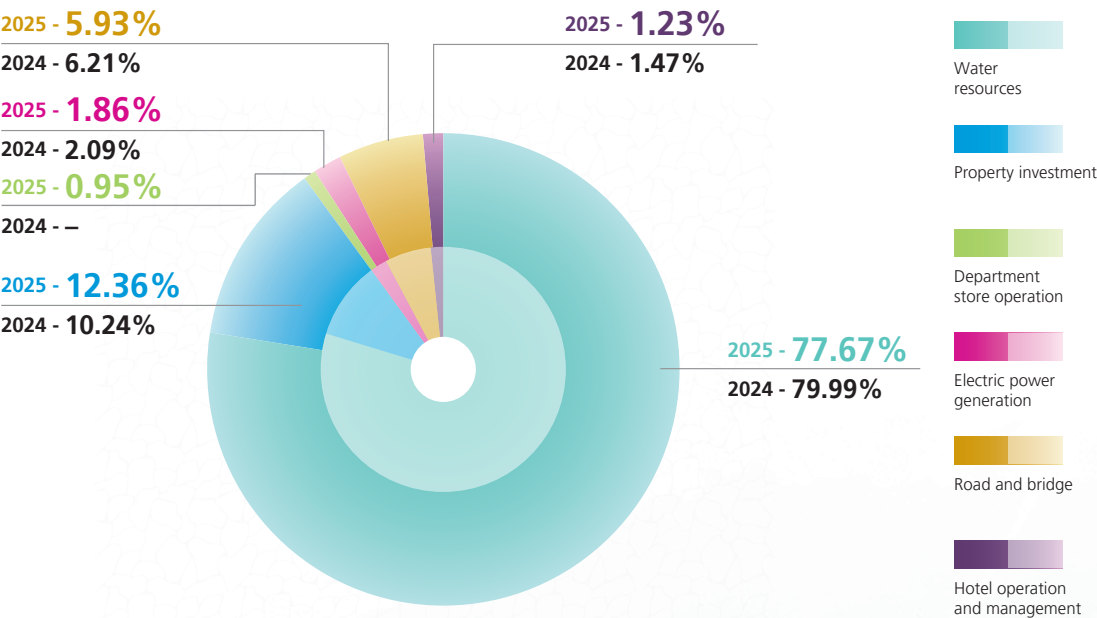
# Financial Highlights



## Revenue by Operating Segments (Continuing operations)

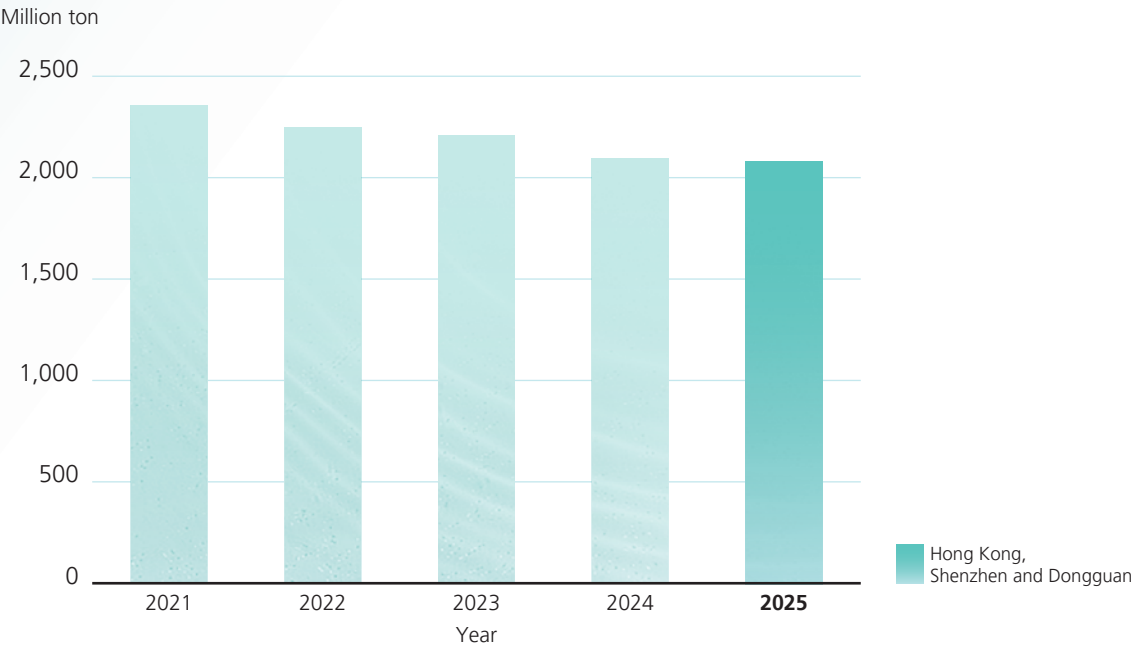


## Segment Results by Operating Segments (Continuing operations)

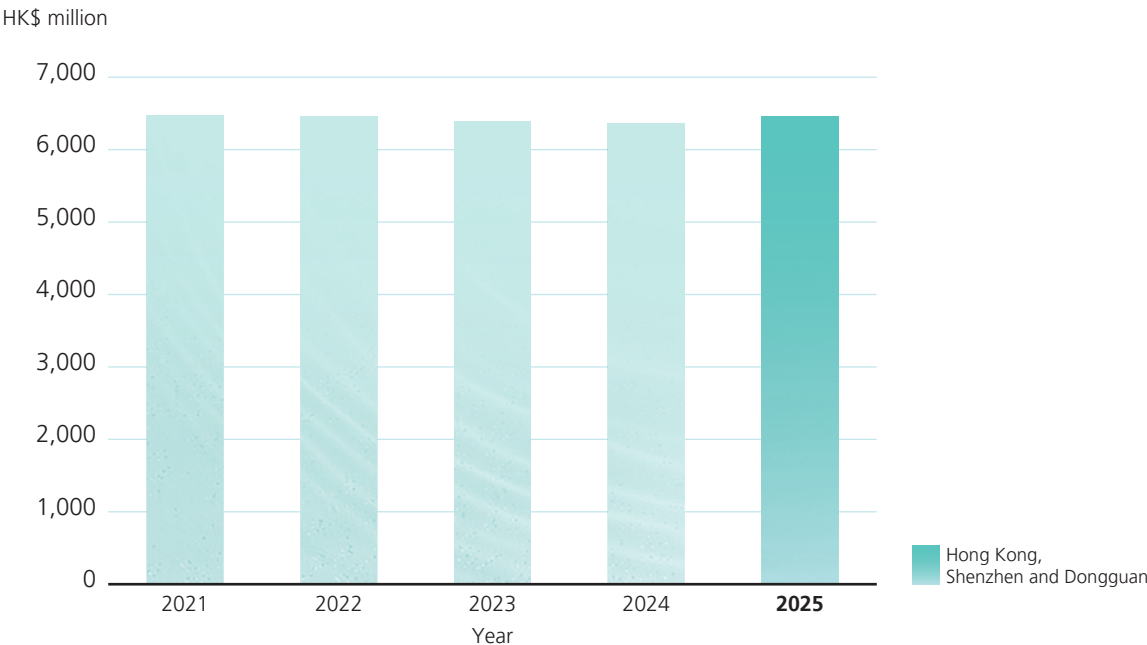


# Financial Highlights

## Water Distribution – Annual Volume



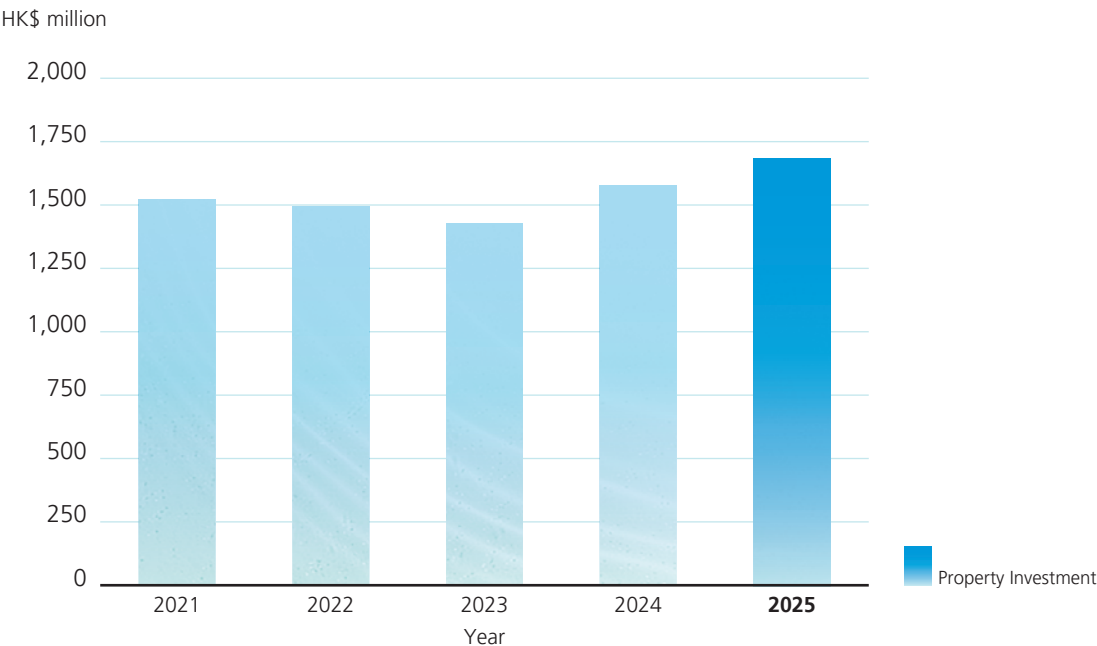
## Water Distribution – Annual Revenue



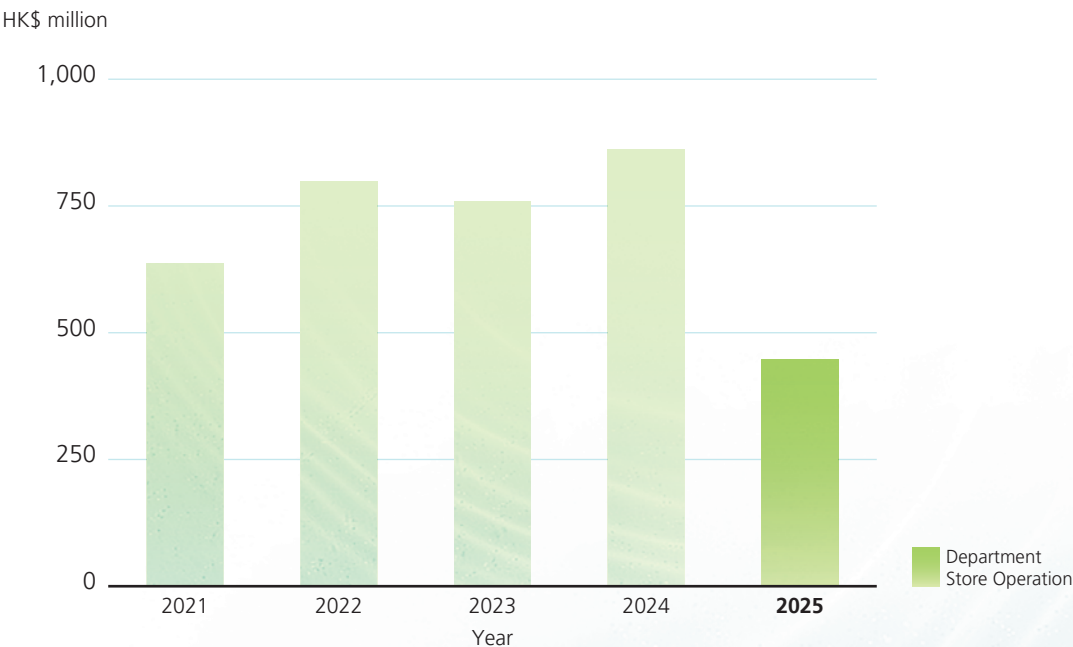
# Financial Highlights



## Property Investment – Annual Revenue



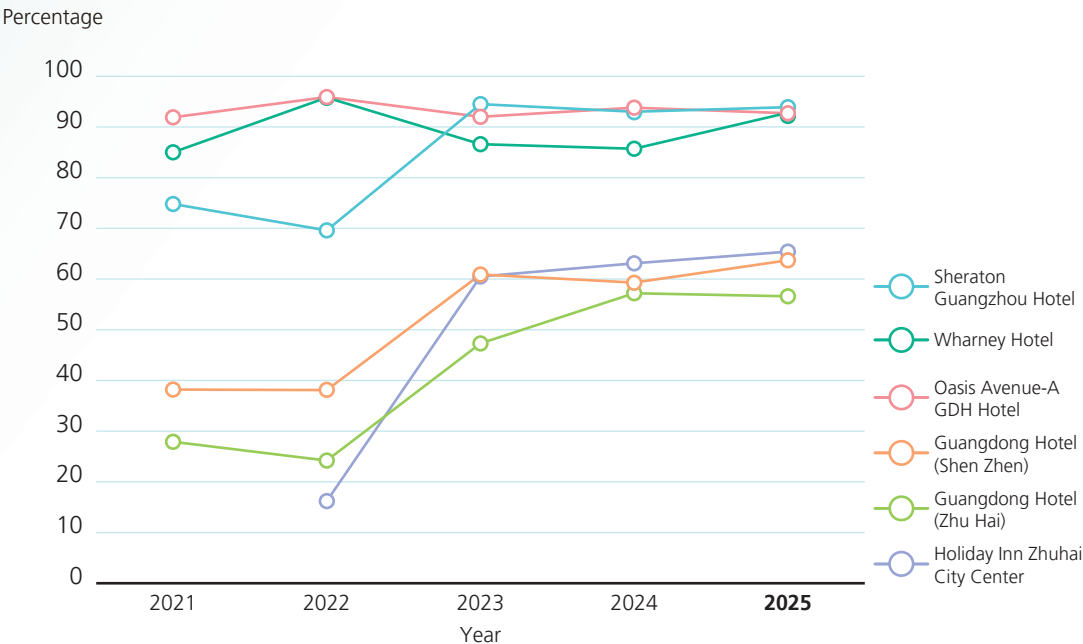
## Department Store Operation – Annual Revenue



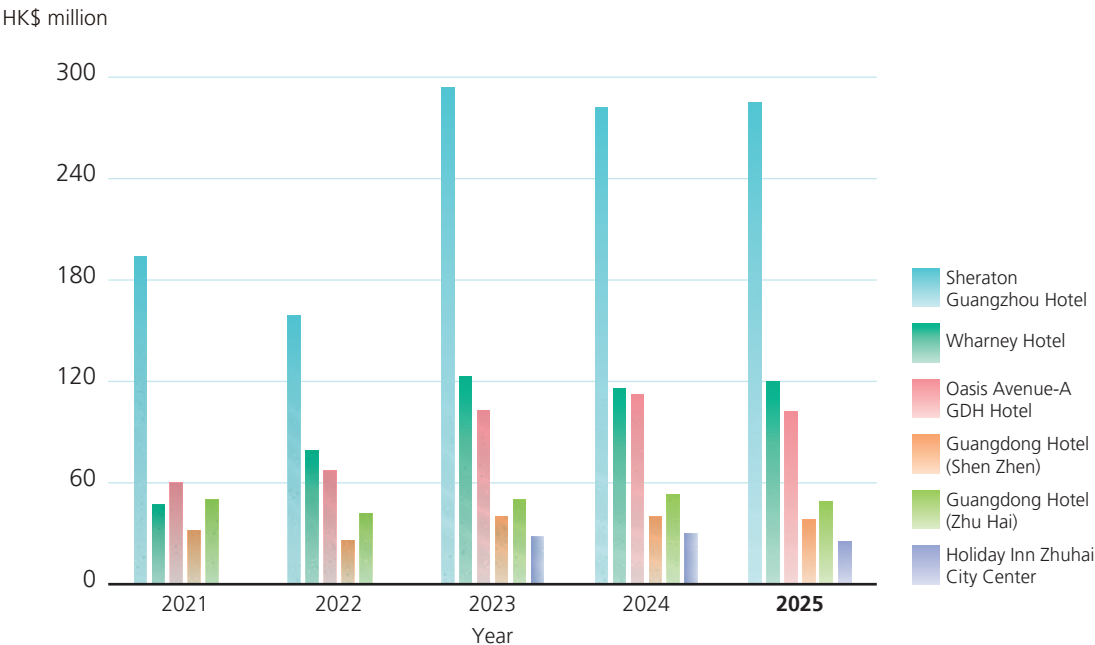
# Financial Highlights



## Hotel Operation and Management – Occupancy Rate

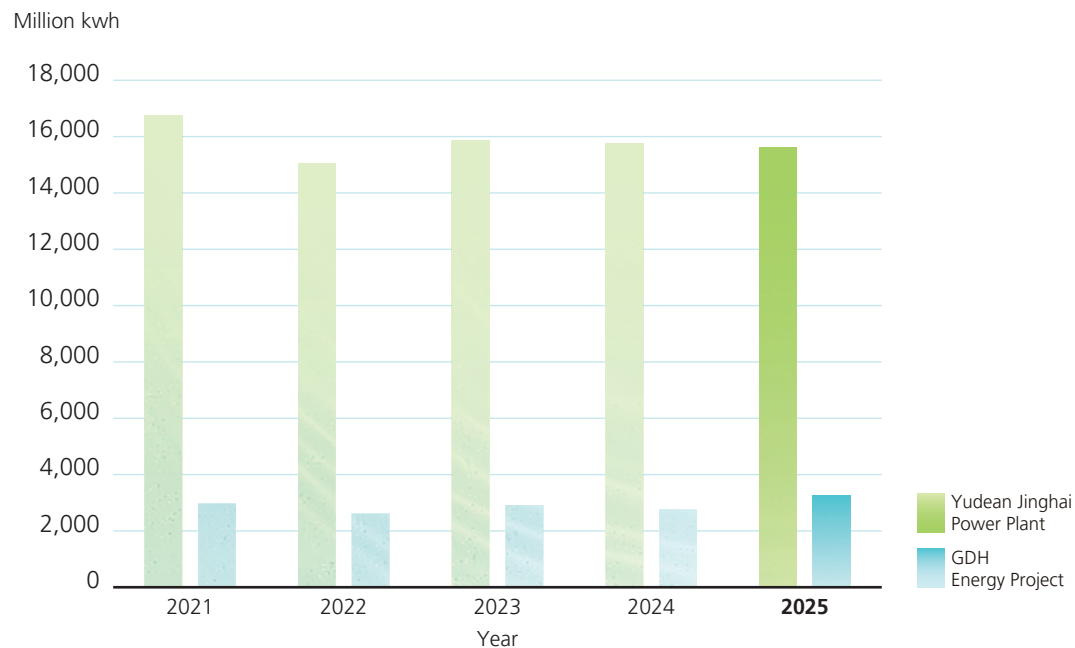


## Hotel Operation and Management – Annual Revenue

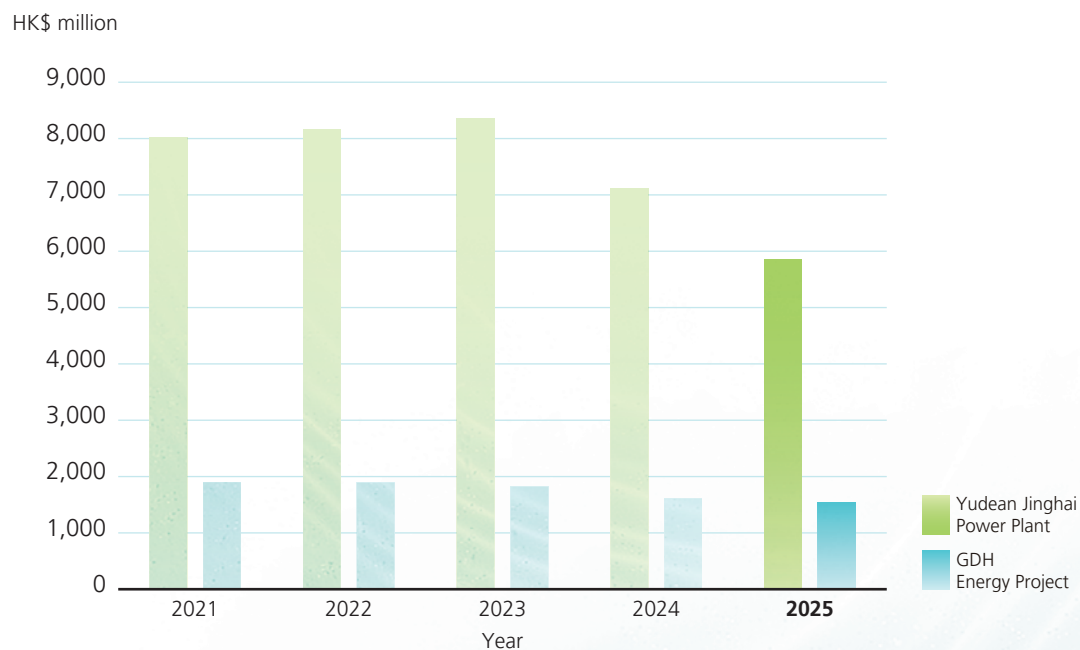


# Financial Highlights

## Electric Power Generation – Annual Sales of Electricity



## Electric Power Generation – Annual Revenue



## Chairman's Statement



### RESULTS

I hereby present our results for the year of 2025 to the shareholders. The Group's consolidated profit attributable to owners of the Company for year 2025 amounted to HK\$4,656 million (2024: HK\$3,142 million), increased by 48.2% over year 2024. Basic earnings per share increased by 48.2% over the last year to HK 71.22 cents (2024: HK 48.06 cents).

### DIVIDEND

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

The Board recommends the payment of a final dividend of HK 19.63 cents per share for the year ended 31 December 2025. Aggregating such dividend with the interim dividend of HK 26.66 cents per share paid in October 2025, the total dividend for the entire year will be HK 46.29 cents (2024: HK 31.24 cents) per share. The said 2025 final dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting, will be paid on or about 23 July 2026.

### REVIEW

In 2025, the global economy demonstrated resilience amid a development landscape characterized by slow recovery, moderate growth, and high uncertainty. Despite challenges such as ongoing geopolitical conflicts, increasing uncertainty in policy directions across nations, heightened fiscal vulnerabilities, and disruptions to global supply and industrial chains, technological innovation and the green transition injected new momentum into the economy. Against this backdrop, the Chinese economy withstood

## Chairman's Statement



external pressures and overcome internal challenges by focusing on domestic demand improvement, industrial upgrading, and structural optimization, with economic growth generally in line with expectations, but still facing persistent internal and external risks and challenges.

Confronted with the increasingly complex and unpredictable external environment, the Group adhered to the development strategy of “seeking progress amidst stability, improving quality and increasing efficiency”, striving to promote high-quality development goals such as value enhancement, innovation leadership, and industrial upgrading. On one hand, we maintained steady improvements in the operational performance of our core businesses while continuously optimizing corporate governance and risk management mechanisms. On the other hand, we endeavoured to seize market development opportunities, focused on expanding incremental business, strengthened the leadership of technological innovation, and solidified the foundation of the sustainable development of the Company. The Group’s 2024 ESG Report received a “Five-star” rating from the Chinese Expert Committee on CSR Report Rating for the first time, and has been included in the “ESG Development Index for State-owned Enterprises in

Guangdong-Hong Kong-Macao Greater Bay Area” for three consecutive years.

Through the divestment of the real estate business and the injection of high-quality water assets, the business scale of the water resources segment continued to expand, providing a stable contribution to the Group’s performance. Revenue from the hotel operation and management business maintained steady growth. Affected by the slow recovery of overall consumption and the renovation and upgrading of individual projects, the operating revenue of the retail department store business decreased year-on-year; however, the measures to lower the cost and enhance effectiveness achieved significant results, leading to a substantial growth in profit. The power business vigorously promoted cost reduction and efficiency enhancement, achieving a significant year-on-year increase in electricity sales volume, and delivered profit growth despite modest pressure on operating revenue; the expressway business was affected by changes in external policies and competition from other road networks, with both operating revenue and profit decreasing slightly. Meanwhile, the Group closely monitored foreign exchange risks and continuously narrowed its foreign currency risk exposure through the comprehensive use of various methods.

# Chairman's Statement

## PROSPECTS

Looking forward to 2026, the global economy is expected to experience a moderate recovery, with international institutional organizations generally forecasting a growth rate between 2.5% and 3.3%. In 2026, the first year of China's 15th Five-Year Plan, the economic structure is expected to continue to optimize and upgrade, and the growth momentum will gradually shift from being driven by traditional manufacturing to a pattern dominated by consumption, supported by the service industry, and empowered by new quality productive forces, with overall economic performance remaining favorable.

Facing numerous uncertainties in the domestic and external markets, we will adhere to our development strategy of "seeking progress amidst stability, improving quality and increasing efficiency", focus on the stable development of our core business, and ensure that the risks are preventable and controllable, to continue to create long-term value for stakeholders.

The Group will continue to concentrate resources on extending the water resources segment business into higher value-added areas, promoting the transformation and upgrading of our business structure. While consolidating and deepening "organizational leanness", we will vigorously advance "precision management" and "lean operations", continuously optimize various asset portfolios and resource allocation, and proactively seize potential development opportunities arising from the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" to strengthen our strategic leadership. We will actively monitor investment, merger and acquisition opportunities in relevant markets, striving to achieve new breakthroughs in profit growth and continuously enhance the Company's operational performance and overall value.

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

**WANG Min**  
*Acting Chairman*

Hong Kong, 30 March 2026

# Management Discussion and Analysis

## Financial Overview

The consolidated revenue of the Group from continuing operations for the year ended 31 December 2025 was HK\$18,825 million (2024: HK\$18,505 million), an increase of 1.7% as compared with that of year 2024. The increase in revenue was mainly attributable to the increase in revenue from water resources and property investment business, which offset the decrease in revenue from department store operations, road and bridge business and electric power generation business.

The consolidated profit before tax from continuing operations for the year ended 31 December 2025 increased by 11.5% to HK\$7,241 million (2024: HK\$6,494 million), mainly attributed to the saving on net finance costs and administrative expenses, which offset the depreciation of Renminbi against Hong Kong dollars by 0.5% over the last year. The net loss arising from fair value adjustments from continuing operations for investment properties of the Group for the year was HK\$26 million (2024: HK\$68 million), net exchange loss from continuing operations was HK\$40 million (2024: net exchange gain of HK\$39 million) and net finance costs from continuing operations was HK\$339 million (2024: HK\$698 million). The consolidated profit attributable to owners of the Company from continuing operations for the year increased by 13.9% to HK\$4,673 million (2024: HK\$4,103 million). The consolidated profit attributable to owners of the Company for the year increased by 48.2% to HK\$4,656 million (2024: HK\$3,142 million).

Basic earnings per share was HK 71.22 cents (2024: HK 48.06 cents), increased by 48.2% as compared with that in year 2024.

## Business Review

A summary of the performance of the Group's major continuing operations during 2025 is set out as follows:

### Water Resources

#### *Dongshen Water Supply Project*

The profit contribution from the Dongshen Water Supply Project continued to form a significant part of the Group's profit. As at 31 December 2025, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.04% (2024: 96.04%). GH Water Holdings holds a 99.0% interest in Guangdong Yue Gang Water Supply Company Limited, the owner of the Dongshen Water Supply Project.

The designed annual capacity of Dongshen Water Supply Project is 2.423 billion tons. Total volume of water supply to Hong Kong, Shenzhen and Dongguan during the year amounted to 2.078 billion tons (2024: 2.093 billion tons), a decrease of 0.7%, which generated a revenue of HK\$6,452 million (2024: HK\$6,360 million), an increase of 1.4% over year 2024.

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

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

# Management Discussion and Analysis

## Business Review *(continued)*

### Water Resources *(continued)*

#### *Dongshen Water Supply Project (continued)*

The revenue from water sales to Hong Kong for the year increased by 2.4% to HK\$5,259 million (2024: HK\$5,136 million). The revenue from water sales to Shenzhen and Dongguan areas decreased by 2.5% to HK\$1,193 million (2024: HK\$1,224 million) during the year. The profit before tax for the year, excluding net exchange differences and net finance costs, of the Dongshen Water Supply Project for the year ended 31 December 2025 was HK\$4,158 million (2024: HK\$4,020 million), 3.4% more than that in year 2024.

#### *Other Water Resources Projects*

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

During the year, the Group entered into two equity transfer agreements for the acquisitions of certain equity interest in 汕頭市粵海水務有限公司 (Shantou Guangdong Water Co., Ltd.▲) and 陽江粵海清源環保有限公司 (Yangjiang Guangdong Qingyuan Huanbao Co., Ltd.▲) with 廣東粵海水務股份有限公司 (Guangdong Yuehai Water Co., Ltd.▲), a wholly-owned subsidiary of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited▲), the ultimate holding company of the Company, at an adjusted aggregate consideration of RMB266,990,000 (equivalent to approximately HK\$293,423,000). Further details of the transaction are set out in the Company's announcements dated 28 October 2025, 18 November 2025 and 8 December 2025, and the Company's circular dated 20 November 2025. Other than the above investments, during the year, the Group successfully bid for a new water resources project located in Maoming City, Guangdong Province. The total designed waste water processing capacity is 194,000 tons per day. The expected total investment amount of these projects is approximately RMB667 million (equivalent to approximately HK\$738 million).

The total designed water supply capacity of the water supply plants and the total designed waste water processing capacity of the sewage treatment plants of the Group's Other Water Resources Projects as at 31 December 2025 were 16,595,200 tons per day (2024: 16,150,200 tons per day) and 3,094,900 tons per day (2024: 3,345,900 tons per day), respectively.

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants operated by the subsidiaries and associates of the Group as at 31 December 2025 were 11,108,800 tons per day (2024: 10,836,800 tons per day) and 2,297,900 tons per day (2024: 2,054,400 tons per day), respectively. In addition, the water supply capacity of the water supply plants under construction by the subsidiaries of the Group as at 31 December 2025 were 915,000 tons per day.

# Management Discussion and Analysis

## Business Review (continued)

### Water Resources (continued)

#### Other Water Resources Projects (continued)

#### Capacity of Water Resources Projects in Operation

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

| Name of subsidiaries of the Group                                                                       | Water supply capacity<br>(tons per day) | Waste water processing capacity<br>(tons per day) |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------|
| 東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd.▲)                                              | 290,000                                 | –                                                 |
| 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.▲)                                                         | 310,000                                 | 250,000                                           |
| 儀征粵海水務有限公司 (Yizheng Yuehai Water Supply Co., Ltd.▲)                                                     | 150,000                                 | –                                                 |
| Gaoyou GDH Water Co., Ltd.                                                                              | 150,000                                 | –                                                 |
| Baoying GDH Water Co., Ltd.                                                                             | 130,000                                 | –                                                 |
| 海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd.▲)                                           | 150,000                                 | 3,500                                             |
| 梧州粵海江河水務有限公司 (Wuzhou Guangdong Jianghe Water Co., Ltd.▲)                                                | 310,000                                 | –                                                 |
| Zhaoqing HZ GDH Water Co., Ltd.                                                                         | 180,000                                 | –                                                 |
| 遂溪粵海水務有限公司 (Suixi Guangdong Water Co., Ltd.▲)                                                           | 70,000                                  | –                                                 |
| 海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Co., Ltd.▲)                                                | 100,000                                 | 20,000                                            |
| 豐順粵海水務有限公司 (Fengshun Guangdong Water Co., Ltd.▲)                                                        | 123,500                                 | –                                                 |
| 盱眙粵海水務有限公司 (Xuyi Guangdong Water Co., Ltd.▲)                                                            | 150,000                                 | –                                                 |
| Wuzhou GDH Environmental Protection Development Co., Ltd.                                               | –                                       | 140,000                                           |
| 東莞市常平粵海環保有限公司 (Dongguan Changping Guangdong Huanbao Co., Ltd.▲)                                         | –                                       | 70,000                                            |
| 開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.▲)                                                         | –                                       | 75,000                                            |
| 五華粵海環保有限公司 (Wuhua Guangdong Huanbao Co., Ltd.▲)                                                         | –                                       | 66,000                                            |
| 東莞市道滘粵海環保有限公司 (Dongguan Daojiao Guangdong Huanbao Co., Ltd.▲)                                           | –                                       | 40,000                                            |
| 汕尾粵海環保有限公司 (Shanwei Guangdong Huanbao Co., Ltd.▲)                                                       | –                                       | 30,000                                            |
| 高州粵海水務有限公司 (Gaozhou Guangdong Water Co., Ltd.▲)                                                         | 100,000                                 | –                                                 |
| 江西粵海公用事業集團有限公司<br>(Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries         | 823,500                                 | –                                                 |
| 浙江博華環境技術工程有限公司<br>(Zhejiang Bohua Environmental Technology Engineering Co., Ltd.▲) and its subsidiaries | –                                       | 81,000                                            |
| 六盤水粵海環保有限公司 (Liupanshui Guangdong Huanbao Co., Ltd.▲)                                                   | –                                       | 115,000                                           |
| 昆明粵海水務有限公司 (Kunming Guangdong Water Co., Ltd.▲)                                                         | 24,000                                  | 20,000                                            |
| 雲浮粵海水務有限公司 (Yunfu Guangdong Water Co., Ltd.▲)                                                           | 50,000                                  | –                                                 |
| 大埔粵海環保有限公司 (Dapu Guangdong Huanbao Co., Ltd.▲)                                                          | –                                       | 21,900                                            |
| 韶關粵海綠源環保有限公司 (Shaoguan Guangdong Luyuan Huanbao Co., Ltd.▲)                                             | –                                       | 28,500                                            |
| 陽山粵海環保有限公司 (Yangshan Guangdong Huanbao Co., Ltd.▲)                                                      | –                                       | 11,300                                            |
| 雲浮市粵海水務發展有限公司 (Yunfu City Guangdong Water Development Co., Ltd.▲)                                       | 100,000                                 | 145,000                                           |
| 陽江粵海環保有限公司 (Yangjiang Guangdong Huanbao Co., Ltd.▲)                                                     | –                                       | 20,000                                            |
| 揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd.▲)                                                         | 560,000                                 | –                                                 |
| 普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.▲)                                                          | 500,000                                 | –                                                 |
| 潮州市粵海環保有限公司 (Chaozhou Guangdong Huanbao Co., Ltd.▲)                                                     | –                                       | 20,000                                            |
| 廣東粵海韶投水務有限責任公司 (Guangdong Shaotou Water Co., Ltd.▲)                                                     | 674,000                                 | –                                                 |
| 吳川粵海環保有限公司 (Wuchuan Guangdong Huanbao Co., Ltd.▲)                                                       | –                                       | 25,000                                            |
| 平遠粵海水務有限公司 (Pingyuan Guangdong Water Co., Ltd.▲)                                                        | 40,000                                  | –                                                 |
| 河北粵海水務集團有限公司<br>(Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries                           | 10,000                                  | 468,000                                           |
| 邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd.▲)                                                          | 250,000                                 | –                                                 |

# Management Discussion and Analysis

## Business Review (continued)

### Water Resources (continued)

#### Other Water Resources Projects (continued)

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

| Name of subsidiaries of the Group                                                        | Water supply capacity (tons per day) | Waste water processing capacity (tons per day) |
|------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------|
| 惠來粵海綠源環保有限公司 (Huilai Guangdong Luyuan Huanbao Co., Ltd.▲)                                | –                                    | 28,500                                         |
| 信宜粵海水務有限公司 (Xinyi Guangdong Water Co., Ltd.▲)                                            | 234,200                              | –                                              |
| 揭西粵海水務有限公司 (Jiexi Guangdong Water Co., Ltd.▲)                                            | 80,000                               | –                                              |
| 五華粵海碧源環保有限公司 (Wuhua Guangdong Biyuan Huanbao Co., Ltd. ▲)                                | –                                    | 40,000                                         |
| 雲浮市雲安粵海城鄉供水有限公司<br>(Yunfu City Yunan Guangdong Urban and Rural Water Supply Co., Ltd. ▲) | 24,600                               | –                                              |
| 河源市粵海水務有限公司 (Heyuan City Guangdong Water Co., Ltd.▲)                                     | 300,000                              | –                                              |
| 無錫德寶水務投資有限公司 (Wuxi Debao Water Investment Co., Ltd. ▲)                                   | –                                    | 225,700                                        |
| 汕尾粵海水務有限公司 (Shanwei Guangdong Water Co., Ltd.▲)                                          | 245,000                              | –                                              |
| 東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Co., Ltd.▲)                             | 280,000                              | –                                              |
| 中山市新涌口粵海水務有限公司<br>(Zhongshan City Xinyongkou Guangdong Water Co., Ltd.▲)                 | 120,000                              | –                                              |
| 中山市橫欄粵海水務有限公司<br>(Zhongshan City Henglan Guangdong Water Co., Ltd.▲)                     | 140,000                              | –                                              |
| 中山市南鎮粵海水務有限公司<br>(Zhongshan City Nanzhen Guangdong Water Co., Ltd.▲)                     | 130,000                              | –                                              |
| 清遠市龍塘粵海水務有限公司<br>(Qingyuan City Longtang Guangdong Water Co., Ltd.▲)                     | 50,000                               | –                                              |
| Guangzhou Nansha GDH Water Co., Ltd.                                                     | 750,000                              | –                                              |
| 湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd.▲)                         | 1,060,000                            | –                                              |
| 湘陰粵海水務有限公司 (Xiangyin Guangdong Water Co., Ltd.▲)                                         | 100,000                              | –                                              |
| 恩施粵海水務有限公司 (Enshi Guangdong Water Co., Ltd.▲)                                            | 400,000                              | –                                              |
| 汕尾粵海清源環保有限公司 (Shanwei Guangdong Qingyuan Huanbao Co., Ltd.▲)                             | –                                    | 100,000                                        |
| 開平粵海淨水有限公司 (Kaiping Guangdong Water Purification Co., Ltd.▲)                             | –                                    | 25,000                                         |
| 邳州粵海環保有限公司 (Pizhou Guangdong Huanbao Co., Ltd.▲)                                         | –                                    | 34,500                                         |
| 茂名粵海環保有限公司 (Maoming Guangdong Huanbao Co., Ltd.▲)                                        | –                                    | 194,000                                        |
| 汕頭市粵海水務有限公司 (Shantou Guangdong Water Co., Ltd.▲)                                         | 920,000                              | –                                              |
| Total as at 31 December 2025                                                             | 10,078,800                           | 2,297,900                                      |
| Total as at 31 December 2024                                                             | 8,886,800                            | 2,054,400                                      |

# Management Discussion and Analysis

## Business Review *(continued)*

### Water Resources *(continued)*

#### Other Water Resources Projects *(continued)*

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

| Name of associates of the Group                      | Water supply capacity<br>(tons per day) |
|------------------------------------------------------|-----------------------------------------|
| Foundation Gang-Wu (Changzhou) Water Supply Co., Ltd | 600,000                                 |
| 興化粵海水務有限公司 (Xinghua Guangdong Water Co., Ltd. ▲)     | 430,000                                 |
| Total as at 31 December 2025                         | 1,030,000                               |
| Total as at 31 December 2024                         | 1,950,000                               |

#### Capacity of Water Resources Projects under Construction

The water supply capacity of the water supply plants under construction by each of the subsidiaries of the Group as at 31 December 2025 were as follows:

| Name of subsidiaries of the Group                                                               | Water supply capacity<br>(tons per day) |
|-------------------------------------------------------------------------------------------------|-----------------------------------------|
| 荔浦粵海水務有限公司 (Lipu Guangdong Water Co., Ltd.▲)                                                    | 80,000                                  |
| 揭陽粵海國業水務有限公司 (Jieyang Guangdong Guoye Water Co., Ltd.▲)                                         | 270,000                                 |
| 汕尾粵海供水有限公司 (Shanwei Guangdong Water Supply Co., Ltd.▲)                                          | 410,000                                 |
| 江西粵海公用事業集團有限公司<br>(Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries | 155,000                                 |
| Total                                                                                           | 915,000                                 |

Revenue of Other Water Resources Projects for the year ended 31 December 2025 in aggregate increased by 7.2% to HK\$7,736,199,000 (2024: HK\$7,218,479,000), of which income from construction services amounted to HK\$454,602,000 (2024: HK\$520,719,000). Profit before tax of Other Water Resources Projects for the year, excluding the net exchange differences and net finance costs, amounted to HK\$1,793,835,000 (2024: HK\$1,733,934,000) in aggregate, 3.5% higher than that in year 2024.

# Management Discussion and Analysis

## Business Review (continued)

### Property Investment

#### Chinese Mainland

##### GDH Teem

As at 31 December 2025, the Group held an effective interest of 76.13% (2024: 76.13%) in 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited▲) (“Guangdong Teem”) and its subsidiaries, and held an effective interest of 76.02% (31 December 2024: 76.02%) in Tianjin YueHai Teem Shopping Center Co., Ltd. (collectively the “GDH Teem”). GDH Teem operates several shopping malls in Chinese Mainland, of which Teem Plaza, Panyu Teemmall, Guangzhou Comic City and Tianjin Teemmall are owned by GDH Teem whereas Shenzhen Teemmall and 粵海天地 (Yuehai Tiandi▲) are operated under lease arrangements.

Revenue of GDH Teem’s property investment business mainly comprises rental income (including rentals from the department stores operated by the Group). The revenue of GDH Teem’s property investment business for the year ended 31 December 2025 increased by 5.5% to HK\$1,704,226,000 (2024: HK\$1,615,377,000), which was mainly due to the increase in average rental and occupancy rate of certain properties. The profit before tax, excluding changes in fair value of investment properties and net interest income, of GDH Teem’s property investment business for the year ended 31 December 2025 increased by 7.3% to HK\$972,375,000 (2024: HK\$906,601,000).

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

|                         | Area for lease<br>sq.m. | Average occupancy rate<br>% | Revenue for the year ended 31 December |                  | Changes<br>% |
|-------------------------|-------------------------|-----------------------------|----------------------------------------|------------------|--------------|
|                         |                         |                             | 2025<br>HK\$'000                       | 2024<br>HK\$'000 |              |
| Teem Plaza – Teemmall   | 107,000                 | 99.1                        | 713,252                                | 693,492          | +2.8         |
| Teem Plaza – Teem Tower | 88,000                  | 78.4                        | 155,301                                | 173,033          | -10.2        |
| Panyu Teemmall          | 144,000                 | 96.4                        | 299,609                                | 249,850          | +19.9        |
| Tianjin Teemmall        | 145,000                 | 96.3                        | 309,540                                | 280,775          | +10.2        |
| Guangzhou Comic City    | 23,000                  | 99.6                        | 86,588                                 | 93,696           | -7.6         |
| Shenzhen Teemmall       | 105,000                 | 94.4                        | 95,124                                 | 78,805           | +20.7        |
| 粵海天地 (Yuehai Tiandi▲)   | 19,000                  | 93.9                        | 44,812                                 | 45,726           | -2.0         |
|                         | 631,000                 |                             | 1,704,226                              | 1,615,377        | +5.5         |

#### Hong Kong

##### Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the year was 94.2% (2024: 95.3%). The total revenue for the year ended 31 December 2025 increased by 2.7% to HK\$47,629,000 (2024: HK\$46,359,000).

# Management Discussion and Analysis

## Business Review (continued)

### Department Store Operation

As at 31 December 2025, the Group operated five department stores (2024: five) with a total leased area of approximately 93,440 sq.m. (2024: 95,940 sq.m.). The total revenue for the year ended 31 December 2025 decreased by 48.0% to HK\$447,972,000 (2024: HK\$861,612,000). The profit before tax for the year ended 31 December 2025 was HK\$95,871,000, which included a write-back of lease liabilities of HK\$30,808,000 (2024: Nil) of Hua Du Store (2024: loss before tax of HK\$44,046,000, which included the loss of disposal of assets due to closure of Hua Du Store of HK\$56,645,000). After adjusting for the changes in fair value of investment properties, write-back of lease liabilities, the gain on remeasurement of right-of-use assets and lease liabilities and the loss on disposal of assets, the profit before tax increased by 86.6% to HK\$74,514,000 (2024: HK\$39,939,000).

The revenue of the department stores operated by the Group for the year ended 31 December 2025 was as follows:

|                                        | Leased area<br>sq.m. | 2025<br>HK\$'000 | 2024<br>HK\$'000 | Changes<br>% |
|----------------------------------------|----------------------|------------------|------------------|--------------|
| Teemmall Store                         | 41,000               | 327,233          | 706,880          | -53.7        |
| Wan Bo Store                           | 17,100               | 48,277           | 47,188           | +2.3         |
| Dong Pu Store                          | 13,700               | 29,857           | 48,112           | -37.9        |
| Ao Ti Store                            | 21,500               | 42,370           | 39,136           | +8.3         |
| Hua Du Store (closed in November 2024) | —                    | —                | 20,125           | -100.0       |
| TeemLife (opened in May 2024)          | 140                  | 235              | 171              | +37.4        |
|                                        | 93,440               | 447,972          | 861,612          | -48.0        |

### Hotel Ownership, Operation and Management

As at 31 December 2025, the Group's hotel management team managed a total of 17 hotels (2024: 19 hotels), of which four were located in Hong Kong and 13 in Chinese Mainland. As at 31 December 2025, seven hotels, of which three in Hong Kong, two in Zhuhai and one in each of Shenzhen and Guangzhou, were operated by the Group (six of them were owned by the Group). Of these seven hotels, five were managed by our hotel management team whereas Holiday Inn Zhuhai City Center located in Zhuhai was operated under franchise arrangement and Sheraton Guangzhou Hotel located in Guangzhou was managed by another hotel management group. In the fourth quarter of 2024, the Group leased the property located at 181 Connaught Road West, Hong Kong to operate and manage Oasis Aulum 181 Hotel. The hotel opened in mid-December 2024.

During the year ended 31 December 2025, the average room rate of Sheraton Guangzhou Hotel was HK\$1,256 (2024: HK\$1,255) whereas the average room rate of the remaining six hotels was HK\$754 (2024: HK\$709). The average occupancy rate of Sheraton Guangzhou Hotel was 93.9% (2024: 93.0%) and that of the other six hotels was 74.5% (2024: 70.0%) for the year ended 31 December 2025.

The revenue of hotel ownership, operation and management business for the year ended 31 December 2025 increased by 8.7% to HK\$704,905,000 (2024: HK\$648,379,000). The profit before tax for the year ended 31 December 2025, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$98,702,000 (2024: HK\$110,625,000), 10.8% lower than that in the last year.

# Management Discussion and Analysis

## Business Review *(continued)*

### Energy Projects

#### *GDH Energy Project*

Zhongshan Power (Hong Kong) Limited, a subsidiary of the Company, holds a 75% (2024: 75%) interest in 中山粤海能源有限公司 (Zhongshan GDH Energy Co., Ltd.▲) ("GDH Energy"). GDH Energy has two power generation units with a total installed capacity of 600 MW. Sales of electricity during the year ended 31 December 2025 amounted to 3,263 million kwh (2024: 2,759 million kwh), increased by 18.3%. Due to the mixed impact of the increase in sales of electricity, decrease in electricity tariff and the drop in exchange rate of Renminbi against Hong Kong dollars of 0.5% over the last year, revenue of GDH Energy project (including intersegment sales) generated from electricity sales and related operations for the year ended 31 December 2025 decreased by 3.9% to HK\$1,540,858,000 (2024: HK\$1,604,113,000). The profit before tax of GDH Energy for the year ended 31 December 2025, excluding net finance costs, was HK\$152,071,000 (2024: HK\$138,817,000), an increase of 9.5%.

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

During the year ended 31 December 2025, the Group entered into an agreement with other third party investors of Yudean Jinghai Power in respect of the capital injection of Yudean Jinghai Power. As the Group did not participate in the capital injection with other investors, the Group's effective interest in Yudean Jinghai Power decreased from 25% to 17.48% (2024: 25%).

As at 31 December 2025, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the year ended 31 December 2025 amounted to 15,611 million kwh (2024: 15,747 million kwh), a decrease of 0.9%. Due to the decrease in sales of electricity and electricity tariff, revenue for the year ended 31 December 2025 decreased by 17.8% to HK\$5,844,630,000 (2024: HK\$7,113,901,000). The profit before tax of Yudean Jinghai Power for the year ended 31 December 2025 was HK\$108,904,000 (2024: HK\$399,111,000). The Group's share of profit in Yudean Jinghai Power amounted to HK\$28,117,000 (2024: HK\$74,657,000) during the year ended 31 December 2025.

### Road and Bridge

#### *Xingliu Expressway*

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

The average daily toll traffic flow of the Xingliu Expressway decreased by 7.4% to 23,825 vehicle trips (2024: 25,731 vehicle trips). The toll revenue of GDH Highway during the year ended 31 December 2025 amounted to HK\$592,002,000 (2024: HK\$618,848,000), decreased by 4.3%. The profit before tax during the year ended 31 December 2025, excluding net finance costs, amounted to HK\$306,373,000 (2024: HK\$315,368,000), decreased by 2.9%.

# Management Discussion and Analysis

## Business Review *(continued)*

### Road and Bridge *(continued)*

#### *Yinping Project*

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

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

As at 31 December 2025, five Project Roads (31 December 2024: four Project Roads) were completed and no Project Road (31 December 2024: one Project Road) was under construction. As at 31 December 2025, the cumulative development costs in relation to the Yinping Project amounted to approximately RMB2,094 million (equivalent to approximately HK\$2,318 million) (2024: approximately RMB2,077 million (equivalent to approximately HK\$2,243 million)).

For the year ended 31 December 2025, the total interest and maintenance fee of the Yinping Project recognized decreased by 0.1% to HK\$156,317,000 (2024: HK\$156,432,000) and profit before tax increased by 4.3% to HK\$135,861,000 (2024: HK\$130,297,000).

### Discontinued Operations

On 9 December 2024, the Board of the Company recommended the payment of a special dividend in the form of a distribution in specie of shares of GD Land held directly by the Company ("Proposed Distribution"), conditional upon the passing of an ordinary resolution by the shareholders of the Company. On 8 January 2025, the resolution to approve the Proposed Distribution was passed by the shareholders of the Company. On 21 January 2025, a total of 1,261,799,423 GD Land shares (representing approximately 99.9% of GD Land shares held by the Company) was distributed to the shareholders by the Company and GD Land ceased to be a subsidiary of the Company thereafter. The consolidated results of GD Land for the period from 1 January to 21 January 2025 were presented in this announcement as discontinued operations.

For the period from 1 January to 21 January 2025, revenue of GD Land for the Period decreased by 96.3% to HK\$251,831,000 (year ended 31 December 2024: HK\$6,759,320,000), of which income from sales of properties amounted to HK\$247,894,000 (year ended 31 December 2024: HK\$6,720,693,000). The net loss arising from fair value adjustments for investment properties for the period from 1 January to 21 January 2025 was Nil (year ended 31 December 2024: HK\$25,272,000). The provision for inventory impairment for the period from 1 January to 21 January 2025 was Nil (year ended 31 December 2024: HK\$1,033,715,000). The loss before tax of GD Land for the period from 1 January to 21 January 2025 was HK\$9,516,000 (year ended 31 December 2024: HK\$1,520,405,000). The profit before tax of GD Land for the period from 1 January to 21 January 2025, excluding changes in fair value of investment properties, impairment of properties held for sale under development and completed properties held for sale and net finance costs, was HK\$13,454,000 (year ended 31 December 2024: loss before tax of HK\$113,869,000).

# Management Discussion and Analysis

## Other Financial Assets at Amortised Cost

As at 31 December 2025, other financial assets at amortised cost of the Group were HK\$3,554 million (2024: HK\$3,385 million), which represent deposits placed by the Group in a number of licensed banks in the PRC with the principal sums denominated in Renminbi that will be matured within two years (2024: three years) with principal protected upon the maturity dates.

## Liquidity, Gearing and Financial Resources

As at 31 December 2025, cash and bank balances of the Group from continuing operations were HK\$14,783 million (2024: HK\$12,154 million), of which 98.19% was denominated in Renminbi and 1.81% in Hong Kong dollars.

As at 31 December 2025, the Group's financial borrowings from continuing operations (20.8% was denominated in Hong Kong dollars and 79.2% in Renminbi) were HK\$21,612 million (2024: HK\$23,862 million), of which borrowings denominated in Hong Kong dollars were HK\$4,500 million (2024: HK\$4,500 million), including loans from the ultimate holding company, fellow subsidiaries and an associate of HK\$1,235 million (2024: HK\$3,489 million). Of the Group's total financial borrowings from continuing operations, HK\$6,252 million is repayable within one year while the remaining balances of HK\$4,592 million and HK\$10,768 million are repayable within two to five years and beyond five years from the end of the reporting period, respectively. Furthermore, as at 31 December 2025, the interest rate structure of the Group's total financial borrowings from continuing operations consisted of 95.4% floating rate borrowings, 3.6% fixed rate borrowings and 1% non-interest-bearing borrowings.

The Group maintained a credit facility from continuing operations of HK\$9,698 million as at 31 December 2025 (2024: HK\$9,349 million).

As at 31 December 2025, the Group's gearing ratio from continuing operations (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) was 19.7% (2024: 30.9%). The Group was in a healthy debt servicing position with the EBITDA/finance cost incurred as at 31 December 2025 being 15.9 times (2024: 10.5 times).

Net cash inflows from operating activities for the year ended 31 December 2025 amounted to approximately HK\$8,805 million (2024: HK\$11,086 million). GD Land recorded net cash inflows from operating activities for the period from 1 January to 21 January 2025 amounting to approximately HK\$268 million (year ended 31 December 2024: HK\$1,936 million). The existing cash resources of the Group, together with steady cash flows generated from the Group's operations, are sufficient to meet the Group's payment obligation and business requirements.

The Company's management attaches great importance to the impact of accounts receivable on the Group's financial resources and continues to implement proactive and comprehensive collection measures, including but not limited to maintaining close communication with relevant customers, issuing demand letters to interrupt the statute of limitations, and taking legal actions such as filing lawsuits with relevant courts at appropriate times to ensure the continued validity of our legal rights as the creditors. In addition, the Group actively explores alternative solutions with customers, striving to maintain good business relationships and promote long-term sustainable development while safeguarding the legitimate rights and interests of the Company and all shareholders.

# Management Discussion and Analysis

## Pledge of Assets and Contingent Liabilities

As at 31 December 2025, except for (i) bank deposits of Nil (2024: HK\$1,619 million, of which HK\$1,619 million were from GD Land); (ii) property assets of Nil (2024: certain property assets of HK\$9,599 million, of which HK\$9,599 million were from GD Land); (iii) certain revenue entitlement under service concession arrangements of water distribution, sewage treatment and toll road operations as security for bank and other loans of HK\$13,117 million (2024: HK\$12,413 million); (iv) equity interest in a subsidiary of the Group, which were pledged to secure certain bank and other loans, none of the property, plant and equipment, concession rights for water distribution, sewage treatment and toll road operations (comprising operating concession rights and receivables under service concession agreements) were pledged to secure bank and other loans granted to the Group.

Except for the guarantees made to certain banks in relation to the mortgages of properties sold of HK\$0.9 million (2024: HK\$4,714 million, of which HK\$4,709 million were from GD Land) as disclosed in note 38 to the financial statements as set out in this annual report, there was no other material contingent liability as at 31 December 2025 and 2024.

## Capital Expenditure

The Group's capital expenditure during the year ended 31 December 2025 amounted to HK\$5,434 million (2024: HK\$1,857 million) which was principally related to additions to property, plant and equipment and leasehold land, the construction cost for water supply and sewage treatment plants (including operating concession rights and receivables under service concession arrangements) and acquisitions of subsidiaries.

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

As at 31 December 2025, total Renminbi borrowings from continuing operations amounted to HK\$17,112 million (2024: HK\$19,356 million). Exchange rate risk might result from the fluctuation of Renminbi exchange rate. The Group did not use derivative financial instruments to hedge its foreign currency risk as there was a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

As at 31 December 2025, the Group's total floating rate borrowings from continuing operations amounted to HK\$20,627 million (2024: HK\$21,975 million). Interest rate risk might result from the fluctuations in bank and other loan interest rate. The Group did not use interest rate hedging to manage its interest rate risk. The Group would continue to review the market trend as well as its business operation's needs, so as to arrange the most effective risk management tools.

## Principal Risks and Uncertainties

### Macroeconomic Risk

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

Internationally, significant uncertainties in the economic recovery have emerged due to factors such as the U.S. tariff policy substantially raising trade barriers, intensified geopolitical conflicts, and weakened business and consumer confidence. Domestically, as the effects of policies have gradually materialized, the macroeconomy has generally maintained a long-term development trend of making progress while maintaining stability. Accordingly, the Company has been closely monitoring the macroeconomic situation, keeping abreast of capital market information and industry dynamics, and providing regular reports to management in accordance with the Company's existing internal systems to ensure the effectiveness of corporate development strategies.

# Management Discussion and Analysis

## Principal Risks and Uncertainties (continued)

### Foreign Currency Risk

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

### Market Competition Risk

As market competition intensifies, the Company faces risks including decreased expansion capabilities and lower returns on project investments due to the impact of competitors. Therefore, the Company is actively diversifying its revenue streams and reducing operating costs through product improvement, operating efficiency enhancement, strengthening project management teams and implementing refined management, thereby continuously enhancing the profitability of its projects.

### Project Safety Management Risk

Project safety management primarily encompasses product safety risks and personnel safety risks. To address product safety risks, the Company has standardized, proceduralized, and institutionalized risk control measures to facilitate consistent implementation. Additionally, it reinforces quality control at the source through regular inspections of production sites to prevent potential hazards. The Company also proactively accepts market supervision and promptly rectifies identified issues to prevent escalation.

Regarding personnel safety risks, each of the Company's investment projects has established a comprehensive safety responsibility system tailored to its operational needs, clarifying specific duties and divisions of labor, along with corresponding evaluation mechanisms. Building on this framework, the Company conducts regular safety training for employees while continuously refining emergency response protocols to ensure effective risk control.

## Employee and Remuneration Policy

As at 31 December 2025, the Group had a total of 10,681 employees (2024: 10,759 employees, of which 376 were employed by GD Land). Among the employees, 10,425 were employed by subsidiaries in Chinese Mainland and 256 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the year from continuing operations was approximately HK\$2,004,599,000 (2024: approximately HK\$2,196,056,000).

In 2025, the Group has further advanced its "talent-driven enterprise" strategy, accelerated the development of its leadership and management talent pipeline, and strived to build a team of cadres and talents with a broad vision, a capacity for innovation, and a commitment to practical results. Employees are encouraged to take on important tasks, work hard to reap rewards and be assessed by their work performance. The Group has established the incentive and protection mechanism by strengthening the commitment of management personnel and employees at all levels, perfected the supporting systems and performance appraisal system. By building an effective team of employees and unleashing organisational vitality, we continuously enhance our market competitiveness and further refine corporate governance and management.

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

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

# Directors' and Senior Management's Profile

## Directors

**Mr. KUANG Hu**, aged 48, was appointed an Executive Director and the Managing Director of the Company on 25 March 2025. He was graduated from the Department of International Economics and Trading of Beijing Normal University, PRC. He obtained a Master's degree in World Economics and a Doctoral degree in Finance from Sun Yat-Sen University, PRC. In July 2003, Mr. Kuang joined 廣東粵海控股集團有限公司 (Guangdong Holdings Limited\*) ("Guangdong Holdings"), and worked in the Strategic Development Department. From November 2012 to June 2015, he was appointed as a Deputy General Manager of the Strategic Development Department of both Guangdong Holdings and GDH Limited ("GDH"). He was appointed as a General Manager of the Operation Department of Guangdong Holdings and GDH for the period from July 2015 to August 2019, the Deputy Chief Financial Officer of Guangdong Holdings and GDH for the period from September 2019 to December 2021, and an Executive Director and the Vice Chairman of the board of directors of Guangdong Land Holdings Limited ("GDL") for the period from February 2022 to March 2025, as well as the Acting Chairman of the board of directors and the Acting Chairman of the nomination committee of GDL from September 2024 to March 2025. Mr. Kuang is currently a Non-executive Director of Namyue Holdings Limited ("Namyue Holdings") (formerly known as Guangdong Tannery Limited), and was the Chairman and an Executive Director of such company for the period from September 2019 to December 2021. Namyue Holdings is a Hong Kong listed company. Guangdong Holdings and GDH are the ultimate controlling shareholder and the direct controlling shareholder of the Company, respectively.

**Mr. TSANG Hon Nam**, aged 56, was appointed an Executive Director and the Chief Financial Officer of the Company on 17 April 2008. He was redesignated as Executive Director and Deputy General Manager of the Company on 27 March 2021. Mr. Tsang graduated from The Chinese University of Hong Kong and holds a Bachelor's degree in Science. He is an Associate of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants. Mr. Tsang acted as an Executive Director and the Chief Financial Officer of GDH Guangnan (Holdings) Limited ("Guangnan Holdings") during the period from February 2004 to April 2008. Guangnan Holdings is a subsidiary of GDH and is listed in Hong Kong. Before joining Guangnan Holdings, he was the Deputy General Manager of the Finance Department of GDH and had also worked for Guangdong Enterprises (Holdings) Limited. He is also a director of certain subsidiaries of the Company.

**Ms. LIANG Yuanjuan**, aged 50, was appointed an Executive Director and the Chief Financial Officer of the Company on 27 March 2021. Ms. Liang graduated from Guangdong University of Foreign Studies (major in Accounting) and obtained a Bachelor's degree in Economics. She also holds a Master's Degree in Practising Accounting from Monash University, Australia. Ms. Liang is an intermediate accountant and a member of CPA Australia. She has previously worked for 3M China Ltd. and Amway (China) Co., Limited. Ms. Liang was the Manager of the Finance Department of GDH from November 2009 to May 2014 and had served as the Senior Manager and then the Deputy General Manager of the Finance Department of Guangdong Holdings from May 2014 to January 2021. She is also a director of certain subsidiaries of the Company.

**Mr. WANG Min**, aged 50, was appointed a Non-Executive Director of the Company on 25 March 2025, and was appointed as the Acting Chairman of the Board of Directors and Acting Chairman of Nomination Committee of the Company on 30 March 2026. Mr. Wang holds a Bachelor's degree in Clinical Medicine and a Master's degree in Surgery from the Southern Medical University, PRC (formerly known as First Military Medical University of People's Liberation Army of China), as well as a doctorate degree in Military Science from the Chinese People's Liberation Army Logistics College, PRC. From 2000 to 2005, Mr. Wang served as a Research Intern, an Assistant Researcher, and a Deputy Director of the Political Department at the Military Medical Research Institute of the Logistic Unit of the People's Liberation Army of the Jinan Military Zone. From 2005 to 2007, Mr. Wang served as a Battalion Officer and Deputy Director of the Cadre Section of the Political Department of the Logistic Unit of the People's Liberation Army of the Guangzhou Military Zone. From 2007 to 2022, Mr. Wang worked in the State-owned Assets Supervision and Administration Commission of Guangdong Province, where he served successively as the Chief Clerk of the Enterprise Leadership Management Department, Deputy Director of the Enterprise Leadership Management Department, Rank Official of the General Office, Director of the Restructuring and Capital Operation Department, Director of the Capital Operation Department and Level I Division Rank Official. From July 2022 to date, Mr. Wang has served as the Deputy General Manager of Guangdong Holdings and GDH.

# Directors' and Senior Management's Profile

## Directors (continued)

**Mr. LI Wenchang**, aged 44, was appointed a Non-Executive Director of the Company on 26 August 2025. Mr. Li graduated from South China University of Technology, the PRC and obtained a Bachelor's degree in Administration and Management. He also obtained a Master's degree in Business Administration from South China University of Technology, the PRC. Mr. Li has extensive experience in investment and capital operations. From 2006 to 2022, he held various positions at 廣州富力地產股份有限公司 (Guangzhou R&F Properties Co., Ltd.\*) ("R&F Properties"), the shares of which are listed on the Hong Kong Stock Exchange. He successively served as the general manager of the personnel administration centre of the Malaysia company of R&F Properties, the deputy general manager of the group investment department of R&F Properties and the general manager of the group capital operations centre and the securities affairs representative of R&F Properties. Mr. Li joined Guangdong Holdings in May 2022 and is the deputy general manager of the investment and capital operations department of both Guangdong Holdings and GDH. He is currently a director of 廣東省水利電力勘測設計研究院股份有限公司 (Water Conservancy Electric Power Survey and Design Institute Company Limited\*, "Water Conservancy Design Institute"). In addition, he is currently a director of 廣東粵海資本集團有限公司 (GDH Capital Group Co., Ltd.\*), a subsidiary of GDH. He served as an executive director of GDL (the shares of which are listed on the Hong Kong Stock Exchange) from July 2022 to December 2024, and a non-executive director of GDL from December 2024 to October 2025.

**Mr. HE Zhifeng**, aged 48, was appointed a Non-Executive Director of the Company on 28 October 2025. Mr. He holds a Bachelor's degree in Economics (majoring in International Business Management) and a Doctoral Degree in Laws (majoring in Economic Sociology) from Sun Yat-sen University, PRC. From December 2006 to July 2017, he held various positions including Office Manager, Senior Office Manager and Deputy General Manager of Trust Management Department I at 廣東粵財投資控股有限公司 (Guangdong Yuecai Investment Holdings Limited\*, "Yuecai Holdings"), as well as President Deputy General Manager at its subsidiary 中銀粵財股權投資基金管理(廣東)有限公司 (BOC & UTRUST Private Equity Fund Management (Guangdong) Co., Ltd.\*). He also concurrently served as General Manager of Guangdong Yuecai Venture Investment Co., Ltd., another subsidiary of Yuecai Holdings, from July 2015 to May 2016. From July 2017 to September 2020, he served as the Board Secretary and Director of the Board Office, as well as General Manager of the Capital Operation and Investment Development Department of 廣東省廣播電視網絡股份有限公司 (Guangdong Radio Television Network Co., Ltd.\*). He also concurrently served as Chairman of 廣東弘圖投資有限公司 (Guangdong Hongtu Radio and Television Investment Co., Ltd.\*) from July 2017 to July 2018. Subsequently, he served as the Chairman of 粵海置業投資(國際)有限公司 (Yuehai Property Investment. (International) Limited\*, "Yue Hai Property") from September 2020 to June 2023, and as the Chairman of 廣東粵海園區投資控股有限公司 (Guangdong Yue Hai Industrial Park Investment Holdings Co., Ltd.\*, "Yue Hai Industrial Park Investment"), a subsidiary of Yue Hai Property, from June 2023 to March 2025. He is currently a Designated External Director of 廣東省水利電力勘測設計研究院股份有限公司 (Water Conservancy Electric Power Survey and Design Institute Company Limited\*, "Water Conservancy Design Institute") and 廣東粵海資本集團有限公司 (GDH Capital Group Co., Ltd.\*, "GDH Capital Group"). Yue Hai Property, Yue Hai Industrial Park Investment and Water Conservancy Design Institute are all subsidiaries of Guangdong Holdings, while GDH Capital Group is a subsidiary of GDH.

**Dr. CHAN Cho Chak, John**, *GBS, JP*, aged 82, was appointed an Independent Non-Executive Director of the Company on 25 June 1998. He is also the chairman and a member of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee of the Company.

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

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

# Directors' and Senior Management's Profile

## Directors (continued)

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

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

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

**Mr. FUNG Daniel Richard**, *SBS, QC, SC, JP*, aged 72, was appointed an Independent Non-Executive Director of the Company on 3 January 2000. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

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

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

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

# Directors' and Senior Management's Profile

## Directors (continued)

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

**Dr. the Honourable CHENG Mo Chi, Moses**, *GBM, GBS, OBE, JP*, aged 76, was appointed an Independent Non-Executive Director of the Company on 25 November 1999 and was re-designated as a Non-Executive Director of the Company on 13 October 2004. He was further re-designated as an Independent Non-Executive Director of the Company on 15 November 2012. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

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

**Mr. Li Man Bun, Brian David**, *BBS, JP, MA (Cantab), MBA, FCA*, aged 51, was appointed an Independent Non-Executive Director of the Company on 27 March 2021. He is also the chairman and a member of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee of the Company.

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

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

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

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

## Senior Management

The senior management of the Group comprises the Executive Directors above, namely, Mr. Kuang Hu, Mr. Tsang Hon Nam and Ms. Liang Yuanjuan.

# Directors' Report

The directors (the "Directors") of Guangdong Investment Limited (the "Company") herein present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2025.

## Principal Activities

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

## Results and Dividends

The results of the Group for the year ended 31 December 2025 and the Group's financial position as at that date are set out in the financial statements on pages 68, 69, 71 and 72.

An interim dividend of HK26.66 cents (2024: HK23.97 cents) per ordinary share was paid on 23 October 2025. The board of Directors (the "Board") has resolved to recommend the payment of a final dividend of HK19.63 cents (2024: HK7.27 cents) per ordinary share for the year ended 31 December 2025.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Thursday, 18 June 2026 (the "2026 AGM"), is expected to be paid on or about Thursday, 23 July 2026 to shareholders whose names appear on the register of members of the Company on Monday, 29 June 2026.

In order to qualify for attending and voting at the 2026 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 12 June 2026.

The register of members of the Company will be closed on Monday, 29 June 2026 for the purpose of determining shareholders' entitlement to the proposed final dividend. On that day, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at the above address not later than 4:30 p.m. on Friday, 26 June 2026.

## Business Review

A review of the business of the Group during the year, a discussion on the Group's future business development and principal risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 14 to 16 and Management Discussion and Analysis on pages 17 to 28 of this Annual Report. The financial risk management objectives and policies of the Group are shown in note 45 to the financial statements on pages 185 to 189 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on pages 6 to 13 of this Annual Report. Discussion on the Group's environmental issues and compliance with the relevant laws and regulations that have a significant impact on the Company are contained in the Corporate Governance Report on pages 44 to 62 of this Annual Report. The Company's key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company's success depends are shown in the Management Discussion and Analysis under "Employee and Remuneration Policy" section on page 28, and in the Corporate Governance Report on pages 44 to 62 of this Annual Report. The above discussion and analysis forms part of this Directors' Report.

# Directors' Report

## Summary of Financial Information

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

### Results

|                                                                  | 2025               | Year ended 31 December |             |             |             |
|------------------------------------------------------------------|--------------------|------------------------|-------------|-------------|-------------|
|                                                                  |                    | 2024                   | 2023        | 2022        | 2021        |
|                                                                  |                    |                        | (Restated)  |             |             |
|                                                                  | HK\$'000           | HK\$'000               | HK\$'000    | HK\$'000    | HK\$'000    |
| <b>CONTINUING OPERATIONS</b>                                     |                    |                        |             |             |             |
| <b>REVENUE</b>                                                   | <b>18,824,908</b>  | 18,505,293             | 20,322,478  | 23,196,238  | 29,715,492  |
| <b>PROFIT FROM OPERATING ACTIVITIES AFTER FINANCE COSTS</b>      | <b>7,130,219</b>   | 6,321,833              | 6,232,362   | 7,199,023   | 8,496,354   |
| Share of profits less losses of associates                       | 111,256            | 172,021                | 193,411     | 44,515      | (39,510)    |
| <b>PROFIT BEFORE TAX</b>                                         | <b>7,241,475</b>   | 6,493,854              | 6,425,773   | 7,243,538   | 8,456,844   |
| <b>INCOME TAX EXPENSE</b>                                        | <b>(1,975,055)</b> | (1,852,764)            | (1,658,283) | (1,719,345) | (2,969,258) |
| <b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>            | <b>5,266,420</b>   | 4,641,090              | 4,767,490   | 5,524,193   | 5,487,586   |
| <b>DISCONTINUED OPERATIONS</b>                                   |                    |                        |             |             |             |
| LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS                   | (21,267)           | (1,493,331)            | (1,953,635) | –           | –           |
| <b>PROFIT BEFORE NON-CONTROLLING INTERESTS</b>                   | <b>5,245,153</b>   | 3,147,759              | 2,813,855   | 5,524,193   | 5,487,586   |
| Non-controlling interests                                        | (588,892)          | (5,621)                | 308,214     | (760,690)   | (790,624)   |
| <b>PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | <b>4,656,261</b>   | 3,142,138              | 3,122,069   | 4,763,503   | 4,696,962   |

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

# Directors' Report

## Summary of Financial Information (continued)

Assets, liabilities and non-controlling interests

|                                                                                                                      |                     | As at 31 December |                  |                  |                  |
|----------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|------------------|------------------|------------------|
|                                                                                                                      | 2025<br>HK\$'000    | 2024<br>HK\$'000  | 2023<br>HK\$'000 | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
| PROPERTY, PLANT AND EQUIPMENT                                                                                        | 10,270,781          | 9,965,677         | 10,289,697       | 7,569,778        | 8,125,506        |
| INVESTMENT PROPERTIES                                                                                                | 16,321,892          | 15,886,606        | 25,502,014       | 25,073,134       | 23,807,224       |
| RIGHT-OF-USE ASSETS                                                                                                  | 1,012,805           | 1,043,180         | 1,056,960        | 611,367          | 798,966          |
| GOODWILL                                                                                                             | 793,189             | 810,988           | 851,725          | 841,202          | 804,957          |
| INVESTMENTS IN ASSOCIATES                                                                                            | 1,726,503           | 3,607,316         | 3,702,949        | 4,031,038        | 4,390,628        |
| OPERATING CONCESSION RIGHTS                                                                                          | 22,852,265          | 20,040,449        | 21,638,190       | 21,842,960       | 21,787,134       |
| RECEIVABLES UNDER SERVICE<br>CONCESSION ARRANGEMENTS                                                                 | 18,201,765          | 17,581,443        | 17,770,193       | 16,672,033       | 15,388,206       |
| RECEIVABLES UNDER A<br>COOPERATIVE ARRANGEMENT                                                                       | 2,136,132           | 2,170,334         | 2,222,396        | 2,139,111        | 2,346,599        |
| PROPERTIES HELD FOR SALE UNDER<br>DEVELOPMENT                                                                        | —                   | —                 | 23,591,871       | 29,909,189       | 33,852,306       |
| COMPLETED PROPERTIES HELD FOR<br>SALE                                                                                | 94,850              | 92,520            | 9,236,027        | 5,513,094        | 987,625          |
| ASSETS CLASSIFIED AS HELD FOR<br>DISTRIBUTION                                                                        | —                   | 40,663,069        | —                | —                | —                |
| OTHER ASSETS                                                                                                         | 28,162,847          | 23,534,840        | 22,842,470       | 18,029,540       | 16,517,505       |
| DEFERRED TAX ASSETS                                                                                                  | 168,031             | 198,981           | 1,261,480        | 1,281,832        | 1,224,167        |
| <b>TOTAL ASSETS</b>                                                                                                  | <b>101,741,060</b>  | 135,595,403       | 139,965,972      | 133,514,620      | 130,030,823      |
| OTHER LOANS AND LIABILITIES<br>LIABILITIES DIRECTLY ASSOCIATED<br>WITH ASSETS CLASSIFIED AS<br>HELD FOR DISTRIBUTION | (38,103,126)        | (38,667,783)      | (74,787,090)     | (68,428,495)     | (61,695,616)     |
| DEFERRED TAX LIABILITIES                                                                                             | (5,498,868)         | (5,049,571)       | (7,149,257)      | (6,576,808)      | (6,430,330)      |
| <b>TOTAL LIABILITIES</b>                                                                                             | <b>(43,601,994)</b> | (78,919,930)      | (81,936,347)     | (75,005,303)     | (68,125,946)     |
| <b>NON-CONTROLLING INTERESTS</b>                                                                                     | <b>(15,214,738)</b> | (15,017,449)      | (16,227,415)     | (15,180,675)     | (15,694,179)     |
| <b>TOTAL EQUITY</b>                                                                                                  | <b>58,139,066</b>   | 56,675,473        | 58,029,625       | 58,509,317       | 61,904,877       |

## Major Properties

Details of the major properties held by the Group as at 31 December 2025 are set out on pages 204 to 208 of this Annual Report.

## Equity-Linked Agreements

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

# Directors' Report

## Distributable Reserves

Distributable reserves of the Company as at 31 December 2025, calculated under the provisions of sections 291, 297 and 299 of the Hong Kong Companies Ordinance, amounted to HK\$2,198,014,000 (2024: HK\$5,367,032,000).

## Donations

The donations made by the Group during the year amounted to HK\$11,364,000 (2024: HK\$11,194,000).

## Arrangement to Acquire Shares or Debentures

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

## Directors

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

### **Executive Directors**

Kuang Hu (*Managing Director*) (appointed as Executive Director and Managing Director on 25 March 2025)

Tsang Hon Nam (*Deputy General Manager*)

Liang Yuanjuan (*Chief Financial Officer*)

Bai Tao (resigned as Executive Director and Chairman on 6 January 2026)

Lin Tiejun (resigned as Executive Director and Vice Chairman on 25 March 2025)

Wen Yinheng (resigned as Executive Director and Managing Director on 25 March 2025)

### **Non-Executive Directors**

Wang Min (*Acting Chairman*) (appointed as Non-Executive Director and Acting Chairman on 25 March 2025 and 30 March 2026 respectively)

Li Wenchang (appointed as Non-Executive Director on 26 August 2025)

He Zhifeng (appointed as Non-Executive Director on 28 October 2025)

Cai Yong (resigned as Non-Executive Director on 25 March 2025)

Feng Qingchun (resigned as Non-Executive Director on 25 March 2025)

Wang Surong (appointed as Non-Executive Director on 25 March 2025 and resigned on 28 October 2025)

Fan Fan (appointed as Non-Executive Director on 25 March 2025 and resigned on 13 June 2025)

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

Chan Cho Chak, John

Fung Daniel Richard

Cheng Mo Chi, Moses

Li Man Bun, Brian David

In accordance with Articles 77 to 79 of the Company's Articles of Association, Mr. Tsang Hon Nam, Dr. Chan Cho Chak, John, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David will retire by rotation at the 2026 AGM and shall be eligible for re-election.

Mr. Tsang Hon Nam, Dr. Chan Cho Chak, John, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David, being eligible, have offered themselves for re-election and if re-elected, will hold office from the date of re-election to the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2029, or (ii) 30 June 2029, subject to earlier determination in accordance with the Articles of Association of the Company and/or any applicable laws and regulations.

# Directors' Report

## Directors of Subsidiaries

The list of directors who have served on the boards of the subsidiaries of the Company included in the consolidated financial statements during the year ended 31 December 2025 and up to the date of this report is kept at the Company's registered office and is available for inspection by the members of the Company free of charge during business hours.

## Directors' Service Contracts

None of the Directors proposed for re-election at the 2026 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

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

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

## Permitted Indemnity Provision

Indemnity provision within the meaning of permitted indemnity provision under the Hong Kong Companies Ordinance for the benefit of the Directors of the Company is currently in force and was in force throughout the year ended 31 December 2025. In addition, the Company has taken out and kept in force appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company and its subsidiaries.

## Directors' Interests in Competing Businesses

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

### 1. Core Business Activities of the Group

- (1) Water resources
- (2) Property investment
- (3) Department store operation
- (4) Hotel ownership and operation
- (5) Hotel management
- (6) Investments in energy projects
- (7) Road and bridge operation

# Directors' Report

## Directors' Interests in Competing Businesses (continued)

### 2. Interests in Competing Businesses

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

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

## Management Contracts

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

## Directors' Interests and Short Positions in Securities

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

### Interests and short positions in the Company

#### Interests in ordinary shares

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

Note: The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of the Company in issue as at 31 December 2025.

# Directors' Report

## Directors' Interests in Competing Businesses (continued)

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

*Interests in ordinary shares*

| Name of Director    | Capacity/<br>Nature of<br>interests | Number of<br>ordinary<br>shares held | Long/Short<br>position | Approximate<br>percentage of<br>interests held<br><i>(Note)</i> |
|---------------------|-------------------------------------|--------------------------------------|------------------------|-----------------------------------------------------------------|
| Chan Cho Chak, John | Personal                            | 1,051,850                            | Long position          | 0.061%                                                          |
| Cheng Mo Chi, Moses | Personal                            | 1,037,724                            | Long position          | 0.061%                                                          |

*Note:* The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited in issue as at 31 December 2025.

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

*Interests in ordinary shares*

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

*Note:* The approximate percentage of interests held was calculated on the basis of 907,593,285 ordinary shares of GDH Guangnan (Holdings) Limited in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

# Directors' Report

## Substantial Shareholders' and Other Persons' Interests

As at 31 December 2025, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

| Name of shareholder         | Capacity/<br>Nature of<br>interests      | Number of<br>ordinary<br>shares held | Long/Short<br>position | Approximate<br>percentage of<br>interests held<br>(Note 1) |
|-----------------------------|------------------------------------------|--------------------------------------|------------------------|------------------------------------------------------------|
| Guangdong Holdings (Note 2) | Interest in<br>controlled<br>corporation | 3,809,237,546                        | Long position          | 58.26%                                                     |
| GDH                         | Beneficial owner                         | 3,809,237,546                        | Long position          | 58.26%                                                     |

Notes:

1. The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of the Company in issue as at 31 December 2025.
2. The attributable interest which Guangdong Holdings has in the Company is held through its 100% direct interest in GDH.

Save as disclosed above, as at 31 December 2025, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

## Significant Contract with Controlling Shareholders

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

## Connected Transactions

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

# Directors' Report

## Related Party Transactions

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

## Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on the Hong Kong Stock Exchange.

## Major Customers and Suppliers

During the year under review, sales to the Group's five largest customers accounted for 39% of the total revenue for the year (including continuing operations and discontinued operations) and sales to the Group's largest customer included therein amounted to 28%. Purchases from the Group's five largest suppliers accounted for 17% of the total purchases for the year (including continuing operations and discontinued operations) and purchases from the Group's largest supplier included therein amounted to 6%.

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

## Public Float

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

## Disclosure under Rule 13.21 of the Listing Rules

### Facility Letter dated 4 September 2024

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

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

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

The outstanding principal of the GDI September 2024 Facility as at 31 December 2025 amounted to nil.

# Directors' Report

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

### Facility Letter dated 8 October 2024

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

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

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

The outstanding principal of the GDI October 2024 Facility as at 31 December 2025 amounted to nil.

### Facility Letter dated 21 October 2025

The Company accepted a committed term loan facility for 364 days in the principal amount of HK\$2,000 million (the "GDI October 2025 First Facility") offered by a bank on 21 October 2025. Pursuant to the GDI October 2025 First Facility Letter, among others, the Company undertakes with the bank that it will:

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

If the Company is in breach of any of the above undertakings under the GDI October 2025 First Facility Letter, all amounts advanced under the GDI October 2025 First Facility will become immediately due and repayable.

The outstanding principal of the GDI October 2025 First Facility as at 31 December 2025 amounted to HK\$2,000 million.

### Facility Letter dated 28 October 2025

The Company accepted a committed revolving loan facility for 364 days in the principal amount of HK\$1,750 million (the "GDI October 2025 Second Facility") offered by a bank on 28 October 2025. Pursuant to the GDI October 2025 Second Facility Letter, among others, the Company undertakes with the bank that it will:

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

If the Company is in breach of any of the above undertakings under the GDI October 2025 Second Facility Letter, all amounts advanced under the GDI October 2025 Second Facility will become immediately due and repayable.

The outstanding principal of the GDI October 2025 Second Facility as at 31 December 2025 amounted to HK\$850 million.

# Directors' Report

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

### Facility Letter dated 19 November 2025

The Company accepted a committed term loan facility for 364 days in the principal amount of HK\$2,250 million (the "GDI November 2025 Facility") offered by a bank on 19 November 2025. Pursuant to the GDI November 2025 Facility Letter, among others, the Company undertakes with the bank that it will:

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

If the Company is in breach of any of the above undertakings under the GDI November 2025 Facility Letter, the bank may cancel the GDI November 2025 Facility and declare all or part of the GDI November 2025 Facility, together with accrued interest, and all other amounts accrued or outstanding under the GDI November 2025 Facility Letter be immediately due and repayable.

The outstanding principal of the GDI November 2025 Facility as at 31 December 2025 amounted to HK\$1,650 million.

## Changes in Directors' Information

The changes in Directors' information are set out below:

- Mr. Li Man Bun, Brian David was appointed as a Member of the Council of The University of Hong Kong with effect from 2 March 2026.

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

## Auditor

The consolidated financial statements now presented have been audited by KPMG, Certified Public Accountants, who will retire as the auditor of the Company with effect from the conclusion of the 2026 AGM.

The Board resolved, with the recommendation from the Audit Committee of the Company, to propose the appointment of Deloitte Touche Tohmatsu as the new independent auditor of the Company following the retirement of KPMG, to hold office until the conclusion of the next annual general meeting of the Company. Such a proposed appointment is subject to the approval of the shareholders of the Company at the 2026 AGM.

By Order of the Board

**WANG Min**

*Acting Chairman*

Hong Kong, 30 March 2026

# Corporate Governance Report

## Business Model and Development Strategies

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

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

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

## Corporate Culture

In 2025, the Group actively promotes its corporate culture philosophy of “Knowledge and Action Across Mountains and Seas”. Guided by the cultural principles of “Knowledge Renewal and Aspiration, Reverence for Excellence and Dedicated Action, Collaborative Creation and Shared Success, Gratitude and Benevolence”, we uphold core values of “Value Creation, Responsible Execution, Transformative Innovation, Synergistic Win-Win”. These are integrated with the five core leadership competencies: Visionary Leadership, Decisive Judgment, Innovative Creativity, Inspiring Influence, and Self-Driven Motivation. In addition, the Group abides by the highest standard of business ethics beyond complying with laws and regulations and maintains zero tolerance for corruption and bribery. The Group has set up reporting channels and carry out publicity activities so as to promote integrity, thus fostering an open and transparent enterprise culture. By upholding the highest standards of business ethics and integrity, the Group is able to foster an anti-corruption culture that advocates honest practices and speak up behaviour.

## Corporate Governance Code

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

In the opinion of the directors of the Company (the “Directors”), the Company had complied with the code provisions set out in the CG Code for the year ended 31 December 2025 and up to the date of this report, where appropriate, the applicable recommended best practices of the CG Code, save as disclosed below:

# Corporate Governance Report

## Corporate Governance Code (continued)

Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual and code provisions C.2.2 to C.2.9 set out the main responsibilities of the chairman. As disclosed in the announcement of the Company dated 6 January 2026, Ms. Bai Tao tendered her resignation as an Executive Director of the Company, and ceased to be the Chairman of the Board and the Chairman of the Nomination Committee of the Company with effect from 6 January 2026. Since then and up to 30 March 2026, the position of the Chairman was vacant. Compliance with code provisions C.2.1 to C.2.9 was therefore not possible during the relevant period.

Notwithstanding the absence of a Chairman, the Board, which comprises experienced Directors who meet from time to time to discuss issues affecting the operation of the Group, has been able to continue performing its functions effectively and efficiently. Significant decisions are made by the Board as a whole while the daily operation and management are monitored by the Managing Director of the Company. Before each Board meeting, all Directors received adequate information and relevant documents in a timely manner and were properly briefed on issues arising at the Board meetings. All Directors, including the independent non-executive Directors, have made different contributions to the issues discussed at the Board meetings and the Board was able to make and implement decisions promptly in response to the changing environment. Further, code provisions C.2.1 to C.2.9 have been complied upon the appointment of Acting Chairman of the Board and Acting Chairman of Nomination Committee with effect from 30 March 2026.

Pursuant to code provision B.3.5 of the CG Code, issuers should appoint at least one director of a different gender to the nomination committee. Following the resignation of Ms. Bai Tao as an Executive Director of the Company, the Chairman of the Board and the Chairman of the Nomination Committee of the Company with effect from 6 January 2026, the Company failed to comply with aforementioned code provision. The Company is now in the course of identifying suitable candidates of different gender to act as a member of the Nomination Committee in order to comply with the aforementioned code provision as soon as possible.

## Re-compliance with Rule 3.27A of the Listing Rules

Upon the resignation of Ms. Bai Tao as an Executive Director, Chairman of the Board and Chairman of the Nomination Committee from 6 January 2026, as the new Chairman of the Nomination Committee had not been appointed, the position of the Chairman of the Nomination Committee remained vacant, and the Company was therefore not in compliance with Rule 3.27A of the Listing Rules which stipulates that an issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director.

Pursuant to Rule 3.27C of the Listing Rules, the Board made its best endeavours to identify appropriate person for appointment as the Chairman of the Nomination Committee, as soon as practicable and, in any event, within three months from the date of Ms. Bai's resignation to ensure compliance with Rule 3.27A of the Listing Rules. Upon the appointment of Mr. Wang Min as the Acting Chairman of the Nomination Committee on 30 March 2026, the Company has complied with Rule 3.27A of the Listing Rules in relation to the chairman of the nomination committee.

## Directors' Securities Transactions

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

# Corporate Governance Report

## Board of Directors

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

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

## Board Composition

As at the date of this report, the Board comprises three Executive Directors, being Mr. Kuang Hu, Mr. Tsang Hon Nam and Ms. Liang Yuanjuan, three Non-Executive Directors, being Mr. Wang Min, Mr. Li Wenchang and Mr. He Zhifeng, and four Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David.

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

Mr. Fan Fan tendered his resignation as Non-Executive Director of the Company with effect from 13 June 2025 to pursue his career development.

At the Board meeting of the Company held on 25 August 2025, the Board approved the appointment of Mr. Li Wenchang as Non-Executive Director of the Board. The aforementioned change in Board composition took effect from 26 August 2025.

At the Board meeting of the Company held on 27 October 2025, the Board accepted the resignation of Ms. Wang Surong. At that Board meeting, the Board also approved the appointment of Mr. He Zhifeng as Non-Executive Director of the Board. All of the aforementioned changes in Board composition took effect from 28 October 2025.

Ms. Bai Tao has tendered her resignation as an Executive Director of the Company due to other work arrangements with effect from 6 January 2026. Accordingly, she ceased to be the Chairman of the Board and the Chairman of the Nomination Committee of the Company with effect from 6 January 2026.

At the Board meeting of the Company held on 30 March 2026, the Board approved the appointment of Mr. Wang Min, a Non-Executive Director of the Board, as the Acting Chairman of the Board and Acting Chairman of the Nomination Committee, with effect from the conclusion of the relevant Board meeting on 30 March 2026.

# Corporate Governance Report

## Board of Directors (continued)

### Board Composition (continued)

Each of Mr. Kuang Hu, Mr. Wang Min, Ms. Wang Surong and Mr. Fan Fan on 20 March 2025, Mr. Li Wenchang on 4 August 2025, and Mr. He Zhifeng on 14 October 2025 has confirmed that he/she has obtained the legal advice referred to in Rule 3.09D of the Listing Rules and has confirmed that he/she understood his/her obligations as a Director of the Company.

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

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

Notwithstanding that certain former Executive Director(s) and Non-Executive Director(s) of the Company occupied senior government level positions in Chinese Mainland prior to joining the Group, all of them are no longer government officials or representatives.

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

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

### Chairman and Managing Director

As at the date of this report, Acting Chairman of the Board is Mr. Wang Min whilst Mr. Kuang Hu is the Managing Director of the Company.

During the year ended 31 December 2025, Ms. Bai Tao acted as the Chairman of the Board, while Mr. Wen Yinheng acted as the Managing Director from 1 January 2025 to 24 March 2025 and Mr. Kuang Hu acted as the Managing Director of the Company from 25 March 2025 onwards. The roles of the Chairman and the Managing Director are clearly defined and segregated to ensure independence and proper checks and balances.

# Corporate Governance Report

## Board of Directors (continued)

### Chairman and Managing Director (continued)

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

During the year ended 31 December 2025, the then Chairman of the Board (i.e. Ms. Bai Tao) held one meeting with the independent non-executive Directors, without the presence of other Directors.

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

### Appointment and Re-election of Directors

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

Each of the non-executive and independent non-executive Directors entered into a letter of appointment with the Company for an initial term of three years, and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of his appointment until terminated in accordance with the provisions under the letter of appointment. Each of the non-executive and independent non-executive Directors is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

### Independence of Independent Non-Executive Directors

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

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

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

# Corporate Governance Report

## Board of Directors (continued)

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

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

### Contributions of Independent Non-Executive Directors

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

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

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

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

### Relationship amongst Directors

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

### Board Diversity Policy

The Board adopted a board diversity policy (the "Board Diversity Policy") on 28 August 2013 which sets out the approach to achieve diversity on the Board. The Board reviews the implementation and effectiveness of the Board Diversity Policy on an annual basis.

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

# Corporate Governance Report

## Board of Directors (continued)

### Board Diversity Policy (continued)

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

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

As at the date of this report, the Board comprises ten Directors. Four of them are Independent Non-Executive Directors drawn from a diverse background, spanning business management, investment management, public administration, financial services, legal, compliance and accounting, thereby ensuring critical review and control of the management process. The Board has maintained a balanced composition in terms of gender, age, professional experience, skills and knowledge. It has performed effectively by providing sound judgment on strategic issues and effective oversight of and guidance to management. The biographies of the Directors as at the date of this report set out in pages 29 to 32 to this Annual Report demonstrate a diversity of skills, expertise, experience and qualifications.

The Board strived to maintain a balanced composition in terms of gender. Ms. Bai Tao was an Executive Director and Chairman of the Board from 26 October 2023 to 6 January 2026. Ms. Liang Yuanjuan has been acting as an Executive Director since 27 March 2021. Ms. Wang Surong was a Non-Executive Director from 25 March 2025 to 28 October 2025.

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

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

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

The gender ratio in the workforce (including senior management) is mentioned in the Company's 2025 environmental, social and governance report issued separately. The Group is staffed by a diverse group of employees, who provide us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. Our approach to the selection of candidates is consistent with the Board Diversity Policy which takes into account a range of diversity perspectives. These include but are not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

# Corporate Governance Report

## Board of Directors (continued)

### Board Meeting

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

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

According to the current Board practice, if a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board Meeting rather than by a written resolution. The articles of association of the Company also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any transaction, contract or arrangement in which such Director or any of his/her associates (as defined in the Listing Rules) has a material interest. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at the Board Meeting. Every Director is entitled to have access to the Board papers and related materials as well as to the advice and services of the Company Secretary.

### Corporate Governance Function

The Board is responsible for performing the functions set out in the Code Provision A.2.1 of the CG Code. For the year ended 31 December 2025, the Board met once to review and determine the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Code and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## Directors' Induction and Continuous Professional Development

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

The Directors are briefed on the amendments to or updates on the relevant laws, rules and regulations from time to time. In addition, the Company encourages the Directors to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong ordinances and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. Some Directors attended seminars and conferences organized by government authorities, professional bodies and industrial organizations in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skills. The Company has organised Directors' training titled "Regulatory Key Points for Mergers and Acquisitions of Listed Companies in Hong Kong" on 27 October 2025 for the Directors. Training materials have also been provided to the Directors to develop and refresh their professional skills.

# Corporate Governance Report

## Directors' Induction and Continuous Professional Development (continued)

According to the records kept by the Company, the Directors attended the following trainings during the year ended 31 December 2025.

| Name of Director                          | In-house<br>Directors' training | Seminars,<br>Conferences, Webcasts<br>and Reading Materials |
|-------------------------------------------|---------------------------------|-------------------------------------------------------------|
| <b>Executive Director</b>                 |                                 |                                                             |
| Kuang Hu <sup>1</sup>                     | ✓                               | ✓                                                           |
| Tsang Hon Nam                             | ✓                               | ✓                                                           |
| Liang Yuanjuan                            | ✓                               | ✓                                                           |
| Bai Tao <sup>3</sup>                      | ✓                               | ✓                                                           |
| Lin Tiejun <sup>2</sup>                   | –                               | ✓                                                           |
| Wen Yinheng <sup>2</sup>                  | –                               | ✓                                                           |
| <b>Non-executive Director</b>             |                                 |                                                             |
| Wang Min <sup>1</sup>                     | ✓                               | ✓                                                           |
| Li Wenchang <sup>4</sup>                  | ✓                               | ✓                                                           |
| He Zhifeng <sup>5</sup>                   | –                               | ✓                                                           |
| Cai Yong <sup>2</sup>                     | –                               | ✓                                                           |
| Feng Qingchun <sup>2</sup>                | –                               | ✓                                                           |
| Wang Surong <sup>1, 6</sup>               | ✓                               | ✓                                                           |
| Fan Fan <sup>1, 7</sup>                   | –                               | ✓                                                           |
| <b>Independent Non-executive Director</b> |                                 |                                                             |
| Chan Cho Chak, John                       | ✓                               | ✓                                                           |
| Fung Daniel Richard                       | ✓                               | ✓                                                           |
| Cheng Mo Chi, Moses                       | ✓                               | ✓                                                           |
| Li Man Bun, Brian David                   | ✓                               | ✓                                                           |

Notes:

1. Appointed as a director of the Company on 25 March 2025.
2. Resigned as a director of the Company on 25 March 2025.
3. Resigned as a director of the Company on 6 January 2026.
4. Appointed as a director of the Company on 26 August 2025.
5. Appointed as a director of the Company on 28 October 2025.
6. Resigned as a director of the Company on 13 June 2025.
7. Resigned as a director of the Company on 28 October 2025.

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

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

# Corporate Governance Report

## Directors' Induction and Continuous Professional Development (continued)

### Remuneration Committee

As at the date of this report, the Remuneration Committee comprises all four Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David. Dr. Chan Cho Chak, John is the Chairman of the Remuneration Committee. The remuneration of the Directors shall be determined by the members of the Company at the general meetings. Approval has been granted by the shareholders at the 2025 AGM to authorise the Board to fix the remuneration of the Directors.

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

The meeting of the Remuneration Committee shall be held at least once a year and when necessary. During the year ended 31 December 2025, the Remuneration Committee had held three meetings to determine the policy for the remuneration of Executive Directors, assess the performance of Executive Directors, approve the terms of Executive Directors' service contracts, and approve the annual review of the remuneration packages and performance bonuses for the Executive Directors of the Company that came up for determination. The attendance of each member of the Remuneration Committee is set out in the section headed "Board and Committees Meetings" of this report.

Details of the amount of Directors' remuneration for the year 2025 are set out in note 8 to the financial statements.

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

### Nomination Committee

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

The Nomination Committee is responsible for, amongst other things, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skills matrix, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members, considering the re-appointment of Directors and succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters; assessing independence of Independent Non-executive Directors; and supporting the Company's regular evaluation of the Board's performance.

# Corporate Governance Report

## Directors' Induction and Continuous Professional Development (continued)

### Nomination Committee (continued)

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

The meeting of the Nomination Committee shall be held at least once a year and when necessary. During the year ended 31 December 2025, the Nomination Committee held three meetings to evaluate the structure, size and composition of the Board, to review the implementation of the Company's Board Diversity Policy, to assess the independence of the Independent Non-Executive Directors, to make recommendations to the Board on the re-election of Directors, identifies suitably qualified Director candidates and recommends them to the Board, and to conduct assessment of each director's time commitment and contribution to the Board, as well as the director's ability to discharge his or her responsibilities effectively.

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

In response to the changes in the Listing Rules, the Company revised the terms of reference of the Nomination Committee on 25 August 2025.

### Audit Committee

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

The meetings of the Audit Committee shall be held at least twice a year or as and when necessary. During the year ended 31 December 2025, the Audit Committee had held four meetings to review, among other matters, the 2024 annual results, the 2025 quarterly and interim results of the Group before their submission to the Board, the risk management and internal control systems, the effectiveness of the Company's internal audit function and its other duties under the CG Code, as well as to monitor the integrity of such financial statements/financial information. The Audit Committee oversees matters concerning the external auditor including making recommendations to the Board regarding the appointment of the external auditor, reviewing the nature and scope of their audit work and approving their fees. In addition to the four meetings as aforesaid, the Audit Committee also had four private meetings with the external auditor to discuss any area of concern. The Audit Committee further ensures that the management has put in place effective risk management and internal control systems and maintains an overview of the Group's risk assessment, control and management processes. It reviews the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit, financial reporting functions and related environmental, social and governance performance, and their training programmes and budget. In addition, it reviews the Group's internal audit reports and monitors the effectiveness of the internal audit function.

# Corporate Governance Report

## Directors' Induction and Continuous Professional Development (continued)

### Audit Committee (continued)

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

## Board and Committees Meetings

The individual attendance records of each Director at the meetings of the Board, Remuneration Committee, Nomination Committee, Audit Committee and general meetings for the year ended 31 December 2025 are set out below:

| Name of Director                           | Board | Remuneration Committee | Nomination Committee | Audit Committee | General Meeting |
|--------------------------------------------|-------|------------------------|----------------------|-----------------|-----------------|
| <b>Executive Directors</b>                 |       |                        |                      |                 |                 |
| Kuang Hu <sup>1</sup>                      | 3/3   | —                      | —                    | —               | 2/2             |
| Tsang Hon Nam                              | 4/4   | —                      | —                    | —               | 3/3             |
| Liang Yuanjuan                             | 4/4   | —                      | —                    | —               | 3/3             |
| Bai Tao <sup>3</sup>                       | 2/4   | —                      | 2/3                  | —               | 3/3             |
| Lin Tiejun <sup>2</sup>                    | 1/1   | —                      | —                    | —               | 1/1             |
| Wen Yinheng <sup>2</sup>                   | 0/1   | —                      | —                    | —               | 1/1             |
| <b>Non-Executive Directors</b>             |       |                        |                      |                 |                 |
| Wang Min <sup>1</sup>                      | 2/3   | —                      | —                    | —               | 1/2             |
| Li Wenchang <sup>4</sup>                   | 1/1   | —                      | —                    | —               | 0/1             |
| He Zhifeng <sup>5</sup>                    | —     | —                      | —                    | —               | 1/1             |
| Cai Yong <sup>2</sup>                      | 0/1   | —                      | —                    | —               | 1/1             |
| Feng Qingchun <sup>2</sup>                 | 0/1   | —                      | —                    | —               | 1/1             |
| Wang Surong <sup>1, 7</sup>                | 3/3   | —                      | —                    | —               | 1/1             |
| Fan Fan <sup>1, 6</sup>                    | 1/1   | —                      | —                    | —               | —               |
| <b>Independent Non-Executive Directors</b> |       |                        |                      |                 |                 |
| Chan Cho Chak, John                        | 4/4   | 3/3                    | 3/3                  | 4/4             | 3/3             |
| Fung Daniel Richard                        | 4/4   | 3/3                    | 3/3                  | 4/4             | 3/3             |
| Cheng Mo Chi, Moses                        | 4/4   | 3/3                    | 3/3                  | 4/4             | 3/3             |
| Li Man Bun, Brian David                    | 3/4   | 2/3                    | 2/3                  | 3/4             | 1/3             |

Notes:

1. Appointed as a director of the Company on 25 March 2025.
2. Resigned as a director of the Company on 25 March 2025.
3. Resigned as a director of the Company on 6 January 2026.
4. Appointed as a director of the Company on 26 August 2025.
5. Appointed as a director of the Company on 28 October 2025.
6. Resigned as a director of the Company on 13 June 2025.
7. Resigned as a director of the Company on 28 October 2025.

# Corporate Governance Report

## Accountability and Audit

### Financial Reporting

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

The Directors have acknowledged their responsibility in the preparation of all information and representations contained in the financial statements of the Company for the year ended 31 December 2025, which give a true and fair view of the financial position of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2025, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on a going concern basis.

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

### Auditor's Remuneration

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

| Services rendered                                | Fee paid/<br>payable<br>HK\$'000 |
|--------------------------------------------------|----------------------------------|
| Audit of financial statements                    | 8,902                            |
| Agreed-upon procedures on 2025 quarterly results | 1,419                            |
| Review of interim results                        | 2,210                            |
| ESG reporting advisory services                  | 690                              |
| Tax related services                             | 57                               |
| Other non-assurance services                     | 10                               |
| <b>Total (note)</b>                              | <b>13,288</b>                    |

#### Note:

Another member firm of the KPMG global network was engaged by certain subsidiaries of the Company for (i) audit of financial statements; (ii) tax related services; and (iii) other non-assurance services. The relevant remuneration amounted to HK\$8,733,000, HK\$726,000 and HK\$67,000 respectively.

### Risk Management and Internal Control

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

# Corporate Governance Report

## Accountability and Audit (continued)

### Risk Management and Internal Control (continued)

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

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

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

The Company adopted an Anti-Corruption Policy which promotes and supports anti-corruption laws and regulations. The Directors and employees must comply with all local laws (including the Prevention of Bribery Ordinance when in Hong Kong SAR) and regulations when conducting the Group's business, and also those in other jurisdictions when conducting business there where applicable.

### Internal Control for Continuing Connected Transactions

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

# Corporate Governance Report

## Accountability and Audit (continued)

### Internal Control for Continuing Connected Transactions (continued)

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

### Review of Risk Management and Internal Control Systems

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

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

### Policy on Inside Information

The Company has adopted policies on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuous disclosure obligations. The Company discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the Securities and Futures Ordinance ("SFO"). Before the information is fully disclosed to the public, the Company ensures the information is kept strictly confidential. If the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Company is committed to ensuring that information contained in announcements or circulars is not false or misleading as to a material fact, or false or misleading through the omission of a material fact, and presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

## Company Secretary

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

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

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

# Corporate Governance Report

## Shareholders' Rights

### Shareholders convening an extraordinary general meeting

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

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

### Shareholders' Enquiries and Proposals

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

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

To put forward a resolution at AGM, Shareholders are requested to follow the requirements and procedures set out in Sections 615 and 616 of the CO. Section 615 of the CO provides that the Company must give notice of a resolution if it has received requests to do so from (a) the Shareholders representing at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the AGM of the Company to which the requests relate; or (b) at least 50 Shareholders who have the rights to vote on the resolution at the AGM to which the requests relate.

Such requests (a) may be sent to the Company and attention to the Company Secretary in hard copy form (by depositing at the registered office of the Company for the attention of the Board) or in electronic form (by email: [ir@gdi.com.hk](mailto:ir@gdi.com.hk)); (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) 6 weeks before the AGM to which the requests relate; or (ii) if later, the time at which notice is given of that meeting. Section 616 of the CO provides that the Company that is required under Section 615 of the CO to give notice of a resolution must send a copy of it at the Company's own expense to each Shareholder entitled to receive notice of the AGM (a) in the same manner as the notice of the meeting; and (b) at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

# Corporate Governance Report

## Investor relations

### Communication with Shareholders

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

The Board conducted a review of the implementation and effectiveness of the Shareholders' Communication Policy. Having considered the multiple channels of communication in place, the Board is satisfied that the Shareholders' Communication Policy has been properly implemented during 2025 and is effective. The Board is committed to providing clear and full information on the Company to shareholders through the publication of notices, announcements, circulars, interim and annual reports. Shareholders are encouraged to elect the environmentally responsible option of receiving corporate information on the Company via email notification and/or accessing them on the Company's website. Moreover, additional information on the Company is also available to shareholders and stakeholders through the "Investor Relations" page on the Company's website.

### Constitutional Documents

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

## Dividend Policy

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

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

# Corporate Governance Report

## Environmental Policies and Performance

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

To the extent necessary for an understanding of the development, performance or position of the Group's business, management is not aware of any non-compliance with relevant laws and regulations that may have a significant impact on the Company during the year ended 31 December 2025 and up to the date of this report.

For more detailed information about the Company's environmental policies and performance for this financial year, please refer to the Company's 2025 environmental, social and governance report to be issued separately.

## Environmental, Social and Governance Committee

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

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

## Environmental, Social and Governance Management

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

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

## Stakeholder Engagement and Materiality

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

# Corporate Governance Report

## Stakeholder Engagement and Materiality (continued)

In 2025, the Group has carried out a materiality identification and assessment to identify issues that are the most relevant and have the most significant impact in two dimensions, the Group and its stakeholders. Considering the emerging attention from the government, industry, investors, and market, and with reference to the best practices implemented by regional and international industry peers, the Group constantly reviews and updates the results of the materiality assessment to reflect its latest business and sustainable development directions.

The paragraphs below only describe the Group's key relationships with stakeholders to the extent necessary for an understanding of the development, performance and position of the Group's business. For more detailed information, please refer to the Company's 2025 environmental, social and governance report to be issued separately.

### Employees

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

### Customers

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

### Suppliers

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

By Order of the Board

**Wang Min**

*Acting Chairman*

Hong Kong, 30 March 2026

# Independent Auditor's Report



**Independent auditor's report to the members of  
Guangdong Investment Limited**  
*(incorporated in Hong Kong with limited liability)*

## Opinion

We have audited the consolidated financial statements of Guangdong Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 68 to 191, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## Basis for opinion

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

## Key audit matters

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

# Independent Auditor's Report

## Key audit matters (continued)

### Assessing the fair value of investment properties

Refer to note 3 and 14 to the consolidated financial statements and the accounting policies on pages 85 to 107.

| The Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As at 31 December 2025, the Group had completed investment properties stated at fair value of HK\$16,322 million. Changes in fair value during the year recognised and presented as fair value losses on investment properties amounted to HK\$26 million for the year ended 31 December 2025.</p> <p>Management has engaged external valuer to determine the valuation of the Group's investment properties as at 31 December 2025. The determination of these fair value involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, market yield, term yield, market rents and comparable market prices.</p> <p>We identified assessing the fair value of investment properties as a key audit matter because of the inherent risks involved in estimating the fair values of investment properties, particularly in light of the current economic circumstances.</p> | <p>Our audit procedures to assess the fair value of investment properties included the following:</p> <ul style="list-style-type: none"><li>• obtaining and inspecting the valuation reports prepared by the external property valuer engaged by management;</li><li>• assessing the external property valuer's competence, capabilities and objectivity;</li><li>• with the assistance of our internal property valuation specialists, discussing with the external property valuer on the valuation methodology and the key estimates and assumptions, and on a sample basis:<ul style="list-style-type: none"><li>• evaluating appropriateness of the valuation methodology adopted with reference to the requirements of the prevailing accounting standards;</li><li>• assessing the reasonableness of the key estimates and assumptions (including term yield, market rents and comparable market prices) adopted in the valuations, on a sample basis, by comparing with market data; and</li></ul></li><li>• comparing tenancy information, including passing rents and lease period, provided by the Group to the external property valuer with underlying contracts, on a sample basis.</li></ul> |

# Independent Auditor's Report

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

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated financial statements

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

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

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

# Independent Auditor's Report

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

# Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tsui Kin Wa (practising certificate number: P07324).

### **KPMG**

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

30 March 2026

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

|                                                       | Notes | 2025<br>HK\$'000   | 2024<br>HK\$'000 |
|-------------------------------------------------------|-------|--------------------|------------------|
| <b>Continuing operations</b>                          |       |                    |                  |
| <b>REVENUE</b>                                        | 5     | <b>18,824,908</b>  | 18,505,293       |
| Cost of sales                                         |       | <b>(8,790,600)</b> | (8,682,832)      |
| <b>Gross profit</b>                                   |       | <b>10,034,308</b>  | 9,822,461        |
| Other income and gains, net                           | 5     | <b>462,673</b>     | 469,805          |
| Changes in fair value of investment properties        |       | <b>(26,318)</b>    | (67,821)         |
| Selling and distribution expenses                     |       | <b>(524,025)</b>   | (524,732)        |
| Administrative expenses                               |       | <b>(2,208,773)</b> | (2,478,311)      |
| Exchange differences, net                             |       | <b>(39,686)</b>    | 38,761           |
| Other operating income/(expenses), net                |       | <b>70,124</b>      | (18,736)         |
| Finance costs                                         | 7     | <b>(638,084)</b>   | (919,594)        |
| Share of profits less losses of associates            |       | <b>111,256</b>     | 172,021          |
| <b>PROFIT BEFORE TAX</b>                              | 6     | <b>7,241,475</b>   | 6,493,854        |
| Income tax expense                                    | 10    | <b>(1,975,055)</b> | (1,852,764)      |
| <b>Profit for the year from continuing operations</b> |       | <b>5,266,420</b>   | 4,641,090        |
| <b>Discontinued operations</b>                        |       |                    |                  |
| Loss for the year from discontinued operations        | 36    | <b>(21,267)</b>    | (1,493,331)      |
| <b>PROFIT FOR THE YEAR</b>                            |       | <b>5,245,153</b>   | 3,147,759        |
| <b>Attributable to:</b>                               |       |                    |                  |
| Owners of the Company                                 |       | <b>4,656,261</b>   | 3,142,138        |
| Non-controlling interests                             |       | <b>588,892</b>     | 5,621            |
|                                                       |       | <b>5,245,153</b>   | 3,147,759        |

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

|                                                                                             | Note | 2025<br>HK\$'000     | 2024<br>HK\$'000 |
|---------------------------------------------------------------------------------------------|------|----------------------|------------------|
| <b>Attributable to owners of the Company arising from:</b>                                  |      |                      |                  |
| Continuing operations                                                                       |      | 4,673,312            | 4,102,893        |
| Discontinued operations                                                                     |      | (17,051)             | (960,755)        |
|                                                                                             |      | <b>4,656,261</b>     | 3,142,138        |
| <b>Attributable to non-controlling interests arising from:</b>                              |      |                      |                  |
| Continuing operations                                                                       |      | 593,108              | 538,197          |
| Discontinued operations                                                                     |      | (4,216)              | (532,576)        |
|                                                                                             |      | <b>588,892</b>       | 5,621            |
| <b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO<br/>ORDINARY EQUITY HOLDERS OF THE COMPANY</b> | 12   |                      |                  |
| Basic and diluted:                                                                          |      |                      |                  |
| Continuing operations                                                                       |      | HK71.48 cents        | HK62.76 cents    |
| Discontinued operations                                                                     |      | HK(0.26) cents       | HK(14.70) cents  |
|                                                                                             |      | <b>HK71.22 cents</b> | HK48.06 cents    |

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

|                                                                                                                              | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>PROFIT FOR THE YEAR</b>                                                                                                   | <b>5,245,153</b> | 3,147,759        |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                                                            |                  |                  |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods:                                 |                  |                  |
| Exchange differences on translation of foreign operations:                                                                   |                  |                  |
| - Subsidiaries                                                                                                               | 1,228,988        | (1,193,215)      |
| - Associates                                                                                                                 | 192,755          | (77,760)         |
|                                                                                                                              | <b>1,421,743</b> | (1,270,975)      |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:                            |                  |                  |
| Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax          | (407)            | 1,520            |
| Fair value gains of right-of-use assets and property, plant and equipment upon transfer to investment properties, net of tax | 45,501           | 7,253            |
| Remeasurement loss on defined benefit plans, net of tax                                                                      | (1,743)          | –                |
|                                                                                                                              | <b>43,351</b>    | 8,773            |
| <b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>                                                                   | <b>1,465,094</b> | (1,262,202)      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                                                               | <b>6,710,247</b> | 1,885,557        |
| <b>Attributable to:</b>                                                                                                      |                  |                  |
| Owners of the Company                                                                                                        | 5,814,264        | 2,219,775        |
| Non-controlling interests                                                                                                    | 895,983          | (334,218)        |
|                                                                                                                              | <b>6,710,247</b> | 1,885,557        |

# Consolidated Statement of Financial Position

31 December 2025

|                                                                                | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|--------------------------------------------------------------------------------|-------|------------------|------------------|
| <b>NON-CURRENT ASSETS</b>                                                      |       |                  |                  |
| Property, plant and equipment                                                  | 13    | 10,270,781       | 9,965,677        |
| Investment properties                                                          | 14    | 16,321,892       | 15,886,606       |
| Right-of-use assets                                                            | 15(a) | 1,012,805        | 1,043,180        |
| Goodwill                                                                       | 16    | 793,189          | 810,988          |
| Other intangible assets                                                        | 17    | 573,534          | 593,788          |
| Investments in associates                                                      | 18    | 1,726,503        | 3,607,316        |
| Operating concession rights                                                    | 19(a) | 22,852,265       | 20,040,449       |
| Receivables under service concession arrangements                              | 19(b) | 17,510,987       | 16,966,044       |
| Receivables under a cooperative arrangement                                    | 20    | 1,586,789        | 1,813,009        |
| Other financial assets at amortised cost                                       | 21    | 3,553,589        | 3,384,857        |
| Equity investments designated at fair value through other comprehensive income | 23    | 16,748           | 16,738           |
| Prepayments and other receivables                                              | 25    | 1,087,299        | 519,303          |
| Deferred tax assets                                                            | 31    | 168,031          | 198,981          |
| Total non-current assets                                                       |       | 77,474,412       | 74,846,936       |
| <b>CURRENT ASSETS</b>                                                          |       |                  |                  |
| Completed properties held for sale                                             | 22    | 94,850           | 92,520           |
| Tax recoverable                                                                |       | 71,613           | 70,904           |
| Inventories                                                                    | 24    | 531,851          | 309,360          |
| Receivables under service concession arrangements                              | 19(b) | 690,778          | 615,399          |
| Receivables under a cooperative arrangement                                    | 20    | 549,343          | 357,325          |
| Receivables, prepayments and other receivables                                 | 25    | 6,608,735        | 5,578,979        |
| Due from non-controlling equity holders of subsidiaries                        | 28    | 913,322          | 887,425          |
| Restricted bank balances                                                       | 26    | 22,824           | 19,457           |
| Cash and bank balances                                                         | 26    | 14,783,332       | 12,154,029       |
|                                                                                |       | 24,266,648       | 20,085,398       |
| Assets classified as held for distribution                                     | 36    | –                | 40,663,069       |
| Total current assets                                                           |       | 24,266,648       | 60,748,467       |

# Consolidated Statement of Financial Position

31 December 2025

|                                                                                 | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|---------------------------------------------------------------------------------|-------|------------------|------------------|
| <b>CURRENT LIABILITIES</b>                                                      |       |                  |                  |
| Payables, accruals and other liabilities                                        | 27(a) | (12,551,364)     | (10,793,261)     |
| Contract liabilities                                                            | 27(b) | (1,184,580)      | (1,301,097)      |
| Tax payable                                                                     |       | (556,683)        | (603,427)        |
| Due to non-controlling equity holders of subsidiaries                           | 28    | (479,708)        | (422,615)        |
| Bank and other borrowings                                                       | 29    | (6,252,409)      | (7,330,175)      |
| Lease liabilities                                                               | 15(b) | (46,506)         | (84,756)         |
|                                                                                 |       | (21,071,250)     | (20,535,331)     |
| Liabilities directly associated with assets classified as held for distribution | 36    | –                | (35,202,576)     |
| Total current liabilities                                                       |       | (21,071,250)     | (55,737,907)     |
| <b>NET CURRENT ASSETS</b>                                                       |       | 3,195,398        | 5,010,560        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                    |       | 80,669,810       | 79,857,496       |
| <b>NON-CURRENT LIABILITIES</b>                                                  |       |                  |                  |
| Bank and other borrowings                                                       | 29    | (15,359,183)     | (16,531,830)     |
| Lease liabilities                                                               | 15(b) | (208,295)        | (294,378)        |
| Other liabilities and contract liabilities                                      | 30    | (1,464,398)      | (1,306,244)      |
| Deferred tax liabilities                                                        | 31    | (5,498,868)      | (5,049,571)      |
| Total non-current liabilities                                                   |       | (22,530,744)     | (23,182,023)     |
| <b>Net assets</b>                                                               |       | 58,139,066       | 56,675,473       |
| <b>EQUITY</b>                                                                   |       |                  |                  |
| Equity attributable to owners of the Company                                    |       |                  |                  |
| Share capital                                                                   | 32    | 8,966,177        | 8,966,177        |
| Reserves                                                                        | 33    | 33,958,151       | 32,691,847       |
|                                                                                 |       | 42,924,328       | 41,658,024       |
| Non-controlling interests                                                       |       | 15,214,738       | 15,017,449       |
| Total equity                                                                    |       | 58,139,066       | 56,675,473       |

Wang Min  
Director

Liang Yuanjuan  
Director

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

| Notes                                                                                                                        | Attributable to owners of the Company |                           |                           |                          |                              |                |                    |                              |                  |             | Non-controlling interests | Total equity |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------|---------------------------|--------------------------|------------------------------|----------------|--------------------|------------------------------|------------------|-------------|---------------------------|--------------|
|                                                                                                                              | Share capital                         | Asset revaluation reserve | Capital reserve           | Expansion fund reserve   | Exchange fluctuation reserve | Other reserves | Fair value reserve | Defined benefit plan reserve | Retained profits | Total       |                           |              |
|                                                                                                                              | HK\$'000                              | HK\$'000                  | HK\$'000<br>(note 33(ii)) | HK\$'000<br>(note 33(i)) | HK\$'000                     | HK\$'000       | HK\$'000           | HK\$'000<br>(note 33(iii))   | HK\$'000         | HK\$'000    | HK\$'000                  | HK\$'000     |
| At 1 January 2025                                                                                                            | 8,966,177                             | 481,539*                  | 1,761,992*                | 5,026,803*               | (3,108,807)*                 | (102,511)*     | 2,627*             | 19,690*                      | 28,610,514*      | 41,658,024  | 15,017,449                | 56,675,473   |
| Profit for the year                                                                                                          | -                                     | -                         | -                         | -                        | -                            | -              | -                  | -                            | 4,656,261        | 4,656,261   | 588,892                   | 5,245,153    |
| Other comprehensive income for the year:                                                                                     |                                       |                           |                           |                          |                              |                |                    |                              |                  |             |                           |              |
| Exchange differences on translation of foreign operations                                                                    |                                       |                           |                           |                          |                              |                |                    |                              |                  |             |                           |              |
| – Subsidiaries                                                                                                               | -                                     | -                         | -                         | -                        | 921,850                      | -              | -                  | -                            | -                | 921,850     | 307,138                   | 1,228,988    |
| – Associates                                                                                                                 | -                                     | -                         | -                         | -                        | 192,755                      | -              | -                  | -                            | -                | 192,755     | -                         | 192,755      |
| Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax          | -                                     | -                         | -                         | -                        | -                            | -              | (407)              | -                            | -                | (407)       | -                         | (407)        |
| Fair value gains on right-of-use assets and property, plant and equipment upon transfer to investment properties, net of tax | -                                     | 44,793                    | -                         | -                        | -                            | -              | -                  | -                            | -                | 44,793      | 708                       | 45,501       |
| Remeasurement loss on defined benefit plan, net of tax                                                                       | -                                     | -                         | -                         | -                        | -                            | -              | -                  | (988)                        | -                | (988)       | (755)                     | (1,743)      |
| Total comprehensive income for the year                                                                                      | -                                     | 44,793                    | -                         | -                        | 1,114,605                    | -              | (407)              | (988)                        | 4,656,261        | 5,814,264   | 895,983                   | 6,710,247    |
| Business combinations through acquisition of subsidiaries                                                                    | 35                                    | -                         | -                         | -                        | -                            | -              | -                  | -                            | -                | -           | 1,872,233                 | 1,872,233    |
| Transfer to retained profits upon deemed disposal of associates                                                              | -                                     | -                         | -                         | -                        | -                            | -              | -                  | 3,080                        | (3,080)          | -           | -                         | -            |
| Capital injection from non-controlling equity holders of subsidiaries                                                        | -                                     | -                         | 5,397                     | -                        | -                            | -              | -                  | -                            | -                | 5,397       | 144,616                   | 150,013      |
| Capital reduction to a non-controlling equity holder of a subsidiary                                                         | -                                     | -                         | -                         | -                        | -                            | -              | -                  | -                            | -                | -           | (427,907)                 | (427,907)    |
| Dividends paid and payable to non-controlling equity holders of subsidiaries                                                 | -                                     | -                         | -                         | -                        | -                            | -              | -                  | -                            | -                | -           | (466,866)                 | (466,866)    |
| Distribution in specie of shares in a subsidiary (note)                                                                      | 36(d)                                 | -                         | 9,607                     | (220,904)                | 299,753                      | -              | (2,627)            | -                            | (2,420,903)      | (2,335,074) | (1,820,770)               | (4,155,844)  |
| Transfer from retained profits                                                                                               | -                                     | -                         | -                         | 369,697                  | -                            | -              | -                  | -                            | (369,697)        | -           | -                         | -            |
| Utilisation and appropriation of safety production funds                                                                     | -                                     | -                         | -                         | -                        | -                            | (3,083)        | -                  | -                            | 3,083            | -           | -                         | -            |
| Final 2024 dividend paid                                                                                                     | 11                                    | -                         | -                         | -                        | -                            | -              | -                  | -                            | (475,300)        | (475,300)   | -                         | (475,300)    |
| Interim 2025 dividend paid                                                                                                   | 11                                    | -                         | -                         | -                        | -                            | -              | -                  | -                            | (1,742,983)      | (1,742,983) | -                         | (1,742,983)  |
| At 31 December 2025                                                                                                          | 8,966,177                             | 526,332*                  | 1,776,996*                | 5,175,596*               | (1,694,449)*                 | (105,594)*     | (407)*             | 21,782*                      | 28,257,895*      | 42,924,328  | 15,214,738                | 58,139,066   |

\* These reserve accounts comprise the consolidated reserves of HK\$33,958,151,000 (2024: HK\$32,691,847,000) in the consolidated statement of financial position as at 31 December 2025.

**Note:** As disclosed in note 11 to these consolidated financial statements, on 21 January 2025, a total of 1,261,799,423 Guangdong Land Holdings Limited (“GD Land”) shares was distributed to the shareholders, with an aggregate net assets value of approximately HK\$2,335,074,000 recognised as distribution during the year.

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

|                                                                                             | Notes | 2025<br>HK\$'000  | 2024<br>HK\$'000 |
|---------------------------------------------------------------------------------------------|-------|-------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                 |       |                   |                  |
| Profit before tax from continuing operations                                                |       | 7,241,475         | 6,493,854        |
| Loss before tax from discontinued operations                                                |       | (12,063)          | (1,330,242)      |
|                                                                                             |       | <b>7,229,412</b>  | 5,163,612        |
| Adjustments for:                                                                            |       |                   |                  |
| Finance costs                                                                               |       | 660,334           | 1,236,317        |
| Share of profits less losses of associates                                                  |       | (111,256)         | (172,021)        |
| Bank interest income                                                                        |       | (84,687)          | (165,761)        |
| Interest income from other financial assets at amortised cost                               | 5     | (82,307)          | (37,745)         |
| Interest income from financial assets at fair value through profit or loss                  | 5     | (98,174)          | (32,058)         |
| Interest income from receivables under a cooperative arrangement                            | 5     | (134,764)         | (136,545)        |
| Interest income from a loan to a fellow subsidiary                                          | 5     | (20,395)          | –                |
| Net loss on distribution in specie                                                          | 36(d) | 2,751             | –                |
| Gain on partial disposal of an associate                                                    | 6     | (6,764)           | –                |
| Loss on deemed disposal of associates                                                       | 6     | 80,353            | –                |
| Depreciation of property, plant and equipment                                               | 13    | 783,350           | 857,582          |
| Depreciation of right-of-use assets                                                         | 15(a) | 78,083            | 67,775           |
| Amortisation of operating concession rights                                                 | 6     | 1,580,381         | 1,534,788        |
| Amortisation of other intangible assets                                                     | 17    | 34,716            | 35,115           |
| Gain on remeasurement of right-of-use assets and lease liabilities                          | 6     | (30,808)          | (1,723)          |
| Changes in fair value of investment properties                                              | 14    | 26,318            | 93,093           |
| (Gain)/loss on disposal of property, plant and equipment, net                               |       | (965)             | 42,614           |
| Exchange loss/(gain), net                                                                   |       | 31,727            | (22,336)         |
| Impairment on items of property, plant and equipment                                        | 6     | 976               | 1,327            |
| Impairment of goodwill                                                                      | 6     | 32,003            | 30,708           |
| Write-down of properties held sale under development and completed properties held for sale | 36(b) | –                 | 1,033,715        |
| Provision of impairment losses for trade receivables, net                                   | 25    | 26,668            | 2,235            |
| Operating profit before working capital changes                                             |       | <b>9,996,952</b>  | 9,530,692        |
| (Increase)/decrease in inventories                                                          |       | (208,209)         | 44,135           |
| Increase in receivables, prepayments, other receivables and assets                          |       | (203,196)         | (383,830)        |
| Decrease/(increase) in receivables under service concession arrangements                    |       | 284,159           | (152,114)        |
| Decrease in completed properties held for sale                                              |       | 753,025           | 7,201,226        |
| Increase in properties held for sale under development                                      |       | (627,865)         | (1,757,889)      |
| Increase/(decrease) in payables, accruals and other liabilities                             |       | 764,150           | (934,871)        |
| Increase/(decrease) in contract liabilities                                                 |       | 181,117           | (95,973)         |
| Movement in balances with non-controlling equity holders of subsidiaries, net               |       | (97,408)          | (13,598)         |
| Decrease/(increase) in restricted bank balances                                             |       | 35,017            | (9,025)          |
| <b>Cash generated from operations</b>                                                       |       | <b>10,877,742</b> | 13,428,753       |
| Interest received                                                                           |       | 189,231           | 248,561          |
| Dividends received from associates                                                          |       | 169,427           | 48,727           |
| Chinese Mainland tax paid                                                                   |       | (2,416,724)       | (2,629,245)      |
| Hong Kong Profits Tax paid                                                                  |       | (14,253)          | (11,088)         |
| <b>Net cash flows generated from operating activities</b>                                   |       | <b>8,805,423</b>  | 11,085,708       |

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

|                                                                                                                 | Notes | 2025<br>HK\$'000   | 2024<br>HK\$'000   |
|-----------------------------------------------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                     |       |                    |                    |
| Net movement in receivables under a cooperative agreement                                                       |       | (80,473)           | 169,989            |
| Purchases of property, plant and equipment                                                                      |       | (873,402)          | (985,109)          |
| Additions to service concession arrangements                                                                    |       | (854,064)          | (429,577)          |
| Additions to investment properties                                                                              |       | (30,365)           | (135,867)          |
| Business combinations through acquisition of subsidiaries                                                       | 35    | 1,698,883          | –                  |
| Proceeds from disposal of property, plant and equipment                                                         |       | 44,816             | 49,450             |
| (Increase)/decrease in non-pledged time deposits with original maturity of more than three months when acquired |       | (617,846)          | 1,039,233          |
| Proceeds from disposal of subsidiaries in prior year                                                            |       | –                  | 49,007             |
| Purchase of other financial assets at amortised cost                                                            |       | –                  | (3,399,700)        |
| Settlement of consideration payable for acquisition of subsidiaries in the prior years                          |       | –                  | (529,531)          |
| <b>Net cash flows used in investing activities</b>                                                              |       | <b>(712,451)</b>   | <b>(4,172,105)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                     |       |                    |                    |
| New bank and other borrowings                                                                                   |       | 7,821,446          | 19,388,005         |
| Repayments of bank and other borrowings                                                                         |       | (11,253,748)       | (18,000,206)       |
| Interest paid                                                                                                   |       | (650,289)          | (1,569,715)        |
| Release/(payment) of pledged bank deposit related to bank borrowings                                            |       | 1,624,800          | (1,645,050)        |
| Capital contribution from non-controlling equity holders of subsidiaries                                        |       | 5,397              | 43,744             |
| Capital reduction to a non-controlling equity holder of a subsidiary                                            |       | (427,907)          | –                  |
| Principal portion of lease payments                                                                             | 37(d) | (98,176)           | (74,144)           |
| Dividends paid to non-controlling equity holders of subsidiaries                                                |       | (341,866)          | (444,655)          |
| Dividends paid to shareholders                                                                                  |       | (2,218,283)        | (2,373,229)        |
| Net cash disposed upon distribution in specie                                                                   |       | (2,176,240)        | –                  |
| <b>Net cash flows used in financing activities</b>                                                              |       | <b>(7,714,866)</b> | <b>(4,675,250)</b> |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                                                |       | <b>378,106</b>     | <b>2,238,353</b>   |
| Cash and cash equivalents at beginning of year                                                                  |       | 13,327,823         | 11,393,449         |
| Effect of foreign exchange rate changes, net                                                                    |       | 295,790            | (303,979)          |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                                                                 |       | <b>14,001,719</b>  | <b>13,327,823</b>  |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                                                        |       |                    |                    |
| Cash and bank balances                                                                                          | 26    | 12,434,335         | 11,051,366         |
| Non-pledged time deposits with original maturity of less than three months when acquired                        | 26    | 1,567,384          | 951,477            |
| Cash and cash equivalents included in assets classified as held for distribution                                | 36    | –                  | 1,324,980          |
| Cash and cash equivalents as stated in the consolidated statement of cash flows                                 |       | 14,001,719         | 13,327,823         |

# Notes to the Financial Statements

## 1 Corporate and group information

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

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

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

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

The consolidated assets and liabilities of GD Land were classified as held for distribution as at 31 December 2024 and the consolidated results of GD Land for the period from 1 January 2025 to 21 January 2025 and year ended 31 December 2024 were presented in the consolidated financial statements as discontinued operations in accordance with Hong Kong Financial Reporting Standards 5, *Non-current Assets Held for Sale and Discontinued Operations*. The consolidated statement of profit or loss distinguished the discontinued operations from the continuing operations.

### Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows:

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

# Notes to the Financial Statements

## 1 Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows: (continued)

| Company                                                                               | Place of incorporation/<br>registration and<br>business | Issued ordinary/<br>registered<br>share capital             | Percentage of equity<br>attributable to the Company |          | Principal activities                             |
|---------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------|----------|--------------------------------------------------|
|                                                                                       |                                                         |                                                             | Direct                                              | Indirect |                                                  |
| 恩施粤海水務有限公司<br>(Enshi Guangdong Water Co.,<br>Ltd.▲) <sup>(7)</sup>                    | Chinese Mainland                                        | RMB210,000,000                                              | –                                                   | 74%      | Water distribution<br>operation                  |
| Fill Success Investments Limited                                                      | Hong Kong                                               | HK\$2 ordinary<br>HK\$2 non-voting<br>deferred              | –                                                   | 100%     | Hotel ownership                                  |
| GH Water Supply (Holdings) Limited<br>("GH Water Holdings")                           | Cayman Islands/<br>Hong Kong                            | HK\$1,000,000 ordinary<br>HK\$100 Class A special<br>shares | 96.04%                                              | –        | Investment holding                               |
| Global Head Developments Limited<br>("Global Head")                                   | British Virgin Islands/<br>Hong Kong                    | US\$1                                                       | 100%                                                | –        | Property investment                              |
| Guangdong Hotel Limited                                                               | Hong Kong                                               | HK\$2 ordinary<br>HK\$5,000,000<br>non-voting deferred      | –                                                   | 100%     | Hotel ownership<br>and operation                 |
| 粤海酒店管理（珠海）有限公司<br>(Guangdong Hotel Management<br>(Zhu Hai) Co., Ltd.▲) <sup>(4)</sup> | Chinese Mainland                                        | RMB133,000,000                                              | –                                                   | 100%     | Hotel ownership<br>and operation                 |
| 珠海粤海酒店<br>(Guangdong Hotel (Zhu Hai)▲) <sup>(3)</sup>                                 | Chinese Mainland                                        | US\$9,990,000                                               | –                                                   | 100%     | Hotel ownership<br>and operation                 |
| Guangdong Power (International)<br>Limited                                            | British Virgin Islands/<br>Hong Kong                    | US\$8,690,750                                               | 51%                                                 | –        | Property investment                              |
| 廣東粤海天河城（集團）股份有限公司<br>(GDH Teem (Holdings) Limited▲) <sup>(7)</sup>                    | Chinese Mainland                                        | RMB840,000,000                                              | 11.51%                                              | 64.62%   | Property investment<br>and investment<br>holding |
| 廣東粤海天河城商業有限公司<br>(GDH Teem Commercial Co.,<br>Ltd.▲) <sup>(4)</sup>                   | Chinese Mainland                                        | RMB50,000,000                                               | –                                                   | 85.20%   | Department store<br>operation                    |
| Guangdong Water Holdings Limited<br>("Water Holdings")                                | Hong Kong                                               | HK\$5,727,226,631                                           | 100%                                                | –        | Investment holding                               |
| 廣東粤海水務投資有限公司<br>(Guangdong Water Investment<br>Co., Ltd.▲) <sup>(4)</sup>             | Chinese Mainland                                        | RMB2,000,000,000                                            | –                                                   | 100%     | Investment holding                               |

# Notes to the Financial Statements

## 1 Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows: (continued)

| Company                                                                                                                  | Place of incorporation/<br>registration and<br>business | Issued ordinary/<br>registered<br>share capital | Percentage of equity<br>attributable to the Company |          | Principal activities                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------|
|                                                                                                                          |                                                         |                                                 | Direct                                              | Indirect |                                                                                                                  |
| 深圳粤港工程技術有限公司<br>(Shenzhen Yuegang Gongcheng<br>Jishu Company Limited▲) <sup>(4)</sup>                                    | Chinese Mainland                                        | RMB10,000,000                                   | –                                                   | 100%     | Water Supply<br>Construction<br>Work Operation                                                                   |
| Guangdong Yue Gang Water Supply<br>Company Limited ("WaterCo") <sup>(2)(5)</sup>                                         | Chinese Mainland                                        | HK\$6,116,000,000                               | –                                                   | 95.08%   | Water distribution<br>operation                                                                                  |
| 廣西粵海高速公路有限公司(Guangxi<br>GDH Highway Co., Ltd.▲) ("GDH<br>Highway") <sup>(4)</sup>                                        | Chinese Mainland                                        | RMB818,000,000                                  | –                                                   | 100%     | Toll road operation                                                                                              |
| 廣州粵海萬亞投資發展有限公司<br>(Guangzhou Wanye<br>Investment Development Company<br>Limited▲) ("Wanye") <sup>(4)(6)</sup>            | Chinese Mainland                                        | RMB230,000,000                                  | –                                                   | 31.06%   | Property<br>development<br>and investment                                                                        |
| 江西粵海公用事業集團有限公司<br>(Jiangxi Guangdong Public Utilities<br>Holdings Co., Ltd.▲) ("Jiangxi<br>Guangdong") <sup>(4)(8)</sup> | Chinese Mainland                                        | RMB296,666,700                                  | –                                                   | 100%     | Water distribution,<br>sewage<br>treatment<br>operation<br>and related<br>construction<br>services in the<br>PRC |
| 六盤水粵海環保有限公司<br>(Liupanshui Guangdong<br>Huanbao Co., Ltd.▲) <sup>(4)</sup>                                               | Chinese Mainland                                        | RMB360,000,000                                  | –                                                   | 90%      | Sewage treatment<br>operation                                                                                    |
| 揭陽粵海水務有限公司<br>(Jieyang Guangdong Water<br>Company Limited▲) <sup>(4)</sup>                                               | Chinese Mainland                                        | RMB1,361,966,067                                | –                                                   | 60%      | Water distribution<br>operation                                                                                  |
| 梅州粵海水務有限公司<br>(Meizhou Guangdong Water Co.,<br>Ltd.▲) <sup>(2)</sup>                                                     | Chinese Mainland                                        | RMB326,666,700                                  | –                                                   | 70%      | Water distribution<br>and sewage<br>treatment<br>operation                                                       |
| 邳州粵海水務有限公司<br>(Pizhou Guangdong Water Co.,<br>Ltd.▲) <sup>(4)</sup>                                                      | Chinese Mainland                                        | RMB510,827,700                                  | –                                                   | 74.47%   | Water distribution<br>operation                                                                                  |

# Notes to the Financial Statements

## 1 Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows: (continued)

| Company                                                                                                  | Place of incorporation/<br>registration and<br>business | Issued ordinary/<br>registered<br>share capital | Percentage of equity<br>attributable to the Company |          | Principal activities                                  |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|----------|-------------------------------------------------------|
|                                                                                                          |                                                         |                                                 | Direct                                              | Indirect |                                                       |
| 普寧粵海水務有限公司<br>(Puning Guangdong Water Co.,<br>Ltd. ▲) <sup>(4)</sup>                                     | Chinese Mainland                                        | RMB883,199,607                                  | –                                                   | 51%      | Water distribution<br>operation                       |
| Rosy Canton Holdings Limited<br>("Rosy Canton")                                                          | British Virgin Islands/<br>Hong Kong                    | US\$1                                           | 100%                                                | –        | Investment holding                                    |
| Sen International Ventures<br>Corporation (Hong Kong) Limited                                            | Hong Kong                                               | HK\$2                                           | –                                                   | 100%     | Hotel operation                                       |
| 深圳粵海酒店企業有限公司<br>(Shenzhen Guangdong Hotel<br>Enterprise Ltd. ▲) <sup>(2)(4)</sup>                        | Chinese Mainland                                        | HK\$40,000,000                                  | 99%                                                 | –        | Hotel ownership<br>and operation                      |
| 深圳市海潤水業有限責任公司<br>(Shenzhen Hairun Shuiye Company<br>Limited ▲) <sup>(3)</sup>                            | Chinese Mainland                                        | RMB2,000,000,000                                | –                                                   | 100%     | Investment holding                                    |
| 廣州粵海動漫星城有限公司<br>(Guangzhou Yuehai Comic City<br>Co., Ltd. ▲) <sup>(4)</sup>                              | Chinese Mainland                                        | RMB50,000,000                                   | –                                                   | 64.71%   | Marketing<br>management<br>and property<br>investment |
| Tianjin YueHai Teem Shopping Center<br>Co., Ltd. <sup>(3)</sup>                                          | Chinese Mainland                                        | RMB1,810,000,000                                | –                                                   | 76.02%   | Property investment                                   |
| 湛江市鶴地供水營運有限公司<br>(Zhanjiang City Hedi Water Supply<br>Operation Co., Ltd. ▲) <sup>(4)</sup>              | Chinese Mainland                                        | RMB900,000,000                                  | –                                                   | 65%      | Water distribution<br>operation                       |
| 中山粵海能源有限公司<br>(Zhongshan GDH Energy Co.,<br>Ltd. ▲) ("GDH Energy") <sup>(2)</sup>                        | Chinese Mainland                                        | RMB1,114,688,900                                | –                                                   | 71.25%   | Generation and sale<br>of electricity and<br>steam    |
| 廣東粵海投資財務管理有限公司<br>(Guangdong Yuehai Investment<br>Financial Management Co.,<br>Limited ▲) <sup>(3)</sup> | Chinese Mainland                                        | RMB10,000,000                                   | 100%                                                | –        | Finance                                               |
| 南昌縣供水有限責任公司<br>(Nanchang Water Supply Company<br>Limited ▲) <sup>(4)</sup>                               | Chinese Mainland                                        | RMB83,000,000                                   | –                                                   | 100%     | Water distribution<br>operation                       |

# Notes to the Financial Statements

## 1 Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows: (continued)

| Company                                                                                                        | Place of incorporation/<br>registration and<br>business | Issued ordinary/<br>registered<br>share capital | Percentage of equity<br>attributable to the Company |          | Principal activities                                              |
|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|----------|-------------------------------------------------------------------|
|                                                                                                                |                                                         |                                                 | Direct                                              | Indirect |                                                                   |
| 河北粵海水務集團有限公司<br>(Hebei Guangdong Water Group<br>Co., Ltd. ▲) <sup>(4)</sup>                                    | Chinese Mainland                                        | RMB250,000,000                                  | –                                                   | 53%      | Environmental<br>engineering                                      |
| 汕尾粵海清源環保有限公司<br>(Shanwei Guangdong Qingyuan<br>Huanbao Co., Ltd. ▲) <sup>(4)</sup>                             | Chinese Mainland                                        | RMB482,274,000                                  | –                                                   | 95%      | Sewage treatment<br>operation                                     |
| Guangzhou Nansha GDH Water<br>Co., Ltd.) ("Nansha GDH")                                                        | Chinese Mainland                                        | RMB896,027,376.53                               | –                                                   | 60%      | Water distribution<br>operation                                   |
| 汕頭市粵海水務有限公司<br>(Shantou Guangdong Water<br>Company Limited ▲) <sup>(7)</sup><br>("Shantou Water Co")           | Chinese Mainland                                        | RMB2,149,849,600                                | –                                                   | 51%      | Water distribution<br>and waterworks<br>construction<br>operation |
| 陽江粵海清源環保有限公司<br>(Yangjiang Guangdong Qingyuan<br>Huanbao Co., Ltd. ▲) <sup>(7)</sup><br>("Yangjiang Qingyuan") | Chinese Mainland                                        | RMB242,197,288                                  | –                                                   | 99%      | Sewage related<br>operation                                       |
| 廣東啟創投資發展有限公司<br>(Guangdong Qi Chuang Investment<br>Development Co., Ltd. ▲) <sup>(3)</sup>                     | Chinese Mainland                                        | RMB453,450,000                                  | –                                                   | 100%     | Investment holding                                                |
| 無錫德寶水務投資有限公司<br>(Wuxi Debao Water Investment<br>Co., Ltd. ▲) <sup>(4)</sup>                                    | Chinese Mainland                                        | RMB50,000,000                                   | –                                                   | 75%      | Sewage treatment<br>operation                                     |
| 廣東海電建材有限公司<br>(Guangdong Haidian Building<br>Materials Co., Ltd. ▲) <sup>(4)</sup>                             | Chinese Mainland                                        | RMB40,000,000                                   | –                                                   | 70%      | Sales of machineries<br>and construction<br>materials             |
| 湘陰粵海水務有限公司<br>(Xiangyin Guangdong Water Co.,<br>Ltd. ▲) <sup>(4)</sup>                                         | Chinese Mainland                                        | RMB203,593,667                                  | –                                                   | 72%      | Water distribution<br>operation                                   |

# Notes to the Financial Statements

## 1 Corporate and group information (continued)

### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows: (continued)

Notes:

- (1) Sino-foreign equity joint venture.
- (2) Sino-foreign co-operative joint venture.
- (3) Wholly-foreign-owned enterprise.
- (4) Limited company established in Chinese Mainland.
- (5) Pursuant to WaterCo's articles of association, Guangdong Holdings, which directly holds a 1% equity interest in WaterCo, is not entitled to receive any distributed profits of WaterCo for the first fifteen years of operation (the "Period"). 100% of the distributed profits of WaterCo in the Period shall be made to GH Water Holdings, its holding company holding a 99% equity interest. Starting from the sixteenth year of WaterCo's operation (from 18 August 2015 onwards), 1.01% of the distributed profits of WaterCo for the Period plus simple interest at a rate of 8% per annum on the unpaid amount of the distributed profits shall be made to Guangdong Holdings (collectively referred to as the "Deferred Dividend"). Once Guangdong Holdings has received the Deferred Dividend in full, all of the remaining WaterCo's distributable profits would be distributed to GH Water Holdings and Guangdong Holdings according to their respective equity interests in WaterCo for the remaining operating period.
- (6) Qingxi Water Co and Wanye are subsidiaries of non-wholly owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.
- (7) These subsidiaries were acquired by the Group during the year ended 31 December 2025, further details of which are set out in note 35 to these financial statements.
- (8) 79% equity interest in Jiangxi Guangdong with an investment cost of HK\$1,801,107,000 (2024: HK\$1,756,857,000) was pledged to secure a bank loan (note 29).
- ▲ The English name of the entity marked with "▲" is a translation of its Chinese name, and is included herein and in other sections of these financial statements for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

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

# Notes to the Financial Statements

## 2.1 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). They have been prepared under the historical cost convention, except for completed investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively known as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

# Notes to the Financial Statements

## 2.2 Changes in accounting policies

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

Amendments to HKAS 21                      *The effects of changes in foreign exchange rates*  
                                                            – *Lack of exchangeability*

The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2.3 Issued but not yet effective HKFRS Accounting Standards

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

|                                                                                                                                                                                        | Effective for<br>accounting periods<br>beginning on or after |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>                        | 1 January 2026                                               |
| Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i> | 1 January 2026                                               |
| Annual improvements to HKFRS Accounting Standards – Volume 11                                                                                                                          | 1 January 2026                                               |
| HKFRS 18, <i>Presentation and disclosure in financial statements</i>                                                                                                                   | 1 January 2027                                               |
| HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>                                                                                                               | 1 January 2027                                               |

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

### HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies

### Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

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

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. The non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Business combinations and goodwill (continued)

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

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

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

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

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

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

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

# Notes to the Financial Statements

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

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

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

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

#### (b) *Discontinued operations*

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

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

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

### Fair value measurement

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Fair value measurement (continued)

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

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

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

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than investment properties stated at fair value, inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less cost of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

An impairment loss is recognised only if the carrying amount of an asset or CGU exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Related parties

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

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

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

### Properties held for sale under development

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Completed properties held for sale

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

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

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

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

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Investment properties

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

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

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

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

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

### Leases

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

#### *The Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Leases (continued)

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

##### (a) Right-of-use assets

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

|            |                      |
|------------|----------------------|
| Properties | Over the lease terms |
|------------|----------------------|

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

When a right-of-use asset meets the definition of an investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties".

##### (b) Lease liabilities

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

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Leases (continued)

#### *The Group as a lessor*

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

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

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the recognition exemption described in the accounting policy stated under “The Group as a lessee”, the Group classifies the sublease as an operating lease.

### Service concession arrangements

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Service concession arrangements (continued)

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

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

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

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

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

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

# Notes to the Financial Statements

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

### Investments and other financial assets

#### *Initial recognition and measurement*

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

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

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

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

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

#### *Subsequent measurement*

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

#### *Financial assets at amortised cost (debt instruments)*

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Investments and other financial assets (continued)

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

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investment designated at fair value through other comprehensive income is not subject to impairment assessment.

#### *Financial assets at fair value through profit or loss*

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

### Derecognition of financial assets

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

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Impairment of financial assets

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

#### *General approach*

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due from the end of the credit term. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- |         |   |                                                                                                                                                                                                                                      |
|---------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs                                               |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs                          |

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Impairment of financial assets (continued)

#### *Simplified approach*

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

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

### Financial liabilities

#### *Initial recognition and measurement*

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

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

#### *Subsequent measurement*

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

#### *Financial liabilities at amortised cost*

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

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

#### *Financial guarantee contracts*

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Financial liabilities (continued)

#### *Derecognition of financial liabilities*

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

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

### Offsetting of financial instruments

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

### Inventories

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

### Cash and cash equivalents

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

### Provisions

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Income tax (continued)

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

Deferred tax assets and liabilities are measured based on the expected manner of the realisation and settlement of the carrying amount of the assets and liabilities, with tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

### Government grants

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

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Revenue recognition

#### *Revenue from contracts with customers*

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Revenue recognition (continued)

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

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

- (i) Construction services income and income from water pipeline installation  
Revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction and installation services.

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

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

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

# Notes to the Financial Statements

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

### Revenue recognition *(continued)*

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

(viii) Income from hotel operation

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

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

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

#### *Revenue from other sources*

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

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

#### *Other income*

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

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

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

### Contract liabilities

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

# Notes to the Financial Statements

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

### Contract costs

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

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

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

### Other employee benefits

#### *Retirement benefit schemes*

##### Defined contribution plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its eligible employees. Contributions are made based on a percentage of the employees’ basic salaries/relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer mandatory contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are proportionately refunded to the Group upon the employee’s termination of services in accordance with the vesting scales of the MPF Scheme.

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Other employee benefits (continued)

#### *Retirement benefit schemes (continued)*

##### Defined benefit plan

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

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

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

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

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

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

##### Termination benefits

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

### Borrowing costs

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

# Notes to the Financial Statements

## 2.4 Summary of material accounting policies (continued)

### Dividends

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

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

### Foreign currencies

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

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

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

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

For the purpose of the consolidated statement of cash flows, cash flows of subsidiaries operating in Chinese Mainland are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

# Notes to the Financial Statements

## 3 Significant accounting judgements and estimates

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

### Judgements

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

(i) *Impairment of assets*

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

### Estimation uncertainty

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

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

The best evidence of fair value is current prices in an active market for similar lease terms and other contracts. In the absence of such information, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices;
- (c) discounted cash flow projections, based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows;
- (d) residual approach, which is estimated by reference to its development potential by deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation; and

# Notes to the Financial Statements

## 3 Significant accounting judgements and estimates (continued)

### Estimation uncertainty (continued)

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

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

The carrying amount of investment properties at fair value as at 31 December 2025 was HK\$16,321,892,000 (2024: HK\$24,758,362,000, including those classified as held for distribution).

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

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

#### (iii) *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses as at 31 December 2025 was HK\$19,349,000 (2024: HK\$41,688,000). The amount of unrecognised tax losses as at 31 December 2025 was HK\$1,218,522,000 (2024: HK\$1,322,933,000). Further details are set out in note 31 to the financial statements.

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

The Group assesses the carrying amounts of properties held for sale under development and completed properties held for sale according to their estimated net realisable value based on the realisability of these properties, taking into account construction costs to completion based on committed contracts, the existing development plans and the expected selling prices of the properties based on comparable market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The carrying amounts of properties held for sale under development and completed properties held for sale as at 31 December 2025 were HK\$Nil (2024: HK\$12,652,159,000, including those classified as held for distribution) and HK\$94,850,000 (2024: HK\$13,549,314,000, including those classified as held for distribution) respectively.

# Notes to the Financial Statements

## 4 Operating segment information

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

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

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

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

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

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

# Notes to the Financial Statements

## 4 Operating segment information (continued)

### (a) Operating segments

|                                                                                                        | Water resources   |                   | Property investment |                  | Department store operation |                  | Electric power generation |                  | Hotel operation and management |                  |
|--------------------------------------------------------------------------------------------------------|-------------------|-------------------|---------------------|------------------|----------------------------|------------------|---------------------------|------------------|--------------------------------|------------------|
|                                                                                                        | 2025<br>HK\$'000  | 2024<br>HK\$'000  | 2025<br>HK\$'000    | 2024<br>HK\$'000 | 2025<br>HK\$'000           | 2024<br>HK\$'000 | 2025<br>HK\$'000          | 2024<br>HK\$'000 | 2025<br>HK\$'000               | 2024<br>HK\$'000 |
| <b>Segment revenue from continuing operations</b>                                                      |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Revenue from external customers                                                                        | 14,139,556        | 13,511,006        | 1,681,806           | 1,576,863        | 447,972                    | 861,612          | 1,237,378                 | 1,268,698        | 704,641                        | 648,379          |
| Intersegment sales                                                                                     | -                 | -                 | 91,463              | 91,201           | -                          | -                | 303,480                   | 335,415          | 264                            | -                |
| Other income and gains from external sources                                                           | 80,974            | 82,353            | 7,185               | 6,132            | 12,645                     | 17,557           | 15,794                    | 19,573           | 4                              | 22               |
| Other income from intersegment transactions                                                            | 10                | -                 | 515                 | 3,516            | -                          | -                | -                         | -                | -                              | -                |
| <b>Total</b>                                                                                           | <b>14,220,540</b> | <b>13,593,359</b> | <b>1,780,969</b>    | <b>1,677,712</b> | <b>460,617</b>             | <b>879,169</b>   | <b>1,556,652</b>          | <b>1,623,686</b> | <b>704,909</b>                 | <b>648,401</b>   |
| <b>Segment results from continuing operations</b>                                                      | <b>5,902,619</b>  | <b>5,643,561</b>  | <b>939,418</b>      | <b>722,395</b>   | <b>72,501</b>              | <b>(102,341)</b> | <b>141,499</b>            | <b>147,805</b>   | <b>93,151</b>                  | <b>103,453</b>   |
| Bank interest income                                                                                   |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Interest income from other financial assets at amortised cost                                          |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Interest income from financial assets at fair value through profit or loss                             |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Interest income from a loan to a fellow subsidiary                                                     |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Dividends received from equity investments designated at fair value through other comprehensive income |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Gain on partial disposal of an associate                                                               | -                 | -                 | -                   | -                | -                          | -                | 6,764                     | -                | -                              | -                |
| Loss on deemed disposal of associates                                                                  | (80,353)          | -                 | -                   | -                | -                          | -                | -                         | -                | -                              | -                |
| Net loss on distribution in specie                                                                     |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Finance costs                                                                                          |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Share of profits less losses of associates                                                             | 110,325           | 101,537           | -                   | -                | (27,186)                   | (4,173)          | 28,117                    | 74,657           | -                              | -                |
| Profit before tax from continuing operations                                                           |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Income tax expense                                                                                     |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |
| Profit for the year from continuing operations                                                         |                   |                   |                     |                  |                            |                  |                           |                  |                                |                  |

# Notes to the Financial Statements

## 4 Operating segment information (continued)

### (a) Operating segments (continued)

|                                                                                                        | Road and bridge  |                  | Others           |                  | Eliminations     |                  | Consolidated       |                    |
|--------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|
|                                                                                                        | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000   | 2024<br>HK\$'000   |
| <b>Segment revenue from continuing operations</b>                                                      |                  |                  |                  |                  |                  |                  |                    |                    |
| Revenue from external customers                                                                        | 613,555          | 638,735          | -                | -                | -                | -                | 18,824,908         | 18,505,293         |
| Intersegment sales                                                                                     | -                | -                | 20,326           | 26,908           | (415,533)        | (453,524)        | -                  | -                  |
| Other income and gains from external sources                                                           | 136,466          | 141,355          | 499              | 8,223            | -                | -                | 253,567            | 275,215            |
| Other income from intersegment transactions                                                            | -                | -                | 3,642            | 7,036            | (4,167)          | (10,552)         | -                  | -                  |
| <b>Total</b>                                                                                           | <b>750,021</b>   | <b>780,090</b>   | <b>24,467</b>    | <b>42,167</b>    | <b>(419,700)</b> | <b>(464,076)</b> | <b>19,078,475</b>  | <b>18,780,508</b>  |
| <b>Segment results from continuing operations</b>                                                      | <b>450,179</b>   | <b>438,316</b>   | <b>(41,324)</b>  | <b>(140,901)</b> | <b>(12,264)</b>  | <b>207,030</b>   | <b>7,545,779</b>   | <b>7,019,318</b>   |
| Bank interest income                                                                                   |                  |                  |                  |                  |                  |                  | 84,354             | 124,761            |
| Interest income from other financial assets at amortised cost                                          |                  |                  |                  |                  |                  |                  | 82,307             | 37,745             |
| Interest income from financial assets at fair value through profit or loss                             |                  |                  |                  |                  |                  |                  | 98,174             | 32,058             |
| Interest income from a loan a fellow subsidiary                                                        |                  |                  |                  |                  |                  |                  | 20,395             | -                  |
| Dividends received from equity investments designated at fair value through other comprehensive income |                  |                  |                  |                  |                  |                  | 216                | 26                 |
| Gain on partial disposal of an associate                                                               | -                | -                | -                | -                | -                | -                | 6,764              | -                  |
| Loss on deemed disposal of associates                                                                  | -                | -                | -                | -                | -                | -                | (80,353)           | -                  |
| Net loss on distribution in specie                                                                     |                  |                  |                  |                  |                  |                  | (2,751)            | -                  |
| Finance costs                                                                                          |                  |                  |                  |                  |                  |                  | (624,666)          | (892,075)          |
| Share of profits less losses of associates                                                             | -                | -                | -                | -                | -                | -                | 111,256            | 172,021            |
| <b>Profit before tax from continuing operations</b>                                                    |                  |                  |                  |                  |                  |                  | <b>7,241,475</b>   | <b>6,493,854</b>   |
| <b>Income tax expense</b>                                                                              |                  |                  |                  |                  |                  |                  | <b>(1,975,055)</b> | <b>(1,852,764)</b> |
| <b>Profit for the year from continuing operations</b>                                                  |                  |                  |                  |                  |                  |                  | <b>5,266,420</b>   | <b>4,641,090</b>   |

# Notes to the Financial Statements

## 4 Operating segment information (continued)

### (a) Operating segments (continued)

Segment assets and liabilities:

|                                                                                 | Water resources  |                  | Property investment |                  | Department store operation |                  | Electric power generation |                  | Hotel operation and management |                  |
|---------------------------------------------------------------------------------|------------------|------------------|---------------------|------------------|----------------------------|------------------|---------------------------|------------------|--------------------------------|------------------|
|                                                                                 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000    | 2024<br>HK\$'000 | 2025<br>HK\$'000           | 2024<br>HK\$'000 | 2025<br>HK\$'000          | 2024<br>HK\$'000 | 2025<br>HK\$'000               | 2024<br>HK\$'000 |
| Segment assets                                                                  | 55,498,728       | 52,149,340       | 17,138,828          | 16,994,202       | 524,508                    | 334,442          | 2,753,212                 | 2,717,818        | 2,063,395                      | 2,193,045        |
| Unallocated assets                                                              |                  |                  |                     |                  |                            |                  |                           |                  |                                |                  |
| Assets classified as held for distribution                                      |                  |                  |                     |                  |                            |                  |                           |                  |                                |                  |
| Total assets                                                                    |                  |                  |                     |                  |                            |                  |                           |                  |                                |                  |
| Segment liabilities                                                             | 12,706,995       | 11,119,142       | 1,252,693           | 1,011,872        | 977,489                    | 870,400          | 378,938                   | 326,852          | 360,742                        | 389,037          |
| Unallocated liabilities                                                         |                  |                  |                     |                  |                            |                  |                           |                  |                                |                  |
| Liabilities directly associated with assets classified as held for distribution |                  |                  |                     |                  |                            |                  |                           |                  |                                |                  |
| Total liabilities                                                               |                  |                  |                     |                  |                            |                  |                           |                  |                                |                  |
| Other segment information:                                                      |                  |                  |                     |                  |                            |                  |                           |                  |                                |                  |
| Investments in associates                                                       | 649,813          | 2,578,520        | -                   | -                | 99,503                     | 123,953          | 977,187                   | 904,843          | -                              | -                |
| Capital expenditure*                                                            | 4,652,136        | 1,192,852        | 142,045             | 147,152          | 926                        | 4,380            | 20,773                    | 10,299           | 31,166                         | 245,699          |

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

# Notes to the Financial Statements

## 4 Operating segment information (continued)

### (a) Operating segments (continued)

Segment assets and liabilities: (continued)

|                                                                                 | Road and bridge  |                  | Others           |                  | Eliminations     |                  | Consolidated     |                  |
|---------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                                                 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
| Segment assets                                                                  | 4,860,057        | 5,073,350        | 39,758           | 38,936           | (334,409)        | (426,554)        | 82,544,077       | 79,074,579       |
| Unallocated assets                                                              |                  |                  |                  |                  |                  |                  | 19,196,983       | 15,857,755       |
| Assets classified as held for distribution                                      |                  |                  |                  |                  |                  |                  | -                | 40,663,069       |
| Total assets                                                                    |                  |                  |                  |                  |                  |                  | 101,741,060      | 135,595,403      |
| Segment liabilities                                                             | 289,275          | 285,940          | 178,310          | 172,335          | (322,162)        | (71,703)         | 15,822,280       | 14,103,875       |
| Unallocated liabilities                                                         |                  |                  |                  |                  |                  |                  | 27,779,714       | 29,613,479       |
| Liabilities directly associated with assets classified as held for distribution |                  |                  |                  |                  |                  |                  | -                | 35,202,576       |
| Total liabilities                                                               |                  |                  |                  |                  |                  |                  | 43,601,994       | 78,919,930       |
| Other segment information:                                                      |                  |                  |                  |                  |                  |                  |                  |                  |
| Investments in associates                                                       | -                | -                | -                | -                | -                | -                | 1,726,503        | 3,607,316        |
| Capital expenditure*                                                            | 5,811            | 11,965           | 1,526            | 934              | (2,674)          | -                | 4,851,709        | 1,613,281        |

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

# Notes to the Financial Statements

## 4 Operating segment information (continued)

### (a) Operating segments (continued)

Other segment information:

|                                                                      | Water resources  |                  | Property investment |                  | Department store operation |                  | Electric power generation |                  | Hotel operation and management |                  |
|----------------------------------------------------------------------|------------------|------------------|---------------------|------------------|----------------------------|------------------|---------------------------|------------------|--------------------------------|------------------|
|                                                                      | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000    | 2024<br>HK\$'000 | 2025<br>HK\$'000           | 2024<br>HK\$'000 | 2025<br>HK\$'000          | 2024<br>HK\$'000 | 2025<br>HK\$'000               | 2024<br>HK\$'000 |
| Depreciation and amortisation                                        | 1,924,829        | 1,847,550        | 34,518              | 83,078           | 26,217                     | 53,168           | 125,250                   | 125,516          | 143,493                        | 135,029          |
| Exchange differences, net                                            | 19,227           | (14,979)         | 69,316              | (61,937)         | 1,303                      | 9,612            | 10,347                    | (9,280)          | (278)                          | 273              |
| Provision/(reversal) of impairment losses for trade receivables, net | 27,030           | 1,853            | 402                 | 604              | (778)                      | (251)            | -                         | -                | 14                             | (6)              |
| Impairment of goodwill                                               | 32,003           | 30,708           | -                   | -                | -                          | -                | -                         | -                | -                              | -                |
| Changes in fair value of investment properties                       | (506)            | (1,299)          | 8,293               | 33,408           | 9,451                      | 29,090           | -                         | -                | 7,278                          | 6,495            |
| (Gain)/loss on disposal of property, plant and equipment, net        | (1,168)          | (18,229)         | 127                 | 441              | (3)                        | 56,758           | -                         | 2,912            | 69                             | 153              |

|                                                                      | Road and bridge  |                  | Others           |                  | Eliminations     |                  | Consolidated     |                  |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                                      | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
| Depreciation and amortisation                                        | 221,849          | 233,102          | 1,653            | 3,355            | (1,279)          | (1,201)          | 2,476,530        | 2,479,597        |
| Exchange differences, net                                            | (8,592)          | 7,257            | (51,358)         | 31,168           | (279)            | (875)            | 39,686           | (38,761)         |
| Provision/(reversal) of impairment losses for trade receivables, net | -                | -                | -                | -                | -                | -                | 26,668           | 2,200            |
| Impairment of goodwill                                               | -                | -                | -                | -                | -                | -                | 32,003           | 30,708           |
| Changes in fair value of investment properties                       | -                | -                | 1,802            | 127              | -                | -                | 26,318           | 67,821           |
| (Gain)/loss on disposal of property, plant and equipment, net        | 15               | 16               | (5)              | -                | -                | -                | (965)            | 42,051           |

# Notes to the Financial Statements

## 4 Operating segment information (continued)

### (b) Geographical information

The following table presents the Group's geographical information regarding revenue and certain assets for the years ended 31 December 2025 and 2024.

|                                        | 2025<br>HK\$'000  | 2024<br>HK\$'000 |
|----------------------------------------|-------------------|------------------|
| <b>Revenue from external customers</b> |                   |                  |
| <b>Continuing operations</b>           |                   |                  |
| Chinese Mainland                       | 18,472,041        | 18,224,345       |
| Hong Kong                              | 352,867           | 280,948          |
|                                        | <b>18,824,908</b> | 18,505,293       |
| <b>Discontinued operations</b>         |                   |                  |
| Chinese Mainland                       | 251,831           | 6,759,320        |

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

|                           | 2025<br>HK\$'000  | 2024<br>HK\$'000 |
|---------------------------|-------------------|------------------|
| <b>Non-current assets</b> |                   |                  |
| Chinese Mainland          | 71,446,110        | 68,855,610       |
| Hong Kong                 | 2,289,934         | 2,390,750        |
|                           | <b>73,736,044</b> | 71,246,360       |

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

### (c) Information about a major customer

Revenue of HK\$5,258,936,000 (2024: HK\$5,135,725,000) was derived from sales by the water resources segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

# Notes to the Financial Statements

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

### Revenue from continuing operations

(i) Disaggregated revenue information

|                                                                  | 2025<br>HK\$'000  | 2024<br>HK\$'000 |
|------------------------------------------------------------------|-------------------|------------------|
| <b>(a) Types of goods or services:</b>                           |                   |                  |
| <b>Water resources segment</b>                                   |                   |                  |
| Income from water distribution – Chinese Mainland                | 4,643,830         | 4,539,512        |
| Income from water distribution – Hong Kong                       | 5,258,936         | 5,135,725        |
| Income from sewage treatment services                            | 967,505           | 872,428          |
| Income from construction services                                | 454,602           | 520,719          |
| Income from water pipeline installation and consultancy services | 1,247,891         | 1,186,710        |
| Sale of machineries                                              | 701,564           | 382,237          |
| <b>Property investment segment</b>                               |                   |                  |
| Management fee income                                            | 243,774           | 239,958          |
| <b>Department store operation segment</b>                        |                   |                  |
| Commission income from concessionaire sales                      | 291,879           | 330,331          |
| Sale of goods                                                    | 121,335           | 487,508          |
| Management fee income                                            | 3,189             | 6,500            |
| <b>Electric power generation segment</b>                         |                   |                  |
| Sale of electricity and steam                                    | 1,237,378         | 1,268,698        |
| <b>Hotel operation and management segment</b>                    |                   |                  |
| Hotel income                                                     | 664,982           | 597,701          |
| Management fee income                                            | 6,422             | 16,901           |
| <b>Road and bridge segment</b>                                   |                   |                  |
| Toll revenue                                                     | 592,002           | 618,848          |
| Management and maintenance fee income                            | 21,553            | 19,887           |
| <i>Revenue from contracts with customers</i>                     | <b>16,456,842</b> | 16,223,663       |
| <i>Revenue from other sources</i>                                |                   |                  |
| Finance income from service concession arrangements              | 865,228           | 873,675          |
| Rental income                                                    | 1,502,838         | 1,407,955        |
|                                                                  | <b>18,824,908</b> | 18,505,293       |

# Notes to the Financial Statements

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

Revenue from continuing operations (continued)

(i) Disaggregated revenue information (continued)

|                                                     | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------------------------------|------------------|------------------|
| <b>(b) Geographical locations*:</b>                 |                  |                  |
| <b>Chinese Mainland</b>                             |                  |                  |
| Water resources segment                             | 13,274,328       | 12,637,331       |
| Property investment segment                         | 243,774          | 239,958          |
| Department store operation segment                  | 416,403          | 824,339          |
| Electric power generation segment                   | 1,237,378        | 1,268,698        |
| Hotel operation and management segment              | 384,225          | 401,909          |
| Road and bridge segment                             | 613,555          | 638,735          |
|                                                     | 16,169,663       | 16,010,970       |
| <b>Hong Kong</b>                                    |                  |                  |
| Hotel operation and management segment              | 287,179          | 212,693          |
|                                                     |                  |                  |
| Revenue from contracts with customers               | 16,456,842       | 16,223,663       |
| Revenue from other sources                          |                  |                  |
| Finance income from service concession arrangements | 865,228          | 873,675          |
| Rental income                                       | 1,502,838        | 1,407,955        |
|                                                     | 18,824,908       | 18,505,293       |

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

(ii) Performance obligations

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

Water distribution

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

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

# Notes to the Financial Statements

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

### Revenue from continuing operations (continued)

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

##### Construction services under water resources segment

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

##### Water pipeline installation and consultancy services

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

##### Sewage treatment services

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

##### Toll road and bridge operation services

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

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

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

##### Management and maintenance services

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

##### Hotel operation

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

##### Sale of electricity and steam

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

# Notes to the Financial Statements

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

### Revenue from continuing operations (continued)

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

Sale of goods and commission income from concessionaire sales

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

Sale of machineries

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

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) with an original expected duration of one year or more as at 31 December 2025 are as follows:

|                                           | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------------------------|------------------|------------------|
| Expected to be recognised within one year | 7,749,706        | 7,797,960        |
| Expected to be recognised after one year  | 32,435,893       | 38,833,472       |
|                                           | 40,185,599       | 46,631,432       |

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

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

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

|                                                                            | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------------------------------------------------------------------|------------------|------------------|
| Bank interest income                                                       | 84,354           | 124,761          |
| Interest income from other financial assets at amortised cost              | 82,307           | 37,745           |
| Interest income from financial assets at fair value through profit or loss | 98,174           | 32,058           |
| Interest income from receivables under a cooperative arrangement           | 134,764          | 136,545          |
| Interest income from a loan to a fellow subsidiary                         | 20,395           | –                |
| Others                                                                     | 42,679           | 138,696          |
|                                                                            | 462,673          | 469,805          |

# Notes to the Financial Statements

## 6 Profit before tax from continuing operations

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

|                                                                                                                 | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Cost of inventories sold*                                                                                       |       | 1,291,530        | 1,777,545        |
| Cost of services rendered*                                                                                      |       | 5,918,689        | 5,370,499        |
| Depreciation of property, plant and equipment                                                                   |       | 783,350          | 843,185          |
| Depreciation of right-of-use assets                                                                             |       | 78,083           | 66,791           |
| Amortisation of operating concession rights*                                                                    | 19(a) | 1,580,381        | 1,534,788        |
| Amortisation of other intangible assets                                                                         |       | 34,716           | 34,833           |
| Impairment on items of property, plant and equipment                                                            | 13    | 976              | 1,327            |
| Impairment of goodwill^                                                                                         | 16    | 32,003           | 30,708           |
| Provision of impairment losses for trade receivables, net^                                                      |       | 26,668           | 2,200            |
| Auditor's remuneration                                                                                          |       | 8,902            | 8,852            |
| Employee benefit expenses:                                                                                      |       |                  |                  |
| Wages and salaries (excluding directors' fee)                                                                   |       | 1,726,913        | 1,924,216        |
| Pension schemes contributions:                                                                                  |       |                  |                  |
| – defined contribution plans                                                                                    |       | 277,296          | 271,535          |
| – defined benefit plans                                                                                         | 42    | 486              | 327              |
| Less: Forfeited contributions                                                                                   |       | (96)             | (22)             |
| Net pension scheme contributions#                                                                               |       | 277,686          | 271,840          |
| Less: Amount capitalised                                                                                        |       | (11,869)         | (30,104)         |
|                                                                                                                 |       | 1,992,730        | 2,165,952        |
| Gross rental income from investment properties                                                                  |       | (1,391,107)      | (1,294,803)      |
| Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties |       | 154,019          | 155,269          |
| Net rental income from investment properties                                                                    |       | (1,237,088)      | (1,139,534)      |
| Lease payments not included in the measurement of lease liabilities                                             | 15(c) | 4,644            | 9,884            |
| Gain on remeasurement of right-of-use assets and lease liabilities^                                             |       | (30,808)         | (1,723)          |
| (Gain)/loss on disposal of property, plant and equipment, net^                                                  |       | (965)            | 42,051           |
| Gain on partial disposal of an associate                                                                        |       | (6,764)          | –                |
| Loss on deemed disposal of associates                                                                           |       | 80,353           | –                |
| Government subsidies**^                                                                                         |       | (95,896)         | (72,206)         |

# Notes to the Financial Statements

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

- \* These costs and expenses are included in "Cost of sales" on the face of the consolidated statement of profit or loss.
- \*\* The government subsidies recognised during the year mainly represented subsidies received from certain government authorities in respect of the fulfilment of certain specific criteria by the Group.
- # As at 31 December 2025 and 2024, the Group had no material forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future years.
- ^ Included in "Other operating income/(expenses), net" on the face of the consolidated statement of profit or loss.

## 7 Finance costs from continuing operations

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

|                                                           | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------------------------------------|------------------|------------------|
| Interest on bank and other borrowings                     | 572,768          | 770,650          |
| Interest on a loan from the ultimate holding company      | 1,815            | –                |
| Interest on loans from fellow subsidiaries                | 51,885           | 91,101           |
| Interest on loans from a then associate                   | 3,080            | 29,026           |
| Interest on lease liabilities                             | 13,418           | 27,519           |
| Interest related to defined benefit obligations (note 42) | 1,913            | 2,520            |
| Finance costs incurred                                    | 644,879          | 920,816          |
| Less: Interest capitalised                                | (6,795)          | (1,222)          |
| Finance costs charged for the year                        | 638,084          | 919,594          |

The capitalised interest rates applied to funds borrowed and used for the construction in progress and operating concession rights are between 2.3% and 3.0% per annum (2024: between 2.5% and 3.2% per annum).

# Notes to the Financial Statements

## 8 Directors' remuneration

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

|                                           | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------------------------|------------------|------------------|
| Fees:                                     |                  |                  |
| Executive directors                       | –                | –                |
| Independent non-executive directors       | 2,919            | 2,919            |
| Non-executive directors                   | –                | –                |
|                                           | 2,919            | 2,919            |
| Other emoluments:                         |                  |                  |
| Salaries, allowances and benefits in kind | 5,514            | 7,369            |
| Performance related bonuses               | 771              | 2,437            |
| Pension scheme contributions              | 543              | 1,542            |
| Less: Forfeited contributions             | –                | –                |
|                                           | 543              | 1,542            |
| Net pension scheme contributions          | 543              | 1,542            |
| Total directors' remuneration             | 9,747            | 14,267           |

### (a) Independent non-executive directors

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

|                         | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------|------------------|------------------|
| CHAN Cho Chak, John     | 749              | 749              |
| FUNG Daniel Richard     | 700              | 700              |
| CHENG Mo Chi, Moses     | 700              | 700              |
| LI Man Bun, Brian David | 770              | 770              |
|                         | 2,919            | 2,919            |

There were no other emoluments paid to the independent non-executive directors during the year (2024: Nil).

# Notes to the Financial Statements

## 8 Directors' remuneration (continued)

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

|                                 | Notes | Fees<br>HK\$'000 | Salaries,<br>allowances,<br>and benefits<br>in kind<br>HK\$'000 | Performance<br>related<br>bonuses<br>HK\$'000 | Net pension<br>scheme<br>contributions<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------------------|-------|------------------|-----------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------|-------------------|
| <b>2025</b>                     |       |                  |                                                                 |                                               |                                                    |                   |
| <b>Executive directors:</b>     |       |                  |                                                                 |                                               |                                                    |                   |
| BAI Tao                         | (a)   | -                | -                                                               | -                                             | -                                                  | -                 |
| LIN Tiejun                      | (b)   | -                | 523                                                             | -                                             | 90                                                 | 613               |
| WEN Yinheng                     | (b)   | -                | 480                                                             | -                                             | 87                                                 | 567               |
| KUANG Hu                        | (c)   | -                | 1,638                                                           | -                                             | 139                                                | 1,777             |
| TSANG Hon Nam                   |       | -                | 1,203                                                           | 380                                           | 60                                                 | 1,643             |
| LIANG Yuanjuan                  |       | -                | 1,670                                                           | 391                                           | 167                                                | 2,228             |
|                                 |       | -                | 5,514                                                           | 771                                           | 543                                                | 6,828             |
| <b>Non-executive directors:</b> |       |                  |                                                                 |                                               |                                                    |                   |
| CAI Yong                        | (d)   | -                | -                                                               | -                                             | -                                                  | -                 |
| FENG Qingchun                   | (d)   | -                | -                                                               | -                                             | -                                                  | -                 |
| WANG Min                        | (e)   | -                | -                                                               | -                                             | -                                                  | -                 |
| LI Wenchang                     | (f)   | -                | -                                                               | -                                             | -                                                  | -                 |
| HE Zhifeng                      | (g)   | -                | -                                                               | -                                             | -                                                  | -                 |
| FAN Fan                         | (h)   | -                | -                                                               | -                                             | -                                                  | -                 |
| WANG Surong                     | (i)   | -                | -                                                               | -                                             | -                                                  | -                 |
|                                 |       | -                | 5,514                                                           | 771                                           | 543                                                | 6,828             |

Note:

- (a) Resigned as Executive Director of the Company on 6 January 2026.
- (b) Resigned as Executive Director of the Company on 24 March 2025.
- (c) Appointed as Executive Director of the Company on 25 March 2025.
- (d) Resigned as Non-executive Director of the Company on 24 March 2025.
- (e) Appointed as Non-executive Director of the Company on 25 March 2025.
- (f) Appointed as Non-executive Director of the Company on 26 August 2025.
- (g) Appointed as Non-executive Director of the Company on 28 October 2025.
- (h) Appointed as Non-executive Director of the Company on 25 March 2025 and resigned as Non-executive Director of the Company on 13 June 2025.
- (i) Appointed as Non-executive Director of the Company on 25 March 2025 and resigned as Non-executive Director of the Company on 28 October 2025.

# Notes to the Financial Statements

## 8 Directors' remuneration (continued)

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

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

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

## 9 Five highest paid employees

The five highest paid employees during the year included none (2024: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the other five (2024: three) highest paid employees who are not directors of the Company are as follows:

|                                           | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------------------------|------------------|------------------|
| Salaries, allowances and benefits in kind | 8,898            | 5,093            |
| Performance related bonuses               | 7,985            | 4,528            |
| Pension scheme contributions              | 560              | 1,211            |
|                                           | 17,443           | 10,832           |

# Notes to the Financial Statements

## 9 Five highest paid employees (continued)

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

|                               | 2025 | 2024 |
|-------------------------------|------|------|
| HK\$3,000,001 – HK\$3,500,000 | 4    | 2    |
| HK\$3,500,001 – HK\$4,000,000 | –    | –    |
| HK\$4,000,001 – HK\$4,500,000 | 1    | 1    |
|                               | 5    | 3    |

## 10 Income tax expense from continuing operations

Taxes on profits assessable in Chinese Mainland have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the PRC Corporate Income Tax Law, enterprises are subject to corporate income tax at a rate of 25% (2024: 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

|                                      | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|--------------------------------------|------------------|------------------|
| <b>Current – Chinese Mainland</b>    |                  |                  |
| Charge for the year                  | 1,873,020        | 2,004,032        |
| Over-provision in prior years        | (11,752)         | (41,932)         |
| <b>Current – Hong Kong</b>           |                  |                  |
| Charge for the year                  | 11,090           | 12,597           |
| Over-provision in prior years        | (12)             | (3)              |
| <b>Deferred tax</b>                  | 102,709          | (121,930)        |
| <b>Total tax charge for the year</b> | <b>1,975,055</b> | <b>1,852,764</b> |

# Notes to the Financial Statements

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

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

|                                                                                        | 2025                  |        |                              |       |                   |       |
|----------------------------------------------------------------------------------------|-----------------------|--------|------------------------------|-------|-------------------|-------|
|                                                                                        | Hong Kong<br>HK\$'000 | %      | Chinese Mainland<br>HK\$'000 | %     | Total<br>HK\$'000 | %     |
| Profit before tax                                                                      | (183,442)             |        | 7,424,917                    |       | 7,241,475         |       |
| Tax at the statutory tax rates                                                         | (30,268)              | 16.5   | 1,856,229                    | 25.0  | 1,825,961         | 25.2  |
| Lower tax rates for specific provinces or enacted by local authority                   | –                     | –      | (121,048)                    | (1.6) | (121,048)         | (1.7) |
| Adjustments in respect of current tax of previous periods                              | (12)                  | (0.0)  | (11,752)                     | (0.2) | (11,764)          | (0.2) |
| Profits attributable to associates                                                     | –                     | –      | (27,814)                     | (0.4) | (27,814)          | (0.4) |
| Income not subject to tax                                                              | (15,010)              | 8.1    | (98,327)                     | (1.4) | (113,337)         | (1.5) |
| Expenses not deductible for tax                                                        | 62,428                | (34.0) | 103,257                      | 1.4   | 165,685           | 2.3   |
| Effect of withholding tax on the distributable profits on the Group's PRC subsidiaries | –                     | –      | 219,591                      | 3.0   | 219,591           | 3.0   |
| Tax losses utilised from previous periods                                              | –                     | –      | (9,868)                      | (0.1) | (9,868)           | (0.1) |
| Tax losses not recognised                                                              | –                     | –      | 48,460                       | 0.7   | 48,460            | 0.7   |
| Others                                                                                 | 64                    | (0.0)  | (875)                        | 0.0   | (811)             | 0.0   |
| Tax charge at the Group's effective rates                                              | 17,202                | (9.4)  | 1,957,853                    | 26.4  | 1,975,055         | 27.3  |

# Notes to the Financial Statements

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

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

## 11 Dividends

|                                                                        | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------------------|------------------|------------------|
| Interim – HK26.66 cents (2024: HK23.97 cents) per ordinary share       | 1,742,983        | 1,567,116        |
| Proposed final – HK19.63 cents (2024: HK7.27 cents) per ordinary share | 1,283,374        | 475,300          |
|                                                                        | 3,026,357        | 2,042,416        |

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

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

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



# Notes to the Financial Statements

## 13 Property, plant and equipment

|                                                                     | Hotel<br>properties<br>HK\$'000 | Land and<br>buildings<br>HK\$'000 | Tunnels, dams,<br>water mains,<br>reservoirs and<br>pipelines<br>HK\$'000 | Plant and<br>machinery<br>HK\$'000 | Furniture,<br>fixtures and<br>equipment<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Motor<br>vehicles<br>HK\$'000 | Construction<br>in progress<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------------------------------------------------------|---------------------------------|-----------------------------------|---------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------|---------------------------------------|-------------------------------|-----------------------------------------|-------------------|
| At 1 January 2025:                                                  |                                 |                                   |                                                                           |                                    |                                                     |                                       |                               |                                         |                   |
| Cost                                                                | 2,459,323                       | 4,464,760                         | 2,141,147                                                                 | 5,410,241                          | 1,200,607                                           | 531,024                               | 74,167                        | 793,241                                 | 17,074,510        |
| Accumulated depreciation and impairment                             | (1,348,479)                     | (1,305,507)                       | (510,621)                                                                 | (2,756,764)                        | (785,122)                                           | (367,931)                             | (34,409)                      | -                                       | (7,108,833)       |
| Net carrying amount                                                 | 1,110,844                       | 3,159,253                         | 1,630,526                                                                 | 2,653,477                          | 415,485                                             | 163,093                               | 39,758                        | 793,241                                 | 9,965,677         |
| At 1 January 2025, net of accumulated depreciation and impairment   | 1,110,844                       | 3,159,253                         | 1,630,526                                                                 | 2,653,477                          | 415,485                                             | 163,093                               | 39,758                        | 793,241                                 | 9,965,677         |
| Additions                                                           | 2,018                           | 5,168                             | 32,595                                                                    | 115,290                            | 63,623                                              | 13,071                                | 5,326                         | 680,978                                 | 918,069           |
| Business combinations through acquisition of subsidiaries (note 35) | -                               | 10,351                            | -                                                                         | 6,482                              | 13,710                                              | -                                     | 2,352                         | -                                       | 32,895            |
| Disposals and write-offs                                            | (1,564)                         | (1,571)                           | (83)                                                                      | (2,604)                            | (14,019)                                            | (1,425)                               | (134)                         | (22,451)                                | (43,851)          |
| Surplus of revaluation                                              | -                               | 57,662                            | -                                                                         | -                                  | -                                                   | -                                     | -                             | -                                       | 57,662            |
| Impairment                                                          | -                               | -                                 | -                                                                         | (976)                              | -                                                   | -                                     | -                             | -                                       | (976)             |
| Depreciation provided during the year                               | (67,933)                        | (150,037)                         | (119,066)                                                                 | (316,967)                          | (81,748)                                            | (39,943)                              | (7,656)                       | -                                       | (783,350)         |
| Transfer to investment properties, net (note 14)                    | 30,009                          | (137,087)                         | -                                                                         | -                                  | -                                                   | -                                     | -                             | -                                       | (107,078)         |
| Transfers                                                           | 6,299                           | 187,546                           | 431,724                                                                   | 351,403                            | 21,363                                              | 119                                   | -                             | (998,454)                               | -                 |
| Exchange realignment                                                | 11,352                          | 73,013                            | 48,761                                                                    | 74,791                             | 16,427                                              | 2,651                                 | 489                           | 4,249                                   | 231,733           |
| At 31 December 2025, net of accumulated depreciation and impairment | 1,091,025                       | 3,204,298                         | 2,024,457                                                                 | 2,880,896                          | 434,841                                             | 137,566                               | 40,135                        | 457,563                                 | 10,270,781        |
| At 31 December 2025:                                                |                                 |                                   |                                                                           |                                    |                                                     |                                       |                               |                                         |                   |
| Cost                                                                | 2,525,031                       | 4,633,524                         | 2,665,086                                                                 | 5,964,310                          | 1,305,080                                           | 539,561                               | 78,343                        | 457,563                                 | 18,168,498        |
| Accumulated depreciation and impairment                             | (1,434,006)                     | (1,429,226)                       | (640,629)                                                                 | (3,083,414)                        | (870,239)                                           | (401,995)                             | (38,208)                      | -                                       | (7,897,717)       |
| Net carrying amount                                                 | 1,091,025                       | 3,204,298                         | 2,024,457                                                                 | 2,880,896                          | 434,841                                             | 137,566                               | 40,135                        | 457,563                                 | 10,270,781        |

# Notes to the Financial Statements

## 13 Property, plant and equipment (continued)

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

As at 31 December 2025, property ownership certificates of certain buildings with a net carrying value of HK\$80,195,000 (2024: HK\$103,448,000) have not been issued. The Group is in the process of obtaining the certificates.

# Notes to the Financial Statements

## 14 Investment properties

|                                                                              | Completed at<br>fair value<br>HK\$'000 |
|------------------------------------------------------------------------------|----------------------------------------|
| Carrying amount at 1 January 2024                                            | 25,502,014                             |
| Additions                                                                    | 108,200                                |
| Net loss from fair value adjustments                                         | (93,093)                               |
| Transfer from property, plant and equipment, net ( <i>note 13</i> )          | 21,196                                 |
| Transfer to right-of-use assets, net ( <i>note 15(a)</i> )                   | (248,399)                              |
| Transfer to assets classified as held for distribution ( <i>note 36(e)</i> ) | (8,871,756)                            |
| Exchange realignment                                                         | (531,556)                              |
| Carrying amount at 31 December 2024 and 1 January 2025                       | <b>15,886,606</b>                      |
| Additions                                                                    | <b>30,365</b>                          |
| Disposals                                                                    | <b>(35,471)</b>                        |
| Net loss from fair value adjustments                                         | <b>(26,318)</b>                        |
| Transfer from property, plant and equipment, net ( <i>note 13</i> )          | <b>107,078</b>                         |
| Transfer to right-of-use assets, net ( <i>note 15(a)</i> )                   | <b>(6,245)</b>                         |
| Exchange realignment                                                         | <b>365,877</b>                         |
| Carrying amount at 31 December 2025                                          | <b>16,321,892</b>                      |

The carrying amounts of investment properties at fair values as at 31 December 2025 were HK\$16,321,892,000 (2024: HK\$24,758,362,000, including those classified as held for distribution of HK\$8,871,756,000).

As at 31 December 2025, property ownership certificate of an investment property with a carrying value of HK\$96,318,000 (2024: HK\$90,712,000) has not been issued. The Group has subsequently obtained the certificate.

On an annual basis, the Group engages external, independent and professionally qualified valuers to determine the fair values of the Group's investment properties. As at 31 December 2025, the fair values at an aggregate amount of HK\$16,321,892,000 (2024: HK\$24,758,362,000) were mainly determined by Vigers Appraisal & Consulting Limited (2024: Vigers Appraisal & Consulting Limited and Guangdong Zhixin Asset Evaluation Co., Ltd, including those classified as held for distribution) on an open market, existing use basis.

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

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

Further particulars of the Group's investment properties are included on page 206.

# Notes to the Financial Statements

## 14 Investment properties (continued)

### Fair value hierarchy

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

|                                       | Fair value measurement<br>as at 31 December 2025 using            |                                                              |                                                                | Total<br>HK\$'000 |
|---------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------|-------------------|
|                                       | Quoted<br>prices in<br>active<br>markets<br>(Level 1)<br>HK\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$'000 |                   |
| Recurring fair value measurement for: |                                                                   |                                                              |                                                                |                   |
| Commercial properties                 | –                                                                 | –                                                            | 15,854,133                                                     | 15,854,133        |
| Hotel properties                      | –                                                                 | –                                                            | 467,759                                                        | 467,759           |
|                                       | –                                                                 | –                                                            | 16,321,892                                                     | 16,321,892        |

|                                                          | Fair value measurement<br>as at 31 December 2024 using            |                                                              |                                                                | Total<br>HK\$'000 |
|----------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------|-------------------|
|                                                          | Quoted<br>prices in<br>active<br>markets<br>(Level 1)<br>HK\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$'000 |                   |
| Recurring fair value measurement for:                    |                                                                   |                                                              |                                                                |                   |
| Warehouse and residential/<br>non-residential properties | –                                                                 | –                                                            | 127,337                                                        | 127,337           |
| Commercial properties                                    | –                                                                 | –                                                            | 24,127,840                                                     | 24,127,840        |
| Hotel properties                                         | –                                                                 | –                                                            | 503,185                                                        | 503,185           |
|                                                          | –                                                                 | –                                                            | 24,758,362                                                     | 24,758,362        |

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

# Notes to the Financial Statements

## 14 Investment properties (continued)

Fair value hierarchy (continued)

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

|                                                               | Warehouse<br>and<br>residential/<br>non-<br>residential<br>properties<br>HK\$'000 | Commercial<br>properties<br>HK\$'000 | Hotel<br>properties<br>HK\$'000 | Total<br>HK\$'000  |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------|---------------------------------|--------------------|
| Carrying amount at 1 January 2024                             | 134,962                                                                           | 24,846,798                           | 520,254                         | 25,502,014         |
| Additions                                                     | –                                                                                 | 108,200                              | –                               | 108,200            |
| Net losses from fair value adjustments                        | (4,812)                                                                           | (81,786)                             | (6,495)                         | (93,093)           |
| Transfer from property, plant and equipment, net              | –                                                                                 | 21,196                               | –                               | 21,196             |
| Transfer to right-of-use assets, net                          | –                                                                                 | (248,399)                            | –                               | (248,399)          |
| Exchange realignment                                          | (2,813)                                                                           | (518,169)                            | (10,574)                        | (531,556)          |
| Carrying amount at 31 December 2024 and at 1 January 2025     | <b>127,337</b>                                                                    | <b>24,127,840</b>                    | <b>503,185</b>                  | <b>24,758,362</b>  |
| Distribution in specie of shares in a subsidiary (note 36(d)) | <b>(128,101)</b>                                                                  | <b>(8,796,866)</b>                   | <b>–</b>                        | <b>(8,924,967)</b> |
| Additions                                                     | –                                                                                 | <b>30,365</b>                        | –                               | <b>30,365</b>      |
| Disposals                                                     | –                                                                                 | <b>(35,471)</b>                      | –                               | <b>(35,471)</b>    |
| Net losses from fair value adjustments                        | –                                                                                 | <b>(19,040)</b>                      | <b>(7,278)</b>                  | <b>(26,318)</b>    |
| Transfer from property, plant and equipment, net              | –                                                                                 | <b>137,087</b>                       | <b>(30,009)</b>                 | <b>107,078</b>     |
| Transfer to right-of-use assets, net                          | –                                                                                 | <b>(802)</b>                         | <b>(5,443)</b>                  | <b>(6,245)</b>     |
| Exchange realignment                                          | <b>764</b>                                                                        | <b>411,020</b>                       | <b>7,304</b>                    | <b>419,088</b>     |
| Carrying amount at 31 December 2025                           | <b>–</b>                                                                          | <b>15,854,133</b>                    | <b>467,759</b>                  | <b>16,321,892</b>  |

# Notes to the Financial Statements

## 14 Investment properties (continued)

### Fair value hierarchy (continued)

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

|                                                             |                                                                   | Valuation techniques                    | Significant unobservable inputs  | Range                            |      |
|-------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------|----------------------------------|----------------------------------|------|
|                                                             |                                                                   |                                         |                                  | 2025                             | 2024 |
| Investment properties held by companies other than GD Land: |                                                                   |                                         |                                  |                                  |      |
| Commercial properties located in Hong Kong:                 |                                                                   |                                         |                                  |                                  |      |
| Office                                                      | Income approach, more specifically, a term and reversion approach | Passing rent (per sq.ft. and per month) | HK\$17 to HK\$33                 | HK\$20 to HK\$33                 |      |
|                                                             |                                                                   | Market rent (per sq.ft. and per month)  | HK\$29 to HK\$32                 | HK\$29 to HK\$34                 |      |
|                                                             |                                                                   | Term yield                              | 4.25%                            | 4.25%                            |      |
|                                                             |                                                                   | Market yield                            | 4.4%                             | 4.5%                             |      |
| Retail                                                      | Income approach, more specifically, a term and reversion approach | Passing rent (per sq.ft. and per month) | HK\$110                          | HK\$110                          |      |
|                                                             |                                                                   | Market rent (per sq.ft. and per month)  | HK\$80                           | HK\$85                           |      |
|                                                             |                                                                   | Term yield                              | 5.5%                             | 5.5%                             |      |
|                                                             |                                                                   | Market yield                            | 5.65%                            | 5.75%                            |      |
| Hotel properties located in Hong Kong                       | Income approach                                                   | Market yield                            | 4.2%                             | 4%                               |      |
|                                                             |                                                                   | Estimated net income (per annum)        | HK\$19,550,000 to HK\$28,750,000 | HK\$19,000,000 to HK\$26,050,000 |      |
| Commercial properties located in Chinese Mainland:          |                                                                   |                                         |                                  |                                  |      |
| Office                                                      | Income approach, more specifically, a term and reversion approach | Passing rent (per sq.m. and per month)  | HK\$37 to HK\$2,325              | HK\$56 to HK\$2,484              |      |
|                                                             |                                                                   | Market rent (per sq.m. and per month)   | HK\$46 to HK\$1,703              | HK\$46 to HK\$2,105              |      |
|                                                             |                                                                   | Term yield                              | 4.75% to 7%                      | 4.75% to 7.9%                    |      |
|                                                             |                                                                   | Market yield                            | 4.75% to 7.5%                    | 4.75% to 8%                      |      |
| Retail                                                      | Income approach, more specifically, a term and reversion approach | Passing rent (per sq.m. and per month)  | HK\$2.7 to HK\$6,772             | HK\$2.6 to HK\$6,605             |      |
|                                                             |                                                                   | Market rent (per sq.m. and per month)   | HK\$2.7 to HK\$4,141             | HK\$2.6 to HK\$4,901             |      |
|                                                             |                                                                   | Term yield                              | 5% to 8.5%                       | 5% to 12%                        |      |
|                                                             |                                                                   | Market yield                            | 5% to 10%                        | 5.5% to 12%                      |      |

# Notes to the Financial Statements

## 14 Investment properties (continued)

### Fair value hierarchy (continued)

|                                                                                  | Valuation techniques                                              | Significant unobservable inputs                                               | Range                                   |                                         |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
|                                                                                  |                                                                   |                                                                               | 2025                                    | 2024                                    |
| Investment properties held by companies other than GD Land: (continued)          |                                                                   |                                                                               |                                         |                                         |
| Commercial properties located in Chinese Mainland: (continued)                   |                                                                   |                                                                               |                                         |                                         |
| Retail                                                                           | Income approach, more specifically, a term and reversion approach | Net market rent (per sq.m. and per month)<br>Market yield                     | HK\$102 to HK\$183<br>5.4%              | HK\$91 to HK\$162<br>5%                 |
| Retail                                                                           | Market approach                                                   | Market price (per sq.m.)                                                      | HK\$8,437 to HK\$8,803                  | HK\$11,739 to HK\$13,381                |
| Car parking space                                                                | Market approach                                                   | Market price (per car parking space)                                          | HK\$110,710 to HK\$271,240              | HK\$107,990 to HK\$264,576              |
| Hotel properties located in Chinese Mainland:                                    | Income approach                                                   | Market yield<br>Estimated net income (per annum)                              | 5.5%<br>HK\$8,320,000 to HK\$17,420,000 | 5.5%<br>HK\$7,270,000 to HK\$19,100,000 |
| Investment properties held by GD Land:                                           |                                                                   |                                                                               |                                         |                                         |
| Commercial properties located in Chinese Mainland:                               |                                                                   |                                                                               |                                         |                                         |
| Retail                                                                           | Income approach                                                   | Capitalisation rate<br>Market rent/estimated rental (per sq.m. and per month) | N/A<br>N/A                              | 4.72% to 5.47%<br>HK\$140 to HK\$350    |
| Retail                                                                           | Market approach                                                   | Market price (per sq.m.)                                                      | N/A                                     | HK\$30,379 to HK\$32,682                |
| Car parking space                                                                | Income approach                                                   | Capitalisation rate<br>Market rent per month (per car park space)             | N/A<br>N/A                              | 4.2% to 4.27%<br>HK\$604 to HK\$1,020   |
| Warehouse and residential/non-residential properties located in Chinese Mainland | Market approach                                                   | Estimated land value (per sq.m.)                                              | N/A                                     | HK\$2,961                               |

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

# Notes to the Financial Statements

## 14 Investment properties (continued)

### Fair value hierarchy (continued)

#### *Income approach*

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

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

#### *The market approach*

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

# Notes to the Financial Statements

## 15 Leases

### The Group as lessee

The Group has lease contracts for properties used in its operations. Leases of properties generally have lease periods of 1 to 20 years (2024: 1 to 20 years). Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 21 to 50 years (2024: 21 to 50 years), and no ongoing payments will be made under the terms of these land leases.

#### (a) Right-of-use assets

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

|                                                                        | Properties<br>HK\$'000 | Leasehold<br>land<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------------------------------------------|------------------------|-------------------------------|-------------------|
| Carrying amount at 1 January 2024                                      | 237,945                | 819,015                       | 1,056,960         |
| Additions                                                              | 223,125                | –                             | 223,125           |
| Transfer from/(to) investment properties<br>(note 14)                  | 248,512                | (113)                         | 248,399           |
| Transfer to assets classified as held for<br>distribution (note 36(e)) | (1,799)                | –                             | (1,799)           |
| Depreciation charge during the year                                    | (39,498)               | (28,277)                      | (67,775)          |
| Remeasurement of right-of-use assets                                   | (388,377)              | –                             | (388,377)         |
| Disposal and write-offs                                                | (3,691)                | (3,652)                       | (7,343)           |
| Exchange realignment                                                   | (4,733)                | (15,277)                      | (20,010)          |
| Carrying amount at 31 December 2024 and<br>1 January 2025              | <b>271,484</b>         | <b>771,696</b>                | <b>1,043,180</b>  |
| Additions                                                              | <b>9,523</b>           | <b>14,838</b>                 | <b>24,361</b>     |
| Surplus of revaluation                                                 | <b>2,732</b>           | –                             | <b>2,732</b>      |
| Transfer from investment properties, net<br>(note 14)                  | <b>802</b>             | <b>5,443</b>                  | <b>6,245</b>      |
| Depreciation charge during the year                                    | <b>(49,517)</b>        | <b>(28,566)</b>               | <b>(78,083)</b>   |
| Disposal and write-offs                                                | <b>(5,106)</b>         | –                             | <b>(5,106)</b>    |
| Exchange realignment                                                   | <b>963</b>             | <b>18,513</b>                 | <b>19,476</b>     |
| Carrying amount at 31 December 2025                                    | <b>230,881</b>         | <b>781,924</b>                | <b>1,012,805</b>  |

As at 31 December 2025, land use right certificates of certain leasehold land with a carrying value of HK\$29,026,000 (2024: HK\$28,463,000) have not been issued. The Group is in the process of obtaining the certificates.

# Notes to the Financial Statements

## 15 Leases (continued)

The Group as lessee (continued)

(b) *Lease liabilities*

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

|                                                            | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------|------------------|------------------|
| Carrying amount at 1 January                               | 379,134          | 605,820          |
| New leases                                                 | 9,523            | 221,042          |
| Accretion of interest recognised during the year           | 13,418           | 27,584           |
| Remeasurement of lease liabilities                         | (51,099)         | (390,100)        |
| Payments                                                   | (98,176)         | (74,144)         |
| Disposal and write-offs                                    | –                | (2,720)          |
| Transfer to liabilities held for distribution (note 36(e)) | –                | (1,858)          |
| Exchange realignment                                       | 2,001            | (6,490)          |
| Carrying amount at 31 December                             | 254,801          | 379,134          |
| Analysed into:                                             |                  |                  |
| Current portion                                            | 46,506           | 84,756           |
| Non-current portion                                        | 208,295          | 294,378          |
|                                                            | 254,801          | 379,134          |

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

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

|                                                                              | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------------------------|------------------|------------------|
| <b>Continuing operations</b>                                                 |                  |                  |
| Interest on lease liabilities                                                | 13,418           | 27,519           |
| Depreciation charge of right-of-use assets                                   | 78,083           | 66,791           |
| Expense relating to short-term leases                                        | 2,699            | 9,336            |
| Gain on remeasurement of right-of-use assets and lease liabilities           | (30,808)         | (1,723)          |
| Variable lease payments not included in the measurement of lease liabilities | 1,945            | 548              |
| Total amount recognised in profit or loss                                    | 65,337           | 102,471          |

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

# Notes to the Financial Statements

## 15 Leases (continued)

### The Group as a lessor

The Group leases its investment properties (note 14) consisting of properties in Hong Kong and the PRC under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$1,502,838,000 (2024: HK\$1,407,955,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

|                                         | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------------------|------------------|------------------|
| Within one year                         | 1,281,183        | 1,201,140        |
| After one year but within two years     | 860,015          | 790,962          |
| After two years but within three years  | 507,285          | 427,278          |
| After three years but within four years | 260,554          | 208,738          |
| After four years but within five years  | 137,644          | 105,046          |
| After five years                        | 141,737          | 140,098          |
|                                         | <b>3,188,418</b> | 2,873,262        |

## 16 Goodwill

|                                                                     | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|---------------------------------------------------------------------|------------------|------------------|
| Cost and net carrying amount at 1 January                           | 810,988          | 851,725          |
| Business combinations through acquisition of subsidiaries (note 35) | 3,294            | –                |
| Impairment loss (note 6)                                            | (32,003)         | (30,708)         |
| Exchange realignment                                                | 10,910           | (10,029)         |
| At 31 December, net of accumulated impairment losses                | <b>793,189</b>   | 810,988          |
| At 31 December:                                                     |                  |                  |
| Cost                                                                | 856,645          | 841,225          |
| Accumulated impairment losses                                       | (63,456)         | (30,237)         |
| Net carrying amount                                                 | <b>793,189</b>   | 810,988          |

# Notes to the Financial Statements

## 16 Goodwill (continued)

### Impairment testing of goodwill

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

|                               | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------------|------------------|------------------|
| Water distribution operations | 519,152          | 509,698          |
| Sewage treatment operations   | 274,037          | 301,290          |
|                               | 793,189          | 810,988          |

### Water distribution operations

The recoverable amount of individual or groups of water distribution cash-generating units has been determined based on a value in use calculation using cash flow projections approved by the Company's directors covering the remaining concession periods of 5 to 28 years (2024: 6 to 29 years). The pre-tax discount rates applied to the cash flow projections range from 8% to 14% (2024: 8% to 14%).

The cash flow projections have been prepared based on the actual results of the relevant individual or groups of water distribution cash-generating units for the years ended 31 December 2025 and 2024. Cash flows for each of the water distribution cash-generating units depend principally on the pricing and volume of water distributed. Revenue from the water supply to the Hong Kong Special Administrative Region ("HKSAR") during the cash flow projection period is projected with reference to the latest Hong Kong Water Supply Agreement entered into in 2023 where the annual water revenue receivable from the HKSAR for the years 2024, 2025 and 2026 are HK\$5,136.24 million, HK\$5,259.00 million and HK\$5,384.69 million, respectively. No growth in the revenue from the water supply to the HKSAR is extrapolated beyond 2026 (no growth in the revenue was considered solely for the purposes of the impairment test to arrive at a conservative projection of cash flows and does not reflect the forecasted long-term industry growth or the Group's expectation of the business performance). Revenue for other projects is projected at growth rates of 1% to 7% per annum (2024: 1% to 7% per annum) over the projection periods. Operating expenses are expected to increase by 1% to 6% per annum (2024: 1% to 7% per annum) during the projection periods.

### Sewage treatment operations

The recoverable amount of individual or groups of the sewage treatment cash-generating units has been determined based on a value in use calculation using cash flow projections approved by the Company's directors covering the remaining concession periods of 8 to 40 years (2024: 9 to 41 years) and a five-year projection period with cash flows beyond the five-year period extrapolated using the estimated growth rate of 2% (2024: 3%). The pre-tax discount rates applied to the cash flow projections range from 7% to 16% (2024: 8% to 16%). The cash flow projections have been prepared based on the actual historical results of the relevant individual or groups of sewage treatment cash-generating units. Cash flows for each of the sewage treatment cash-generating units depend principally on the pricing and volume of the waste water treated. Revenue is projected with growth rates of 1% to 5% per annum (2024: 1% to 5% per annum) over the projection periods. Operating expenses are expected to increase by 1% to 5% per annum (2024: 1% to 5% per annum) during the projection periods.

The impairment of HK\$32,003,000 (2024: HK\$30,708,000) recognised in "Other operating income/ (expenses), net" during the year solely relates to the Group's sewage treatment operations based in Chinese Mainland. As the CGU has been reduced to its recoverable amount of HK\$2,312,732,000 (2024: HK\$2,371,460,000), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

# Notes to the Financial Statements

## 17 Other intangible assets

|                                                            | Licence<br>HK\$'000 | Contract<br>rights<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------------------------------|---------------------|--------------------------------|-------------------|
| Cost at 1 January 2025, net of<br>accumulated amortisation | 35,079              | 558,709                        | 593,788           |
| Amortisation during the year                               | (2,597)             | (32,119)                       | (34,716)          |
| Exchange realignment                                       | 846                 | 13,616                         | 14,462            |
| At 31 December 2025, net of<br>accumulated amortisation    | 33,328              | 540,206                        | 573,534           |
| At 31 December 2025:                                       |                     |                                |                   |
| Cost                                                       | 43,021              | 651,505                        | 694,526           |
| Accumulated amortisation                                   | (9,693)             | (111,299)                      | (120,992)         |
| Net carrying amount                                        | 33,328              | 540,206                        | 573,534           |

|                                                                        | Licence<br>HK\$'000 | Trademark<br>HK\$'000 | Contract<br>rights<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------------------------------------------|---------------------|-----------------------|--------------------------------|-------------------|
| Cost at 1 January 2024, net of<br>accumulated amortisation             | 38,425              | 18,252                | 603,388                        | 660,065           |
| Amortisation during the year                                           | (2,564)             | (282)                 | (32,269)                       | (35,115)          |
| Transfer to assets classified as held for<br>distribution (note 36(e)) | –                   | (17,584)              | –                              | (17,584)          |
| Exchange realignment                                                   | (782)               | (386)                 | (12,410)                       | (13,578)          |
| At 31 December 2024, net of<br>accumulated amortisation                | 35,079              | –                     | 558,709                        | 593,788           |
| At 31 December 2024:                                                   |                     |                       |                                |                   |
| Cost                                                                   | 41,964              | –                     | 635,498                        | 677,462           |
| Accumulated amortisation                                               | (6,885)             | –                     | (76,789)                       | (83,674)          |
| Net carrying amount                                                    | 35,079              | –                     | 558,709                        | 593,788           |

# Notes to the Financial Statements

## 18 Investments in associates

|                         | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------|------------------|------------------|
| Share of net assets     | 1,793,532        | 3,581,662        |
| Goodwill on acquisition | 12,288           | 104,971          |
|                         | 1,805,820        | 3,686,633        |
| Less: Impairment        | (79,317)         | (79,317)         |
|                         | 1,726,503        | 3,607,316        |

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

Particulars of the material associates are as follows:

### 31 December 2025

| Company                                                                                      | Registered and paid-up capital | Place of incorporation/<br>registration and business | Percentage of ownership interest attributable to the Group | Principal activities  |
|----------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------|------------------------------------------------------------|-----------------------|
| 廣東粵電靖海發電有限公司<br>(Guangdong Yudean Jinghai Power Generation Co., Ltd.▲)<br>("Yudean Jinghai") | RMB4,174,107,540               | Chinese Mainland                                     | 17.48% (note (i))                                          | Power plant operation |

### 31 December 2024

| Company          | Registered and paid-up capital | Place of incorporation/<br>registration and business | Percentage of ownership interest attributable to the Group | Principal activities                                     |
|------------------|--------------------------------|------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------|
| Yudean Jinghai   | RMB2,919,272,000               | Chinese Mainland                                     | 25% (note (i))                                             | Power plant operation                                    |
| Shantou Water Co | RMB2,949,849,600               | Chinese Mainland                                     | 49% (note (ii))                                            | Water distribution and waterworks construction operation |

# Notes to the Financial Statements

## 18 Investments in associates (continued)

Notes:

- (i) During the year, the Group entered into an agreement with other third-party investors of Yudean Jinghai in respect of the capital injection of Yudean Jinghai. As the Group did not participate in the capital injection with other investors, the Group's effective interest in Yudean Jinghai decreased to 17.48% (2024: 25%) as at 31 December 2025.
- (ii) During the year, the Group acquired an additional 2% equity interest in Shantou Water Co. Upon the completion of the acquisition, the Group increased its equity interest in Shantou Water Co from 49% to 51%, and Shantou Water Co has become a subsidiary of the Group. Further details are set out in note 35 to these financial statements.

Yudean Jinghai (2024: Yudean Jinghai and Shantou Water Co), which is considered as a material associate of the Group, engage in power supply operation (2024: power supply operation and water distribution and waterworks construction operation, respectively), and is accounted for using the equity method.

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

|                                                                  | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------------|------------------|------------------|
| Current assets                                                   | 2,079,305        | 1,567,572        |
| Non-current assets                                               | 11,931,976       | 9,206,634        |
| Goodwill on acquisition of the associate                         | 12,288           | 17,570           |
| Current liabilities                                              | (6,205,912)      | (4,942,454)      |
| Non-current liabilities                                          | (2,285,350)      | (2,282,661)      |
| Net assets                                                       | 5,532,307        | 3,566,661        |
| Net assets, excluding goodwill                                   | 5,520,019        | 3,549,091        |
| Reconciliation to the Group's interest in the associate:         |                  |                  |
| Proportion of the Group's ownership                              | 17.48%           | 25%              |
| Group's share of net assets of the associate, excluding goodwill | 964,899          | 887,273          |
| Goodwill on acquisition                                          | 12,288           | 17,570           |
| Carrying amount of the investment                                | 977,187          | 904,843          |
| Revenue                                                          | 5,844,630        | 7,113,901        |
| Profit for the year                                              | 113,728          | 298,630          |
| Other comprehensive income for the year                          | 36,942           | (75,710)         |
| Total comprehensive income for the year                          | 150,670          | 222,920          |

# Notes to the Financial Statements

## 18 Investments in associates (continued)

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

|                                                                  | 2024<br>HK\$'000 |
|------------------------------------------------------------------|------------------|
| Current assets                                                   | 1,566,163        |
| Non-current assets                                               | 2,727,204        |
| Goodwill on acquisition of the associate                         | 87,401           |
| Current liabilities                                              | (533,089)        |
| Non-current liabilities                                          | (285,171)        |
| Net assets                                                       | 3,562,508        |
| Net assets, excluding goodwill                                   | 3,475,107        |
| Reconciliation to the Group's interest in the associate:         |                  |
| Proportion of the Group's ownership                              | 49%              |
| Group's share of net assets of the associate, excluding goodwill | 1,702,802        |
| Goodwill on acquisition                                          | 87,401           |
| Carrying amount of the investment                                | 1,790,203        |
| Dividend received                                                | 18,582           |

|                                         | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------------------|------------------|------------------|
| Revenue                                 | 516,473          | 533,517          |
| Profit for the year                     | 54,323           | 40,532           |
| Other comprehensive income for the year | 64,588           | (77,603)         |
| Total comprehensive income for the year | 118,911          | (37,071)         |

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

|                                                                        | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------------------|------------------|------------------|
| Share of the associates' profits less losses for the year              | 56,521           | 77,503           |
| Share of the associates' other comprehensive income                    | 137,985          | (20,807)         |
| Share of the associates' total comprehensive income                    | 194,506          | 56,696           |
| Aggregate carrying amount of the Group's investments in the associates | 749,316          | 912,270          |

# Notes to the Financial Statements

## 19 Service concession arrangements

### (a) Operating concession rights

|                                                                               | Water<br>distribution<br>operations<br><i>HK\$'000</i><br><i>(note (i))</i> | Road and<br>bridge<br>operation<br><i>HK\$'000</i><br><i>(note (ii))</i> | Total<br><i>HK\$'000</i> |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------|
| At 1 January 2025:                                                            |                                                                             |                                                                          |                          |
| Cost                                                                          | 38,245,303                                                                  | 4,131,634                                                                | 42,376,937               |
| Accumulated amortisation and impairment                                       | (20,731,176)                                                                | (1,605,312)                                                              | (22,336,488)             |
| Net carrying amount                                                           | 17,514,127                                                                  | 2,526,322                                                                | 20,040,449               |
| At 1 January 2025, net of accumulated<br>amortisation and impairment          | 17,514,127                                                                  | 2,526,322                                                                | 20,040,449               |
| Additions                                                                     | 912,211                                                                     | 4,885                                                                    | 917,096                  |
| Business combinations through acquisition of<br>subsidiaries <i>(note 35)</i> | 2,928,923                                                                   | –                                                                        | 2,928,923                |
| Amortisation during the year <i>(note 6)</i>                                  | (1,360,830)                                                                 | (219,551)                                                                | (1,580,381)              |
| Transfer from receivables under service<br>concession arrangements            | 139,563                                                                     | –                                                                        | 139,563                  |
| Exchange realignment                                                          | 346,133                                                                     | 60,482                                                                   | 406,615                  |
| At 31 December 2025, net of accumulated<br>amortisation and impairment        | 20,480,127                                                                  | 2,372,138                                                                | 22,852,265               |
| At 31 December 2025:                                                          |                                                                             |                                                                          |                          |
| Cost                                                                          | 42,618,677                                                                  | 4,240,501                                                                | 46,859,178               |
| Accumulated amortisation and impairment                                       | (22,138,550)                                                                | (1,868,363)                                                              | (24,006,913)             |
| Net carrying amount                                                           | 20,480,127                                                                  | 2,372,138                                                                | 22,852,265               |

# Notes to the Financial Statements

## 19 Service concession arrangements (continued)

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

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

#### Notes:

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

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

# Notes to the Financial Statements

## 19 Service concession arrangements (continued)

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

Notes: (continued)

#### (i) (continued)

At 31 December 2025 and 2024, the Group held certain temporary land use right certificates for the existing water distribution operations issued by the Shenzhen and Dongguan Land Authorities in 2000. The procedures for the conversion from the temporary land use right certificates to the formal land use right certificates were in progress as at 31 December 2025. For the land related to the Phase IV Renovation Project on the water distribution operation facilities, the application for land use right certificates has been submitted and these land use right certificates were not yet issued by the relevant offices of the Land Authorities in the PRC as at 31 December 2025 and 2024.

At 31 December 2025 and 2024, the Group was in the process of applying for the change of registration of the title certificates with respect to certain land use rights of certain water distribution operation facilities, other than WaterCo, to which the Group's service concession arrangements relate.

Notwithstanding the above, the directors are of the opinion that the Group has obtained the beneficial titles to these land parcels as at 31 December 2025 and 2024 and the land use right certificates can be received.

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

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

### (b) Receivables under service concession arrangements

|                                                   | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|---------------------------------------------------|------------------|------------------|
| Receivables under service concession arrangements | 18,201,765       | 17,581,443       |
| Less: Portion classified as current assets        | (690,778)        | (615,399)        |
| Non-current portion                               | 17,510,987       | 16,966,044       |

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

### (c) As at 31 December 2025, bank and other loans of HK\$13,117,261,000 (2024: HK\$12,413,063,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements (note 29).

# Notes to the Financial Statements

## 19 Service concession arrangements (continued)

### (d) Contract assets

As at 31 December 2025, contract assets which were presented as operating concession rights and receivables under service concession arrangements amounted to HK\$954,061,000 (2024: HK\$573,548,000) and HK\$644,501,000 (2024: HK\$1,559,488,000), respectively.

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

- (e) The expected credit loss rate for the Group's contract assets and receivables under service concession arrangements is minimal. No impairment loss was recognised by the Group as at 31 December 2025 and 2024 in respect of these assets.

## 20 Receivables under a cooperative arrangement

|                                             | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|---------------------------------------------|------------------|------------------|
| Receivables under a cooperative arrangement | 2,136,132        | 2,170,334        |
| Less: Portion classified as current assets  | (549,343)        | (357,325)        |
| Non-current portion                         | 1,586,789        | 1,813,009        |

Balance as at 31 December 2025 mainly represented an advance of RMB1,621,919,000 (equivalent to approximately HK\$1,795,627,000) (2024: RMB1,672,783,000 (equivalent to approximately HK\$1,806,438,000)) and accrued interest of RMB258,735,000 (equivalent to approximately HK\$286,446,000) (2024: RMB284,895,000 (equivalent to approximately HK\$307,658,000)) in respect of a public-private-partnership project for the development of certain public roads in 銀瓶創新區 ("Yinping Innovation Zone") (the "Yinping PPP Project").

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

The balance relates to receivables which were not yet due. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

# Notes to the Financial Statements

## 21 Other financial assets at amortised cost

As at 31 December 2025, other financial assets at amortised cost of the Group represent deposits placed by the Group in a number of licensed banks in the PRC with the principal sums denominated in Renminbi ("RMB") that will be matured within two years (2024: within three years) with principal protected upon the maturity dates.

## 22 Completed properties held for sale

At the end of the reporting period, completed properties held for sale of HK\$94,850,000 (2024: HK\$92,520,000), were expected to be recovered after more than one year.

Certain of completed properties held for sale were transferred to assets classified as held for distribution as at 31 December 2024, further details of which are set out in note 36(e) to these financial statements.

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

|                                            | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|--------------------------------------------|------------------|------------------|
| Non-current:                               |                  |                  |
| Unlisted equity investments, at fair value | 16,748           | 16,738           |

An unlisted equity investment in 粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.▲) was transferred to assets classified as held for distribution as at 31 December 2024, further details of which are set out in note 36(e) to these financial statements.

These equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these equity investments to be strategic in nature. The tax effect for the fair value change during the year amounted to Nil (2024: Nil).

## 24 Inventories

|                | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------|------------------|------------------|
| Raw materials  | 478,773          | 275,569          |
| Finished goods | 53,078           | 33,791           |
|                | 531,851          | 309,360          |

# Notes to the Financial Statements

## 25 Receivables, prepayments and other receivables

|                                                | Notes | 2025<br>HK\$'000   | 2024<br>HK\$'000 |
|------------------------------------------------|-------|--------------------|------------------|
| Trade and bills receivables, net of impairment | (i)   | 4,745,586          | 3,837,959        |
| Other receivables                              |       | 1,122,909          | 959,368          |
| Prepayments and deposits                       |       | 111,484            | 224,467          |
| Value-added tax receivables                    |       | 29,996             | 27,849           |
| Contract assets                                | (ii)  | 953,322            | 768,414          |
| Due from the ultimate holding company          | 40(d) | 71                 | 69               |
| Due from fellow subsidiaries                   | 40(d) | 149,709            | 107,447          |
| Due from associates                            | 40(d) | 29,407             | 172,709          |
| A loan to a fellow subsidiary                  | 40(d) | 553,550            | –                |
|                                                |       | <b>7,696,034</b>   | 6,098,282        |
| Less: Portion classified as non-current assets |       | <b>(1,087,299)</b> | (519,303)        |
| Current portion                                |       | <b>6,608,735</b>   | 5,578,979        |

### Notes:

- (i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The various group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group's trade and bills receivables relate principally to the water distribution and sewage treatment businesses. The Group has a certain concentration of credit risk whereby 8% (2024: 8%) of the total trade and bills receivables was due from one customer. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

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

|                                        | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------------------------------|------------------|------------------|
| Current or less than 3 months past due | 2,439,810        | 2,282,981        |
| 3 months to 6 months past due          | 261,672          | 303,668          |
| 6 months to 1 year past due            | 848,456          | 661,312          |
| More than 1 year past due              | 1,267,607        | 627,659          |
|                                        | <b>4,817,545</b> | 3,875,620        |
| Less: Loss allowance                   | <b>(71,959)</b>  | (37,661)         |
|                                        | <b>4,745,586</b> | 3,837,959        |

# Notes to the Financial Statements

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

Notes: (continued)

(i) (continued)

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

|                                                                     | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|---------------------------------------------------------------------|------------------|------------------|
| At 1 January                                                        | 37,661           | 39,574           |
| Business combinations through acquisition of subsidiaries (note 35) | 11,041           | –                |
| Provision of impairment losses, net                                 | 26,668           | 2,235            |
| Amount written off                                                  | (4,752)          | (3,317)          |
| Exchange realignment                                                | 1,341            | (831)            |
| At 31 December                                                      | 71,959           | 37,661           |

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

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

### As at 31 December 2025

|                                   | Current   | Past due         |              |              | Total     |
|-----------------------------------|-----------|------------------|--------------|--------------|-----------|
|                                   |           | Less than 1 year | 1 to 2 years | Over 2 years |           |
| Expected credit loss rate         | 0.24%     | 0.31%            | 1.87%        | 11.40%       | 1.49%     |
| Gross carrying amount (HK\$'000)  | 2,133,829 | 1,416,109        | 861,635      | 405,972      | 4,817,545 |
| Expected credit losses (HK\$'000) | 5,196     | 4,367            | 16,122       | 46,274       | 71,959    |

### As at 31 December 2024

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

(ii) As at 31 December 2025, contract assets which represented the services consideration received amounted to HK\$953,322,000 (2024: HK\$768,414,000).

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

# Notes to the Financial Statements

## 26 Cash and bank balances and restricted bank balances

|                                                                                                                           | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|---------------------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Cash and bank balances <sup>#</sup>                                                                                       | (i)   | 12,434,335       | 11,051,366       |
| Non-pledged time deposits with:                                                                                           |       |                  |                  |
| Original maturity of more than three months when acquired<br>(note 37(c))                                                 |       | 781,613          | 151,186          |
| Original maturity of less than three months when acquired <sup>#</sup>                                                    |       | 1,567,384        | 951,477          |
| Cash and bank balances as stated in the consolidated<br>statement of financial position as at 31 December<br>(note 37(c)) | (ii)  | 14,783,332       | 12,154,029       |
| Restricted bank balances                                                                                                  |       | 22,824           | 19,457           |
| Cash and bank balances and restricted bank balances                                                                       |       | 14,806,156       | 12,173,486       |

*Notes:*

- (i) As at 31 December 2025, included in the balance represented bank deposits of RMB978,444,000 (equivalent to approximately HK\$1,083,235,000) (2024: RMB1,043,319,000 (equivalent to approximately HK\$1,126,680,000)) placed at a non-banking financial institution in the PRC, which is a fellow subsidiary of the Group (note 40(d)).
- (ii) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.
- # At the end of the reporting period, these balances included an amount of HK\$13,734,059,000 (2024: HK\$11,740,914,000) which was denominated in RMB. The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

# Notes to the Financial Statements

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

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

|                                                     | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------------------------------|-------|------------------|------------------|
| Trade and bills payables                            | (i)   | 5,603,103        | 5,611,573        |
| Accruals, other payables and other liabilities      |       | 6,907,790        | 5,685,071        |
| Defined benefit obligations                         | 42    | 219,183          | 78,747           |
| Deferred revenue                                    |       | 341,591          | 339,717          |
| Due to the immediate holding company                | 40(d) | 3,540            | 11,177           |
| Due to the ultimate holding company                 | 40(d) | 2,110            | 3,958            |
| Due to fellow subsidiaries                          | 40(d) | 878,136          | 295,415          |
| Due to associates                                   | 40(d) | 20,421           | 35,419           |
|                                                     |       | 13,975,874       | 12,061,077       |
| Less: Portion classified as non-current liabilities | 30    | (1,424,510)      | (1,267,816)      |
| Current portion                                     |       | 12,551,364       | 10,793,261       |

Note:

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

|                      | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------------|------------------|------------------|
| Within 3 months      | 5,603,103        | 5,590,197        |
| 3 months to 6 months | –                | 21,376           |
|                      | 5,603,103        | 5,611,573        |

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

# Notes to the Financial Statements

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

(continued)

### (b) Contract liabilities

|                                                                | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------------------------------------------------------|-------|------------------|------------------|
| <i>Advances received from customers</i>                        |       |                  |                  |
| Water distribution, sewage treatment and construction services |       | 958,505          | 1,042,133        |
| Property management service                                    |       | 1,927            | 15,816           |
| Sale of goods                                                  |       | 244,004          | 260,152          |
| Sale of electricity                                            |       | 9,049            | 15,684           |
| Loyalty points programme                                       |       | 10,983           | 5,740            |
|                                                                |       | <b>1,224,468</b> | 1,339,525        |
| Less: Portion classified as non-current liabilities            | 30    | <b>(39,888)</b>  | (38,428)         |
| Current portion                                                |       | <b>1,184,580</b> | 1,301,097        |

Notes:

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

|                                                                | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------------------------------------------------------|------------------|------------------|
| Water distribution, sewage treatment and construction services | 534,446          | 756,928          |
| Property management service                                    | 2,578            | 2,281            |
| Sale of goods and loyalty points programme                     | 86,529           | 141,147          |
| Sale of electricity                                            | 15,793           | 12,233           |
|                                                                | <b>639,346</b>   | 912,589          |

# Notes to the Financial Statements

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

Balance as at 31 December 2025 included proceeds of HK\$734,405,000 (2024: HK\$716,362,000) from the sale of properties to 廣州市番禺資訊技術投資發展有限公司, a non-controlling equity holder of a subsidiary, which is unsecured and non-interest-bearing. The balance will be settled by way of the payable to the non-controlling interest of Wanye of a capital reduction to be effected. As at 31 December 2025 and the date of approval of these financial statements, the Group and the non-controlling equity holder of a subsidiary were discussing the arrangement of the capital reduction.

The remaining current balances are unsecured, non-interest-bearing and have no specific terms of repayment or are repayable within one year.

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

## 29 Bank and other borrowings

|                                 | 2025                    |             |                   | 2024                    |             |                   |
|---------------------------------|-------------------------|-------------|-------------------|-------------------------|-------------|-------------------|
|                                 | Effective interest rate | Maturity    | HK\$'000          | Effective interest rate | Maturity    | HK\$'000          |
| <b>Current</b>                  |                         |             |                   |                         |             |                   |
| Bank loans – unsecured          | 2.00% – 4.00%           | 2026        | 4,772,971         | 1.50% – 4.27%           | 2025        | 4,628,062         |
| Bank loans – secured            | 2.09% – 3.85%           | 2026        | 973,669           | 2.19% – 4.45%           | 2025        | 1,091,580         |
| Other loans – unsecured         | –                       | On demand   | 75,274            | –                       | On demand   | 47,507            |
| Other loans – unsecured         | 2.45% – 5.20%           | 2026        | 430,495           | 1.20% – 5.20%           | 2025        | 1,563,026         |
|                                 |                         |             | <b>6,252,409</b>  |                         |             | <b>7,330,175</b>  |
| <b>Non-current</b>              |                         |             |                   |                         |             |                   |
| Bank loans – unsecured          | 2.00% – 3.20%           | 2027 – 2037 | 1,073,721         | 1.50% – 3.30%           | 2026 – 2033 | 1,681,282         |
| Bank loans – secured            | 2.09% – 3.85%           | 2027 – 2051 | 12,586,432        | 2.19% – 4.45%           | 2026 – 2049 | 12,023,419        |
| Other loans – unsecured         | 1.20% – 4.75%           | 2027 – 2052 | 1,560,802         | 1.20% – 4.75%           | 2026 – 2052 | 2,666,381         |
| Other loans – unsecured         | –                       | 2027 – 2033 | 138,228           | –                       | 2026 – 2033 | 160,748           |
|                                 |                         |             | <b>15,359,183</b> |                         |             | <b>16,531,830</b> |
| Total bank and other borrowings |                         |             | <b>21,611,592</b> |                         |             | <b>23,862,005</b> |

# Notes to the Financial Statements

## 29 Bank and other borrowings (continued)

|                                                 | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------------------------------|------------------|------------------|
| Analysed into:                                  |                  |                  |
| Bank loans repayable:                           |                  |                  |
| Within one year/on demand                       | 5,746,640        | 5,719,642        |
| In the second year                              | 1,015,480        | 1,446,139        |
| In the third to fifth years, inclusive          | 2,933,441        | 3,116,657        |
| Over five years                                 | 9,711,232        | 9,141,905        |
|                                                 | 19,406,793       | 19,424,343       |
| Other loans repayable:                          |                  |                  |
| Within one year/on demand                       | 505,769          | 1,610,533        |
| In the second year                              | 364,808          | 777,037          |
| In the third to fifth years, inclusive          | 278,606          | 766,090          |
| Over five years                                 | 1,055,616        | 1,284,002        |
|                                                 | 2,204,799        | 4,437,662        |
| Total bank and other borrowings                 | 21,611,592       | 23,862,005       |
| Less: Portion classified as current liabilities | (6,252,409)      | (7,330,175)      |
| Non-current portion                             | 15,359,183       | 16,531,830       |

### Notes:

- As at 31 December 2025, all bank and other borrowings were denominated in Hong Kong dollars, except for bank and other loans of HK\$17,111,592,000 (2024: HK\$19,356,059,000) which were denominated in RMB.
- As at 31 December 2025, a bank loan of HK\$442,840,000 (2024: HK\$701,936,000) was secured by pledge of a 79% equity interest of a subsidiary.
- As at 31 December 2025, bank and other loans of HK\$13,117,261,000 (2024: HK\$12,413,063,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements.
- As at 31 December 2025, included in unsecured other borrowings represented a loan from Guangdong Holdings of HK\$71,740,000 (2024: Nil), loans from fellow subsidiaries of HK\$1,162,905,000 (2024: HK\$2,570,889,000) and loans from an associate of Nil (2024: HK\$917,915,000) (note 40(d)).

# Notes to the Financial Statements

## 30 Other liabilities and contract liabilities

|                             | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------|-------|------------------|------------------|
| Deferred revenue            |       | 341,591          | 339,717          |
| Deposits received           |       | 212,519          | 203,121          |
| Defined benefit obligations |       | 214,233          | 78,747           |
| Other payables and accruals |       | 656,167          | 646,231          |
|                             | 27(a) | 1,424,510        | 1,267,816        |
| Contract liabilities        | 27(b) | 39,888           | 38,428           |
|                             |       | 1,464,398        | 1,306,244        |

## 31 Deferred tax

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

### Deferred tax liabilities

|                                                                                                                       | 2025                                                                                           |                                                                                                    |                                                                                         |                                                               |                                                                                                         |                                                             |                           |                          |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------|--------------------------|
|                                                                                                                       | Fair value<br>adjustments<br>arising from<br>acquisition of<br>subsidiaries<br><i>HK\$'000</i> | Temporary<br>differences<br>related<br>to service<br>concession<br>arrangements<br><i>HK\$'000</i> | Depreciation<br>allowance<br>in excess<br>of related<br>depreciation<br><i>HK\$'000</i> | Revaluation<br>of investment<br>properties<br><i>HK\$'000</i> | Revaluation<br>of property,<br>plant and<br>equipment<br>and right-of-<br>use assets<br><i>HK\$'000</i> | Withholding<br>tax levied on<br>dividend<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| At 1 January 2025                                                                                                     | 1,135,121                                                                                      | 355,261                                                                                            | 708,552                                                                                 | 1,439,837                                                     | 193,918                                                                                                 | 1,024,586                                                   | 192,296                   | 5,049,571                |
| Deferred tax (credited)/charged to the consolidated<br>statement of profit or loss during the year ( <i>note 10</i> ) | (46,702)                                                                                       | 46,834                                                                                             | 28,967                                                                                  | 12,835                                                        | (17,903)                                                                                                | 50,571                                                      | (6,009)                   | 68,593                   |
| Deferred tax charged to revaluation reserve                                                                           | -                                                                                              | -                                                                                                  | -                                                                                       | -                                                             | 14,893*                                                                                                 | -                                                           | -                         | 14,893                   |
| Business combinations through acquisition of subsidiaries<br>( <i>note 35</i> )                                       | 90,725                                                                                         | 196,378                                                                                            | -                                                                                       | -                                                             | -                                                                                                       | -                                                           | (38,939)                  | 248,164                  |
| Exchange differences                                                                                                  | 15,714                                                                                         | 9,787                                                                                              | 16,361                                                                                  | 38,265                                                        | 3,110                                                                                                   | 25,903                                                      | 8,507                     | 117,647                  |
| Gross deferred tax liabilities recognised in the consolidated<br>statement of financial position at 31 December 2025  | 1,194,858                                                                                      | 608,260                                                                                            | 753,880                                                                                 | 1,490,937                                                     | 194,018                                                                                                 | 1,101,060                                                   | 155,855                   | 5,498,868                |

# Notes to the Financial Statements

## 31 Deferred tax (continued)

### Deferred tax assets

|                                                                                                              | 2025                                                                        |                                                                              |                                                                            |                                        |                                     |                                                 |                    |                   |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------|-------------------------------------|-------------------------------------------------|--------------------|-------------------|
|                                                                                                              | Fair value adjustments arising from acquisition of subsidiaries<br>HK\$'000 | Depreciation expense in excess of related depreciation allowance<br>HK\$'000 | Losses available for offsetting against future taxable profits<br>HK\$'000 | Customer loyalty programme<br>HK\$'000 | Provisions and accruals<br>HK\$'000 | Provision for land appreciation tax<br>HK\$'000 | Others<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 January 2025                                                                                            | (962)                                                                       | (1,157)                                                                      | (41,688)                                                                   | (3,135)                                | (68,872)                            | (8,726)                                         | (74,441)           | (198,981)         |
| Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 10)    | 49                                                                          | (72)                                                                         | 22,460                                                                     | (40)                                   | 20,325                              | -                                               | (8,606)            | 34,116            |
| Exchange differences                                                                                         | (23)                                                                        | (31)                                                                         | (121)                                                                      | (80)                                   | (802)                               | (220)                                           | (1,889)            | (3,166)           |
| Gross deferred tax assets recognised in the consolidated statement of financial position at 31 December 2025 | (936)                                                                       | (1,260)                                                                      | (19,349)                                                                   | (3,255)                                | (49,349)                            | (8,946)                                         | (84,936)           | (168,031)         |

### Deferred tax liabilities

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

\* These amounts represent the tax charge of HK\$14,893,000 (2024: HK\$2,418,000) arising from fair value gains of right-of-use assets and property, plant and equipment upon transfer to investment properties of HK\$60,394,000 (2024: HK\$9,671,000). Net of tax amounts are disclosed in the consolidated statement of comprehensive income.

# Notes to the Financial Statements

## 31 Deferred tax (continued)

### Deferred tax assets

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

The Group has no unrecognised tax losses arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has unrecognised tax losses and other deductible temporary differences arising in Chinese Mainland of HK\$1,218,522,000 (2024: HK\$1,322,933,000). The unrecognised tax losses will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors considered that it is not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised by the Group.

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

At 31 December 2025, except for withholding tax provided for under deferred tax liabilities, the aggregate amount of temporary differences associated with unremitted earnings that are subject to withholding taxes of the Group's subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled HK\$3,822,209,000 (2024: HK\$3,055,478,000).

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

# Notes to the Financial Statements

## 32 Share capital

Shares

|                                                     | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------------------------------|------------------|------------------|
| <b>Issued and fully paid:</b>                       |                  |                  |
| 6,537,821,440 (2024: 6,537,821,440) ordinary shares | <b>8,966,177</b> | 8,966,177        |

## 33 Reserves

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

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

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

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

|                                                                                                       | 2025             | 2024             |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
| Percentage of equity interest held by Guangdong Teem's non-controlling equity holders                 | <b>23.87%</b>    | 23.87%           |
|                                                                                                       | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
| Profit for the year allocated to Guangdong Teem's non-controlling equity holders                      | <b>271,788</b>   | 228,435          |
| Dividends paid to Guangdong Teem's non-controlling equity holders                                     | <b>173,852</b>   | 56,811           |
| Accumulated balances of Guangdong Teem's non-controlling interests at the end of the reporting period | <b>7,149,385</b> | 7,036,953        |

# Notes to the Financial Statements

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

(continued)

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

|                                                | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------|------------------|------------------|
| Revenue                                        | 2,042,262        | 2,414,698        |
| Changes in fair value of investment properties | (1,859)          | (51,517)         |
| Total expenses, net                            | (1,151,156)      | (1,577,214)      |
| Profit for the year                            | 889,247          | 785,967          |
| Total comprehensive income for the year        | 1,398,172        | 348,754          |
| Current assets                                 | 11,136,053       | 10,369,838       |
| Non-current assets                             | 13,453,527       | 13,584,944       |
| Current liabilities                            | (1,589,644)      | (1,522,514)      |
| Non-current liabilities                        | (2,230,297)      | (2,298,264)      |
| Net cash flows from operating activities       | 640,433          | 651,793          |
| Net cash flows used in investing activities    | (328,632)        | (612,919)        |
| Net cash flows used in financing activities    | (674,557)        | (642,652)        |
| Effect of foreign exchange rate changes, net   | 6,437            | (13,797)         |
| Net decrease in cash and cash equivalents      | (356,319)        | (617,575)        |

## 35 Business combinations through acquisition of subsidiaries

During the year ended 31 December 2025, the Group acquired additional 2% and 51% equity interests in Shantou Water Co and Yangjiang Qingyuan from 廣東粵海水務股份有限公司 (Guangdong Yuehai Water Co., Ltd.▲) ("Guangdong Yuehai Water", a wholly-owned subsidiary of Guangdong Holdings) at adjusted cash considerations of RMB72,340,000 (equivalent to approximately HK\$79,503,000) and RMB194,650,000 (equivalent to approximately HK\$213,920,000), respectively. Prior to the acquisitions, the Group had equity interests of 49% and 48% in Shantou Water Co and Yangjiang Qingyuan respectively, which were accounted as associates of the Group. Upon the completion of the acquisitions, the Group obtained control over Shantou Water Co and Yangjiang Qingyuan and increased its equity interests in Shantou Water Co and Yangjiang Qingyuan to 51% and 99% respectively. Accordingly, Shantou Water Co and Yangjiang Qingyuan have become the subsidiaries of the Group.

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

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

# Notes to the Financial Statements

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

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

|                                                   | HK\$'000    |
|---------------------------------------------------|-------------|
| Property, plant and equipment                     | 32,895      |
| Operating concession rights                       | 2,928,923   |
| Receivables under service concession arrangements | 593,541     |
| Receivables, prepayments and other receivables    | 443,869     |
| Inventories                                       | 3,484       |
| Cash and bank balances                            | 1,698,883   |
| Payables, accruals and other liabilities          | (784,999)   |
| Bank and other borrowings                         | (406,269)   |
| Contract liabilities                              | (8,855)     |
| Tax payable                                       | (21,606)    |
| Deferred tax liabilities                          | (248,164)   |
| Total identifiable net assets at fair values      | 4,231,702   |
| Non-controlling interests                         | (1,872,233) |
|                                                   | 2,359,469   |
| Goodwill on acquisitions                          | 3,294       |
|                                                   | 2,362,763   |
| Satisfied by:                                     |             |
| Cash consideration                                | 293,423     |
| Fair value of the previously held interests       | 2,069,340   |
|                                                   | 2,362,763   |

As at the dates of acquisitions, the fair values of the receivables were their gross contractual amounts, of which trade receivables of HK\$11,041,000 were expected to be uncollectible.

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

The Group incurred transaction costs of HK\$530,000 in connection with the acquisitions. The transaction costs have been included in administrative expenses in the consolidated statement of profit or loss.

## Notes to the Financial Statements

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

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

|                                                                                             | <i>HK\$'000</i>  |
|---------------------------------------------------------------------------------------------|------------------|
| Total cash consideration                                                                    | <b>(293,423)</b> |
| Cash consideration payable as at 31 December 2025                                           | <b>293,423</b>   |
| Cash and bank balances acquired                                                             | <b>1,698,883</b> |
| Net inflow of cash and cash equivalents included in cash flows used in investing activities | <b>1,698,883</b> |
| Transaction costs for the acquisitions included in cash flows from operating activities     | <b>(530)</b>     |
|                                                                                             | <b>1,698,353</b> |

Since the acquisitions, the above newly acquired businesses contributed revenue of HK\$53,848,000 and net profit of HK\$1,369,000 to the Group for the year ended 31 December 2025.

Had the combinations taken place at the beginning of the year ended 31 December 2025, the revenue and the profit of the Group from continuing operations for that year would have been HK\$19,389,607,000 and HK\$5,350,526,000, respectively.

# Notes to the Financial Statements

## 36 Discontinued operations

On 9 December 2024, the Company's Board of Directors recommended the Proposed Distribution as mentioned in note 1 to these financial statements. The Proposed Distribution was completed on 21 January 2025. GD Land mainly engaged in the property development and investment businesses. For the period from 1 January 2025 to 21 January 2025, GD Land was classified as discontinued operations.

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

|                                                              | For the period from<br>1 January<br>2025 to<br>21 January<br>2025<br>HK\$'000 | For the<br>year ended<br>31 December<br>2024<br>HK\$'000 |
|--------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>Revenue (note)</b>                                        | <b>251,831</b>                                                                | 6,759,320                                                |
| Cost of sales                                                | <b>(224,774)</b>                                                              | (6,296,106)                                              |
| <b>Gross profit</b>                                          | <b>27,057</b>                                                                 | 463,214                                                  |
| Other income and gains, net                                  | <b>77</b>                                                                     | 41,408                                                   |
| Changes in fair value of investment properties               | <b>–</b>                                                                      | (25,272)                                                 |
| Selling and distribution expenses                            | <b>(9,092)</b>                                                                | (284,192)                                                |
| Administrative expenses                                      | <b>(8,240)</b>                                                                | (188,000)                                                |
| Exchange differences, net                                    | <b>(19)</b>                                                                   | (5,018)                                                  |
| Other operating income/(expenses), net                       | <b>404</b>                                                                    | (1,015,659)                                              |
| Finance costs                                                | <b>(22,250)</b>                                                               | (316,723)                                                |
| <b>Loss before tax</b>                                       | <b>(12,063)</b>                                                               | (1,330,242)                                              |
| Income tax expense                                           | <b>(9,204)</b>                                                                | (163,089)                                                |
| <b>Loss for the period/year from discontinued operations</b> | <b>(21,267)</b>                                                               | (1,493,331)                                              |

Note:

As at 31 December 2024, the amounts of HK\$8,566,480,000 of remaining unsatisfied performance obligations resulting from property sales with an original expected duration within one year.

# Notes to the Financial Statements

## 36 Discontinued operations (continued)

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

|                                                                                                                    | For the period from<br>1 January<br>2025 to<br>21 January<br>2025<br>HK\$'000 | For the<br>year ended<br>31 December<br>2024<br>HK\$'000 |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------|
| Depreciation of property, plant and equipment                                                                      | –                                                                             | 14,397                                                   |
| Depreciation of right-of-use assets                                                                                | –                                                                             | 984                                                      |
| Amortisation of other intangible assets                                                                            | –                                                                             | 282                                                      |
| Gross rental income from investment properties                                                                     | (3,937)                                                                       | (20,432)                                                 |
| Direct operating expenses (including repairs and maintenance)<br>arising from rental-earning investment properties | 1,842                                                                         | 37,700                                                   |
| Net rental (income)/expense from investment properties                                                             | (2,095)                                                                       | 17,268                                                   |
| Write-down of properties held sale under development                                                               | –                                                                             | 248,512                                                  |
| Write-down of completed properties held for sale                                                                   | –                                                                             | 785,203                                                  |
| Loss on disposal of property, plant and equipment, net                                                             | –                                                                             | 563                                                      |
| Interest on lease liabilities                                                                                      | 30                                                                            | 65                                                       |

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

|                                                          | For the period from<br>1 January<br>2025 to<br>21 January<br>2025<br>HK\$'000 | For the<br>year ended<br>31 December<br>2024<br>HK\$'000 |
|----------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------|
| Cash flows generated from operating activities           | 267,758                                                                       | 1,935,988                                                |
| Cash flows generated from/(used in) investing activities | 260                                                                           | (6,041)                                                  |
| Cash flows generated from/(used in) financing activities | 537,478                                                                       | (4,641,545)                                              |
| Net cash flows                                           | 805,496                                                                       | (2,711,598)                                              |

# Notes to the Financial Statements

## 36 Discontinued operations (continued)

- (d) Details of net assets of discontinued operations at date of distribution in specie are as follows:

|                                                                                | As at<br>21 January<br>2025<br>HK\$'000 |
|--------------------------------------------------------------------------------|-----------------------------------------|
| <b>Net assets distributed</b>                                                  |                                         |
| Property, plant and equipment                                                  | 76,273                                  |
| Investment properties                                                          | 8,924,967                               |
| Right-of-use assets                                                            | 11,133                                  |
| Other intangible assets                                                        | 17,690                                  |
| Equity investments designated at fair value through other comprehensive income | 41,209                                  |
| Deferred tax assets                                                            | 360,195                                 |
| Properties held for sale under development                                     | 13,313,856                              |
| Completed properties held for sale                                             | 12,749,797                              |
| Tax recoverable                                                                | 474,502                                 |
| Receivables, prepayments and other receivables                                 | 1,416,691                               |
| Restricted bank balances                                                       | 424,075                                 |
| Cash and bank balances                                                         | 2,176,240                               |
| <b>Total assets</b>                                                            | <b>39,986,628</b>                       |
| Payables, accruals and other liabilities                                       | (3,975,051)                             |
| Contract liabilities                                                           | (9,748,600)                             |
| Tax payable                                                                    | (439,999)                               |
| Due to a non-controlling equity holder of a subsidiary                         | (443,968)                               |
| Bank and other borrowings                                                      | (19,488,007)                            |
| Lease liabilities                                                              | (11,630)                                |
| Deferred tax liabilities                                                       | (1,720,393)                             |
| <b>Total liabilities</b>                                                       | <b>(35,827,648)</b>                     |
| Book value of net assets                                                       | 4,158,980                               |
| Non-controlling interests                                                      | (1,820,770)                             |
| Fair value of GD Land shares retained                                          | (385)                                   |
| Net loss on distribution in specie                                             | (2,751)                                 |
| <b>Book value of net assets distributed</b>                                    | <b>2,335,074</b>                        |

# Notes to the Financial Statements

## 36 Discontinued operations (continued)

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

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

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

# Notes to the Financial Statements

## 36 Discontinued operations (continued)

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

Notes:

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

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

As at 31 December 2024, included other borrowings represented loans from Guangdong Holdings of HK\$4,040,986,000 which were unsecured, interest-bearing at effective interest rate of 3.63% per annum and repayable within 1 to 3 years and loans from fellow subsidiaries of HK\$3,367,833,000 which were unsecured, interest-bearing ranging from 2.8% to 4.75% per annum and repayable within 1 to 5 years.

## 37 Notes to the consolidated statement of cash flows

### (a) Major non-cash transactions

- (i) The Group had non-cash additions to right-of-use assets and lease liabilities of HK\$9,523,000 (2024: HK\$223,125,000) and HK\$9,523,000 (2024: HK\$221,042,000), respectively, in respect of lease arrangements for properties.
- (ii) As at 31 December 2025, the Group had payables for property, plant and equipment of HK\$14,803,000 (2024: HK\$17,378,000) and for investment properties of HK\$37,326,000 (2024: HK\$38,089,000) which were included in payables, accruals and other liabilities.
- (iii) As at 31 December 2025, the Group had dividend payables to non-controlling equity holders of the Group of HK\$372,887,000 (2024: HK\$249,768,000), of which HK\$147,506,000 (2024: HK\$13,491,000) was included in payables, accruals and other liabilities, and HK\$225,381,000 (2024: HK\$236,277,000) was included in amounts due to non-controlling equity holders of subsidiaries.
- (iv) During the year ended 31 December 2025, non-controlling equity holders of the Group contributed paid-up capital of HK\$144,616,000 (2024: HK\$43,744,000). Amounts of HK\$19,050,000 (2024: Nil), HK\$45,083,000 (2024: Nil) and HK\$9,181,000 (2024: Nil) were contributed by way of asset injection in operating concession rights, property, plant and equipment and receivables under service concession arrangements, respectively, during the year ended 31 December 2025. The remaining amount of HK\$71,302,000 (2024: Nil) was included in receivables, prepayments and other receivables.

# Notes to the Financial Statements

## 37 Notes to the consolidated statement of cash flows (continued)

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

|                                                                                              | Dividend<br>payables to<br>shareholders<br><i>HK\$'000</i> | Bank and<br>other<br>borrowings<br><i>HK\$'000</i> | Lease<br>liabilities<br><i>HK\$'000</i> |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------|-----------------------------------------|
| At 1 January 2024                                                                            | –                                                          | 42,427,676                                         | 605,820                                 |
| Changes from financing cash flows                                                            | (2,373,229)                                                | 1,387,799                                          | (74,144)                                |
| Dividends                                                                                    | 2,373,229                                                  | –                                                  | –                                       |
| New leases                                                                                   | –                                                          | –                                                  | 221,042                                 |
| Remeasurement of lease liabilities                                                           | –                                                          | –                                                  | (390,100)                               |
| Interest expense                                                                             | –                                                          | –                                                  | 27,584                                  |
| Disposal and write-offs                                                                      | –                                                          | –                                                  | (2,720)                                 |
| Reclassification to liabilities held for distribution<br>(note 36(e))                        | –                                                          | (19,154,806)                                       | (1,858)                                 |
| Foreign exchange movement                                                                    | –                                                          | (798,664)                                          | (6,490)                                 |
| At 31 December 2024 and at 1 January 2025                                                    | –                                                          | <b>23,862,005</b>                                  | <b>379,134</b>                          |
| Changes from financing cash flows                                                            | <b>(2,218,283)</b>                                         | <b>(3,432,302)</b>                                 | <b>(98,176)</b>                         |
| Dividends                                                                                    | <b>2,218,283</b>                                           | –                                                  | –                                       |
| New leases                                                                                   | –                                                          | –                                                  | <b>9,523</b>                            |
| Remeasurement of lease liabilities                                                           | –                                                          | –                                                  | <b>(51,099)</b>                         |
| Interest expense                                                                             | –                                                          | –                                                  | <b>13,418</b>                           |
| Increase arising from business combinations<br>through acquisition of subsidiaries (note 35) | –                                                          | <b>406,269</b>                                     | –                                       |
| Foreign exchange movement                                                                    | –                                                          | <b>775,620</b>                                     | <b>2,001</b>                            |
| At 31 December 2025                                                                          | –                                                          | <b>21,611,592</b>                                  | <b>254,801</b>                          |

# Notes to the Financial Statements

## 37 Notes to the consolidated statement of cash flows (continued)

### (c) Cash and cash equivalents

|                                                                                                                  | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Cash and bank balances as stated in the consolidated statement of financial position as at 31 December (note 26) | 14,783,332       | 12,154,029       |
| Non-pledged time deposits with original maturity of more than three months when acquired (note 26)               | (781,613)        | (151,186)        |
| Cash and cash equivalents as at 31 December                                                                      | 14,001,719       | 12,002,843       |
| Cash and cash equivalents included in assets classified as held for distribution (note 36(e))                    | –                | 1,324,980        |
| Cash and cash equivalents as stated in the consolidated statement of cash flows as at 31 December                | 14,001,719       | 13,327,823       |

### (d) Total cash outflow for leases

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

|                             | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-----------------------------|------------------|------------------|
| Within operating activities | 5,431            | 11,735           |
| Within financing activities | 98,176           | 74,144           |
|                             | 103,607          | 85,879           |

## 38 Contingent liabilities

As at 31 December 2025, the Group provided guarantees to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties held for sale. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the relevant outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group, is entitled, but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2025, the Group's outstanding guarantees amounted to HK\$898,000 for these guarantees (2024: HK\$4,714,446,000, for these guarantees, of which HK\$4,709,488,000 were from GD Land).

# Notes to the Financial Statements

## 39 Commitments

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

|                                                                                                                                     | Notes | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Commitments in respect of property, plant and equipment, investment properties, intangible assets and properties under development: |       |                  |                  |
| Contracted for                                                                                                                      | (i)   | 2,549,633        | 8,861,296        |
| Capital commitments in respect of capital contribution payable to associates and an unlisted equity investment:                     |       |                  |                  |
| Contracted for                                                                                                                      | (ii)  | —                | 41,817           |
| Commitments in respect of project financing payable to an associate:                                                                |       |                  |                  |
| Contracted for                                                                                                                      | (iii) | 1,742,314        | 1,699,508        |

Notes:

- (i) Included in the balance of 31 December 2024 was HK\$6,267,666,000 which represented commitments in respect of properties under development from GD Land.
- (ii) Included in the balance of 31 December 2024 was HK\$10,691,000 which represented the capital commitments in respect of capital contribution payable to an unlisted equity investment from GD Land.
- (iii) On 18 May 2019, the Company, Guangdong Yuehai Water, 江蘇中和永泰建設工程有限公司 (Jiangsu Chunghe Yongtai Construction Engineering Co., Ltd.▲) ("Jiangsu Chunghe Yongtai"), an independent third party, and China First Metallurgical Group Co., Ltd. ("CFMG"), an independent third party, successfully bid for the Yangtze River water diversion project in Xinghua, Jiangsu, the PRC (the "Xinghua Project"), which is owned as to 46% and 14.5% by the Company and Guangdong Yuehai Water, respectively. After taking into account the proportionate registered capital contribution from Guangdong Yuehai Water, Jiangsu Chunghe Yongtai and CFMG, the maximum amount (including registered capital and project financing and/or joint guarantees) for which the Company is responsible in respect of Xinghua Project is approximately RMB1,891 million (equivalent to approximately HK\$2,094 million).
- (b) On 8 June 2016, the Company entered into a cooperation agreement with 東莞市謝崗鎮人民政府 in respect of the Yinping PPP Project for the development of certain public roads which are not toll roads (the "Project Roads") in Yinping Innovation Zone in Dongguan, Guangdong, the PRC.

The Group shall be responsible for, inter alia, the provision of funding for the development of the Project Roads with the development costs not exceeding RMB4.754 billion (equivalent to approximately HK\$5.263 billion), and project management and maintenance of the Project Roads. At the end of the reporting period, the cumulative development costs in relation to the Yinping PPP Project amounted to RMB2,094,159,000 (equivalent to approximately HK\$2,318,444,000) (2024: RMB2,077,131,000 (equivalent to approximately HK\$2,243,094,000)).

Further details of the Yinping PPP Project are set out in the Company's announcements dated 8 June 2016 and 31 May 2023.

# Notes to the Financial Statements

## 40 Related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

### (a) Transactions with related parties

|                                                                                                                                      | Notes  | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|--------------------------------------------------------------------------------------------------------------------------------------|--------|------------------|------------------|
| Rental income received from certain subsidiaries of Guangdong Holdings*                                                              | (i)    | 26,518           | 26,524           |
| Rental income received from GDH Limited#                                                                                             | (i)    | 11,895           | 11,027           |
| Water resources related income received from fellow subsidiaries*                                                                    | (ii)   | 193,993          | 188,803          |
| Water resources related income received from a then associate                                                                        | (ii)   | 14,708           | 18,630           |
| Special dividend in the form of distribution in specie of GD Land shares paid to GDH Limited and certain subsidiaries of GDH Limited | (iii)  | 1,360,522        | –                |
| Dividends paid and payable to GDH Limited and certain subsidiaries of GDH Limited by GH Water Holdings                               | (iii)  | 104,959          | 13,491           |
| Dividends paid and payable to GDH Limited and certain subsidiaries of GDH Limited by the Company                                     | (iii)  | 1,292,474        | 1,378,499        |
| Dividends payable to a fellow subsidiary                                                                                             | (iii)  | 139,725          | –                |
| Interest expenses charged by Guangdong Holdings                                                                                      | (iv)   | 9,912            | 131,545          |
| Interest expenses charged by fellow subsidiaries*                                                                                    | (v)    | 59,067           | 206,219          |
| Interest expenses charged by a then associate*                                                                                       | (v)    | 3,080            | 29,026           |
| Sale of electricity to fellow subsidiaries and a then associate*                                                                     | (vi)   | 206,869          | 205,740          |
| Sale of electricity to a then associate                                                                                              | (vii)  | 18,462           | 21,951           |
| Consultancy service fee paid to fellow subsidiaries#                                                                                 | (viii) | 149,388          | 112,306          |
| Consultancy service fee paid to a then associate#                                                                                    | (ix)   | 10,448           | 16,586           |
| Property management fee paid to fellow subsidiaries*                                                                                 | (x)    | 117,312          | 196,560          |
| Information service fee paid to fellow subsidiaries#                                                                                 | (xi)   | 1,165            | 4,846            |
| Hotel management fees received from fellow subsidiaries                                                                              | (xii)  | 1,524            | 4,199            |
| Interest income received from a fellow subsidiary                                                                                    | (xiii) | 15,772           | 37,358           |
| Interest income from a loan to a fellow subsidiary#                                                                                  | (xiv)  | 20,395           | –                |
| Capital reduction to a non-controlling equity holder of a subsidiary                                                                 | (xv)   | –                | 448,177          |

\* These related party transactions also constitute connected transactions and continuing connected transactions as defined in Rules 14A.23, 14A.31 and 14A.76(2) of the Listing Rules.

# These related party transactions also constitute connected transactions and continuing connected transactions as defined in Rules 14A.23, 14A.31 and 14A.76(1) of the Listing Rules.

# Notes to the Financial Statements

## 40 Related party transactions (continued)

### (a) Transactions with related parties (continued)

Notes:

- (i) The rental income was received in accordance with the terms of the respective agreements.
- (ii) The income on the supply of untreated water was received in accordance with the terms of respective agreements.
- (iii) The dividends paid and payable were made pursuant to the dividend rates proposed and declared at the respective boards of directors and shareholders' meetings.
- (iv) The interest expenses were charged at effective interest rates of 3.63% and 4.75% per annum (2024: 3.63% and 4.75% per annum). The interest expenses of HK\$8,097,000 (2024: HK\$131,545,000) were related to the discontinued operations.
- (v) The interest expenses were charged at effective interest rates between RMB benchmark 1-year loan prime rate announced by the People's Bank of China minus 0.65% per annum to RMB benchmark 5-year loan prime rate announced by the People's Bank of China plus 0.05% per annum and 4.75% per annum (2024: between RMB benchmark 1-year loan prime rate announced by the People's Bank of China minus 1.15% per annum to RMB benchmark 5-year loan prime rate announced by the People's Bank of China minus 0.9% per annum and 4.75% per annum). The interest expenses of HK\$7,182,000 (2024: HK\$115,118,000) were related to the discontinued operations.
- (vi) The Group received income from the sale of electricity of HK\$206,869,000 (2024: HK\$205,740,000) in accordance with the terms of the agreements, which is net of tax of HK\$26,893,000 (2024: HK\$26,746,000) for the year ended 31 December 2025.
- (vii) The income from the sale of electricity were received in accordance with the terms of the agreement.
- (viii) The consultancy service fee was charged in accordance with the terms of the agreements entered into between the Group and fellow subsidiaries.
- (ix) The consultancy service fee was charged in accordance with the terms of the agreement entered into between the Group and an associate.
- (x) The property management fee was charged in accordance with the terms of the respective agreements.
- (xi) The information service fee was charged in accordance with the terms of the agreements entered into between the Group and fellow subsidiaries.
- (xii) The hotel management fees were charged in accordance with the terms of the agreements entered into between the Group and the respective fellow subsidiaries.
- (xiii) The interest income was arising from bank deposits placed at a non-banking financial institution in the PRC, which is a fellow subsidiary of the Group.
- (xiv) The interest income was charged at interest rate of 4.2% (2024: Nil) per annum on the loan to a fellow subsidiary.
- (xv) Being the non-controlling equity holder of a non-wholly owned subsidiary of the Group, a fellow subsidiary reduced capital amounting to RMB408,660,000 (equivalent to approximately HK\$448,177,000) to that non-wholly owned subsidiary for the year ended 31 December 2024.

# Notes to the Financial Statements

## 40 Related party transactions *(continued)*

### (b) Other transactions with related parties

On 28 October 2025, the Group entered into two agreements with Guangdong Yuehai Water Co., Ltd pursuant to which the Group has agreed to purchase 2% and 51% of equity interests in Shantou Water Co and Yangjiang Qingyuan at adjusted cash considerations of RMB72,340,000 (equivalent to approximately HK\$79,503,000) and RMB194,650,000 (equivalent to approximately HK\$213,920,000) respectively. These transactions constituted connected transaction as defined in Chapter 14A of the Listing Rules. Further details are set out in the circular of the Company dated 20 November 2025. These transactions were completed on 8 December 2025, further details of which are set out in note 35 to these financial statements.

### (c) Commitments with related parties

The Group entered into several tenancy agreements, as lessor, with GDH Limited and certain fellow subsidiaries of the Company (collectively, the “GDH Group”) for leasing out several units in Hong Kong and Chinese Mainland as office premises. The total amounts received from the GDH Group for the year were included in note 40(a) to the financial statements. Details of the Group’s commitments with related parties are as follows:

#### As at 31 December 2025:

|                     | Year ending<br>31 December<br>2026<br><i>HK\$'000</i> | Year ending<br>31 December<br>2027<br><i>HK\$'000</i> | Year ending<br>31 December<br>2028<br><i>HK\$'000</i> |
|---------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| GDH Limited         | 9,332                                                 | 5,153                                                 | –                                                     |
| Fellow subsidiaries | 11,780                                                | 2,829                                                 | –                                                     |

#### As at 31 December 2024:

|                     | Year ending<br>31 December<br>2025<br><i>HK\$'000</i> | Year ending<br>31 December<br>2026<br><i>HK\$'000</i> | Year ending<br>31 December<br>2027<br><i>HK\$'000</i> |
|---------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| GDH Limited         | 12,180                                                | 10,471                                                | 5,817                                                 |
| Fellow subsidiaries | 6,934                                                 | 4,673                                                 | 2,760                                                 |

# Notes to the Financial Statements

## 40 Related party transactions (continued)

### (d) Outstanding balances with related parties

|                                                                                                                              | Notes  | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------------------------------------------------------------------------------------|--------|------------------|------------------|
| Balances due from related parties included in cash and bank balances, receivables, prepayments and other receivables:        |        |                  |                  |
| Ultimate holding company                                                                                                     | (i)    | 71               | 69               |
| Fellow subsidiaries                                                                                                          | (i)    | 115,615          | 93,805           |
| Fellow subsidiaries                                                                                                          | (ii)   | 34,094           | 13,642           |
| Associates                                                                                                                   | (i)    | 29,407           | 145,928          |
| Associates                                                                                                                   | (ii)   | –                | 26,781           |
| Deposits placed at a fellow subsidiary                                                                                       | (v)    | 1,083,235        | 1,126,680        |
| A loan to a fellow subsidiary                                                                                                | (iii)  | 553,550          | –                |
| Balances due to related parties included in payables, accruals and other liabilities and other borrowings:                   |        |                  |                  |
| Immediate holding company                                                                                                    | (i)    | 3,540            | 11,177           |
| Ultimate holding company                                                                                                     | (i)    | 2,110            | 3,958            |
| Fellow subsidiaries                                                                                                          | (i)    | 743,621          | 198,254          |
| Fellow subsidiaries                                                                                                          | (ii)   | 134,515          | 97,161           |
| Associates                                                                                                                   | (i)    | 10,681           | 30,186           |
| An associate                                                                                                                 | (ii)   | 9,740            | 5,233            |
| Loans from fellow subsidiaries                                                                                               | (iv)   | 1,162,905        | 2,570,889        |
| Loans from an associate                                                                                                      | (vii)  | –                | 917,915          |
| Loans from the ultimate holding company                                                                                      | (viii) | 71,740           | –                |
| Balances due from related parties included in assets classified as held for distribution:                                    |        |                  |                  |
| Immediate holding company                                                                                                    | (i)    | –                | 58               |
| Ultimate holding company                                                                                                     | (i)    | –                | 1,296            |
| Fellow subsidiaries                                                                                                          | (i)    | –                | 4,852            |
| Fellow subsidiaries                                                                                                          | (ii)   | –                | 59               |
| Deposits placed at a fellow subsidiary                                                                                       | (v)    | –                | 5,232            |
| Balances due to related parties included in liabilities directly associated with assets classified as held for distribution: |        |                  |                  |
| Ultimate holding company                                                                                                     | (i)    | –                | 123,076          |
| Fellow subsidiaries                                                                                                          | (i)    | –                | 587,113          |
| Fellow subsidiaries                                                                                                          | (ii)   | –                | 4,932            |
| Loans from the ultimate holding company                                                                                      | (vi)   | –                | 4,040,986        |
| Loans from fellow subsidiaries                                                                                               | (iv)   | –                | 3,367,833        |

# Notes to the Financial Statements

## 40 Related party transactions (continued)

### (d) Outstanding balances with related parties (continued)

Notes:

- (i) The balances due are unsecured, non-interest-bearing and have no specific terms of repayment.
- (ii) The balances due are unsecured, non-interest-bearing and repayable within 30 days.
- (iii) The loan is unsecured, interest-bearing at an effective rate of 4.2% (2024: Nil) per annum and recoverable by 2029.
- (iv) The balance of HK\$1,162,905,000 (2024: HK\$5,938,722,000) represented loans from fellow subsidiaries which are unsecured and interest-bearing ranging from RMB benchmark 1-year loan prime rate minus 0.65% per annum announced by the People's Bank of China to 4.75% per annum (2024: from RMB benchmark 1-year loan prime rate minus 1.15% per annum announced by the People's Bank of China to 4.75% per annum). These loans are repayable within 1 to 24 years (2024: 1 to 24 years).
- (v) The balance represented bank deposits placed at a fellow subsidiary, a non-banking financial institution in the PRC. The balance due is unsecured, with interest accrued at 50% higher than the RMB Agreed Deposit Rate offered by financial institutions as announced by the People's Bank of China.
- (vi) As at 31 December 2024, the loans were unsecured, interest-bearing at an effective interest rate of 3.63% per annum and repayable within 1 to 3 years.
- (vii) As at 31 December 2024, the loans were unsecured, interest-bearing at an effective interest rate of 3% per annum and repayable in one year.
- (viii) As at 31 December 2025, the loan is unsecured, interest-bearing at an effective interest rate of 4.75% per annum and repayable in one year (2024: Nil).

### (e) Compensation of key management personnel of the Group

|                                                            | <b>2025</b><br><b>HK\$'000</b> | 2024<br>HK\$'000 |
|------------------------------------------------------------|--------------------------------|------------------|
| Short term employee benefits                               | <b>6,285</b>                   | 9,806            |
| Post-employment benefits                                   | <b>543</b>                     | 1,542            |
| <b>Total compensation paid to key management personnel</b> | <b>6,828</b>                   | 11,348           |

Further details of directors' emoluments are included in note 8 to the financial statements.

## 41 Pledge of assets

Details of the Group's assets, including those classified as held for distribution, which are pledged for the Group's bank and other borrowings, including those classified as held for distribution, are set out in notes 14, 19, 29, and note 36(e) to these financial statements.

# Notes to the Financial Statements

## 42 Defined benefit obligations

The Group operates unfunded defined benefit plans for certain qualifying employees in Chinese Mainland. Under the plan, the employees are entitled to retirement benefits at rates varying from 40% to 45% of their final salaries on attainment of retirement ages ranging from 50 to 63 (2024: 50 to 63).

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for pensioners.

The most recent actuarial valuations of the present value of the defined benefit obligations were carried out on 31 December 2025 by Willis Tower Waston, a member of the Society of Actuaries, using the project unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

|                                   | 2025          | 2024          |
|-----------------------------------|---------------|---------------|
| Discount rate                     | 2.00% – 2.25% | 1.75% – 2.66% |
| Expected rate of salary increases | 6.00%         | 6.00% – 9.00% |

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

|               | Increase<br>in rate<br>% | Increase/<br>(decrease)<br>in defined<br>benefit<br>obligations<br>% | Decrease<br>in rate<br>% | Increase/<br>(decrease)<br>in defined<br>benefit<br>obligations<br>% |
|---------------|--------------------------|----------------------------------------------------------------------|--------------------------|----------------------------------------------------------------------|
| <b>2025</b>   |                          |                                                                      |                          |                                                                      |
| Discount rate | 0.25                     | (4)                                                                  | 0.25                     | 4                                                                    |
| <b>2024</b>   |                          |                                                                      |                          |                                                                      |
| Discount rate | 0.25                     | (3)                                                                  | 0.25                     | 3                                                                    |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

# Notes to the Financial Statements

## 42 Defined benefit obligations (continued)

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

|                                                | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------|------------------|------------------|
| Current service cost                           | 486              | 327              |
| Interest cost                                  | 1,913            | 2,520            |
| Net benefit expenses                           | 2,399            | 2,847            |
| Recognised in administrative expenses (note 6) | 486              | 327              |
| Recognised in finance costs (note 7)           | 1,913            | 2,520            |
|                                                | 2,399            | 2,847            |

The movements in the present value of the defined benefit obligations are as follows:

|                                                           | HK\$'000 |
|-----------------------------------------------------------|----------|
| At 1 January 2024                                         | 81,354   |
| Current service cost                                      | 327      |
| Interest cost                                             | 2,520    |
| Benefit paid                                              | (3,727)  |
| Exchange differences                                      | (1,727)  |
| At 31 December 2024 and 1 January 2025                    | 78,747   |
| Current service cost                                      | 486      |
| Interest cost                                             | 1,913    |
| Benefit paid                                              | (6,432)  |
| Actuarial loss                                            | 1,743    |
| Business combinations through acquisition of subsidiaries | 138,804  |
| Exchange differences                                      | 3,922    |
| At 31 December 2025                                       | 219,183  |

The expected maturity of expected benefit payment are over 1 year. The average duration of the defined benefit obligations at the end of the reporting period is 15 years (2024: 14 years).

# Notes to the Financial Statements

## 42 Defined benefit obligations (continued)

The movements in the defined benefit obligations are as follows:

2025

|                             | Pension cost charged to profit or loss |                                 |                                         |                                                         | Remeasurement losses/(gains) in other comprehensive income |                                                                              |                                         |                                                                                    |                                           |                                                                     |                                             |                                     |
|-----------------------------|----------------------------------------|---------------------------------|-----------------------------------------|---------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------|---------------------------------------------|-------------------------------------|
|                             | 1 January 2025<br><i>HK\$'000</i>      | Service cost<br><i>HK\$'000</i> | Net interest expense<br><i>HK\$'000</i> | Sub-total included in profit or loss<br><i>HK\$'000</i> | Benefit paid<br><i>HK\$'000</i>                            | Business combinations through acquisition of subsidiaries<br><i>HK\$'000</i> | Exchange differences<br><i>HK\$'000</i> | Actuarial changes arising from changes in financial assumptions<br><i>HK\$'000</i> | Experience adjustments<br><i>HK\$'000</i> | Sub-total included in other comprehensive income<br><i>HK\$'000</i> | Contribution by employer<br><i>HK\$'000</i> | 31 December 2025<br><i>HK\$'000</i> |
|                             |                                        |                                 |                                         |                                                         |                                                            |                                                                              |                                         |                                                                                    |                                           |                                                                     |                                             |                                     |
| Defined benefit obligations | 78,747                                 | 486                             | 1,913                                   | 2,399                                                   | (6,432)                                                    | 138,804                                                                      | 3,922                                   | 1,618                                                                              | 125                                       | 1,743                                                               | –                                           | 219,183                             |

2024

|                             | Pension cost charged to profit or loss |              |                      |                                      |              | Remeasurement losses/(gains) in other comprehensive income |                                                                 |                        |                                                  |          | Contribution by employer | 31 December 2024 |
|-----------------------------|----------------------------------------|--------------|----------------------|--------------------------------------|--------------|------------------------------------------------------------|-----------------------------------------------------------------|------------------------|--------------------------------------------------|----------|--------------------------|------------------|
|                             | 1 January 2024                         | Service cost | Net interest expense | Sub-total included in profit or loss | Benefit paid | Exchange differences                                       | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in other comprehensive income |          |                          |                  |
|                             |                                        |              |                      |                                      |              |                                                            |                                                                 |                        |                                                  | HK\$'000 |                          |                  |
| Defined benefit obligations | 81,354                                 | 327          | 2,520                | 2,847                                | (3,727)      | (1,727)                                                    | –                                                               | –                      | –                                                | –        | 78,747                   |                  |

# Notes to the Financial Statements

## 43 Financial instruments by category

### Financial assets

2025

|                                                                                | Equity investments at fair value through other comprehensive income<br>HK\$'000 | Financial assets at amortised cost<br>HK\$'000 | Total<br>HK\$'000 |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------|-------------------|
| Other financial assets at amortised cost                                       | –                                                                               | 3,553,589                                      | 3,553,589         |
| Receivables under a cooperative arrangement                                    | –                                                                               | 2,136,132                                      | 2,136,132         |
| Equity investments designated at fair value through other comprehensive income | 16,748                                                                          | –                                              | 16,748            |
| Financial assets included in receivables under service concession arrangements | –                                                                               | 17,557,264                                     | 17,557,264        |
| Financial assets included in receivables, prepayments and other receivables    | –                                                                               | 5,979,567                                      | 5,979,567         |
| Due from non-controlling equity holders of subsidiaries                        | –                                                                               | 913,322                                        | 913,322           |
| Restricted bank balances                                                       | –                                                                               | 22,824                                         | 22,824            |
| Cash and bank balances                                                         | –                                                                               | 14,783,332                                     | 14,783,332        |
|                                                                                | 16,748                                                                          | 44,946,030                                     | 44,962,778        |

2024

|                                                                                | Equity investments at fair value through other comprehensive income<br>HK\$'000 | Financial assets at amortised cost<br>HK\$'000 | Total<br>HK\$'000 |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------|-------------------|
| Other financial assets at amortised cost                                       | –                                                                               | 3,384,857                                      | 3,384,857         |
| Receivables under a cooperative arrangement                                    | –                                                                               | 2,170,334                                      | 2,170,334         |
| Equity investments designated at fair value through other comprehensive income | 16,738                                                                          | –                                              | 16,738            |
| Financial assets included in receivables under service concession arrangements | –                                                                               | 16,021,955                                     | 16,021,955        |
| Financial assets included in receivables, prepayments and other receivables    | –                                                                               | 4,532,990                                      | 4,532,990         |
| Due from non-controlling equity holders of subsidiaries                        | –                                                                               | 887,425                                        | 887,425           |
| Restricted bank balances                                                       | –                                                                               | 19,457                                         | 19,457            |
| Cash and bank balances                                                         | –                                                                               | 12,154,029                                     | 12,154,029        |
|                                                                                | 16,738                                                                          | 39,171,047                                     | 39,187,785        |
| Included in assets classified as held for distribution:                        |                                                                                 |                                                |                   |
| Equity investments designated at fair value through other comprehensive income | 41,209                                                                          | –                                              | 41,209            |
| Financial assets included in receivables, prepayments and other receivables    | –                                                                               | 61,509                                         | 61,509            |
| Restricted bank balances                                                       | –                                                                               | 2,086,729                                      | 2,086,729         |
| Cash and bank balances                                                         | –                                                                               | 1,324,980                                      | 1,324,980         |
|                                                                                | 41,209                                                                          | 3,473,218                                      | 3,514,427         |

# Notes to the Financial Statements

## 43 Financial instruments by category (continued)

### Financial liabilities

|                                                                                              | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| Financial liabilities included in payables, accruals and other liabilities                   | 11,457,997       | 9,888,517        |
| Due to non-controlling equity holders of subsidiaries                                        | 479,708          | 422,615          |
| Bank and other borrowings                                                                    | 21,611,592       | 23,862,005       |
| Lease liabilities                                                                            | 254,801          | 379,134          |
|                                                                                              | 33,804,098       | 34,552,271       |
| Included in liabilities directly associated with assets classified as held for distribution: |                  |                  |
| Financial liabilities included in payables, accruals and other liabilities                   | –                | 2,845,555        |
| Due to a non-controlling equity holder of a subsidiary                                       | –                | 441,312          |
| Bank and other borrowings                                                                    | –                | 19,154,806       |
| Lease liabilities                                                                            | –                | 1,858            |
|                                                                                              | –                | 22,443,531       |

## 44 Fair value hierarchy of financial instruments

Aside from other financial assets at amortised cost, the non-current portion of receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other receivables, the non-current portion of financial liabilities included in payables, accruals and other liabilities, the non-current portion of bank and other borrowings, the non-current portion of lease liabilities and the equity investments designated at fair value through other comprehensive income, management has assessed that the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts as at 31 December 2025 and 2024 because of the immediate or short-term maturities of these financial instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of other financial assets at amortised cost, the non-current portion of receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other receivables, the non-current portion of financial liabilities included in payables, accruals and other liabilities, the non-current portion of bank and other borrowings and the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as at 31 December 2025 and 2024 was assessed to be insignificant. The carrying amounts of these assets and liabilities approximate to their fair values.

# Notes to the Financial Statements

## 44 Fair value hierarchy of financial instruments (continued)

The fair value of unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by a revenue measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding revenue measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For financial instrument in Level 3, prices are determined using valuation technique such as market-based valuation technique. Categorisation of fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement.

Below is a summary of significant unobservable inputs to the valuation of financial instruments in Level 3 as at 31 December 2025 and 2024:

|                             | Valuation technique | Significant unobservable input | Range                     | Sensitivity of fair value to the input             |
|-----------------------------|---------------------|--------------------------------|---------------------------|----------------------------------------------------|
| Unlisted equity investments | Market multiples    | Average P/S multiple of peers  | 2025: N/A<br>(2024: 1.92) | The higher the multiple, the higher the fair value |

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

# Notes to the Financial Statements

## 44 Fair value hierarchy of financial instruments (continued)

### Fair value hierarchy

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

Assets measured at fair value:

|                                                                                | Fair value measurement using                                   |                                                              |                                                                | Total<br>HK\$'000 |
|--------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------|-------------------|
|                                                                                | Quoted prices<br>in active<br>markets<br>(Level 1)<br>HK\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$'000 |                   |
| <b>As at 31 December 2025</b>                                                  |                                                                |                                                              |                                                                |                   |
| Equity investments designated at fair value through other comprehensive income | –                                                              | 16,748                                                       | –                                                              | 16,748            |

As at 31 December 2024

|                                                                                |   |        |        |        |
|--------------------------------------------------------------------------------|---|--------|--------|--------|
| Equity investments designated at fair value through other comprehensive income | – | 16,738 | 41,209 | 57,947 |
|--------------------------------------------------------------------------------|---|--------|--------|--------|

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2024: Nil).

The movements during the year in the balance of the Level 3 financial instruments are as follows:

|                                                                      | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|----------------------------------------------------------------------|------------------|------------------|
| Equity investments at fair value through other comprehensive income: |                  |                  |
| At 1 January                                                         | –                | 39,689           |
| Total gains recognised in other comprehensive income                 | –                | 1,520            |
| Transfer to assets classified as held for distribution (note 36(e))  | –                | (41,209)         |
| At 31 December                                                       | –                | –                |

# Notes to the Financial Statements

## 45 Financial risk management objectives and policies

The Group's principal financial instruments, comprise bank and other borrowings, other financial assets at amortised cost, cash and bank balances, lease liabilities and short-term time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables under service concession arrangements, trade receivables and trade payables, which arise directly from its operations.

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

### (i) Interest rate risk

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

With all other variables held constant, a general increase of 100 basis points in the interest rate would have decreased the Group's profit before tax by HK\$206,266,000 for the year ended 31 December 2025. Whereas, a general decrease of 10 basis points in the interest rate would have increased the Group's profit before tax by HK\$20,627,000 for the year ended 31 December 2025.

With all other variables held constant, a general increase of 100 basis points in the interest rate would have decreased the Group's profit before tax by HK\$219,748,000 for the year ended 31 December 2024. Whereas, a general decrease of 10 basis points in the interest rate would have increased the Group's profit before tax by HK\$21,975,000 for the year ended 31 December 2024.

### (ii) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from revenue or expenses of operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions were principally denominated in RMB and HK\$. The Group is exposed to foreign exchange risk arising from changes in the exchange rate of HK\$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future as may be necessary.

With all other variables held constant, if the Hong Kong dollar strengthened against the RMB exchange rate by three percent, the Group's profit before tax would have decreased by HK\$3,852,000 (2024: increased by HK\$39,014,000) for the year ended 31 December 2025. Whereas, if the Hong Kong dollar weakened against the RMB exchange rate by three percent, the Group's profit before tax would have increased by HK\$3,852,000 (2024: decreased by HK\$39,014,000) for the year ended 31 December 2025.

# Notes to the Financial Statements

## 45 Financial risk management objectives and policies (continued)

### (iii) Credit risk

The Group trades only with creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as the end of the reporting period. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

| 31 December 2025                                                                                         | 12-month<br>ECLs    | Lifetime ECLs       |                     |                                    | Total<br>HK\$'000 |
|----------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|------------------------------------|-------------------|
|                                                                                                          | Stage 1<br>HK\$'000 | Stage 2<br>HK\$'000 | Stage 3<br>HK\$'000 | Simplified<br>approach<br>HK\$'000 |                   |
| Trade and bills receivables*                                                                             | –                   | –                   | –                   | 4,817,545                          | 4,817,545         |
| Other financial assets at<br>amortised cost                                                              | 3,553,589           | –                   | –                   | –                                  | 3,553,589         |
| Receivables under a cooperative<br>arrangement                                                           | 2,136,132           | –                   | –                   | –                                  | 2,136,132         |
| Due from associates                                                                                      | 29,407              | –                   | –                   | –                                  | 29,407            |
| Due from non-controlling equity<br>holders of subsidiaries                                               | 913,322             | –                   | –                   | –                                  | 913,322           |
| Receivables and contract assets<br>under service concession<br>arrangements                              | 19,155,826          | –                   | –                   | –                                  | 19,155,826        |
| Financial assets and contract<br>assets included in receivables,<br>prepayments and other<br>receivables |                     |                     |                     |                                    |                   |
| – Normal**                                                                                               | 1,204,574           | –                   | –                   | 953,322                            | 2,157,896         |
| Restricted bank balances                                                                                 |                     |                     |                     |                                    |                   |
| – Not yet past due                                                                                       | 22,824              | –                   | –                   | –                                  | 22,824            |
| Cash and bank balances                                                                                   |                     |                     |                     |                                    |                   |
| – Not yet past due                                                                                       | 14,783,332          | –                   | –                   | –                                  | 14,783,332        |
|                                                                                                          | 41,799,006          | –                   | –                   | 5,770,867                          | 47,569,873        |

# Notes to the Financial Statements

## 45 Financial risk management objectives and policies (continued)

### (iii) Credit risk (continued)

| 31 December 2024                                                                                         | 12-month<br>ECLs    | Lifetime ECLs       |                     |                                    | Total<br>HK\$'000 |
|----------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|------------------------------------|-------------------|
|                                                                                                          | Stage 1<br>HK\$'000 | Stage 2<br>HK\$'000 | Stage 3<br>HK\$'000 | Simplified<br>approach<br>HK\$'000 |                   |
| Trade and bills receivables*                                                                             | –                   | –                   | –                   | 3,875,620                          | 3,875,620         |
| Other financial assets at<br>amortised cost                                                              | 3,384,857           | –                   | –                   | –                                  | 3,384,857         |
| Receivables under a cooperative<br>arrangement                                                           | 2,170,334           | –                   | –                   | –                                  | 2,170,334         |
| Due from associates                                                                                      | 172,709             | –                   | –                   | –                                  | 172,709           |
| Due from non-controlling equity<br>holders of subsidiaries                                               | 887,425             | –                   | –                   | –                                  | 887,425           |
| Receivables and contract assets<br>under service concession<br>arrangements                              | 18,154,991          | –                   | –                   | –                                  | 18,154,991        |
| Financial assets and contract<br>assets included in receivables,<br>prepayments and other<br>receivables |                     |                     |                     |                                    |                   |
| – Normal**                                                                                               | 522,322             | –                   | –                   | 768,414                            | 1,290,736         |
| Restricted bank balances                                                                                 |                     |                     |                     |                                    |                   |
| – Not yet past due                                                                                       | 19,457              | –                   | –                   | –                                  | 19,457            |
| Cash and bank balances                                                                                   |                     |                     |                     |                                    |                   |
| – Not yet past due                                                                                       | 12,154,029          | –                   | –                   | –                                  | 12,154,029        |
|                                                                                                          | 37,466,124          | –                   | –                   | 4,644,034                          | 42,110,158        |

Financial assets classified as held for distribution for year ended 31 December 2024 are not included in the table above.

\* For trade and bills receivables to which the Group applies the simplified approach for estimating loss allowance, information based on the provision matrix is disclosed in note 25 to the financial statements.

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

Except for the financial guarantees given by the Group as set out in note 38, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 38.

# Notes to the Financial Statements

## 45 Financial risk management objectives and policies (continued)

### (iv) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing bank and other borrowings.

The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements.

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

|                                                                            | On demand/<br>less than<br>1 year<br>HK\$'000 | 1 to 5 years<br>HK\$'000 | More than<br>5 years<br>HK\$'000 | Total<br>HK\$'000 |
|----------------------------------------------------------------------------|-----------------------------------------------|--------------------------|----------------------------------|-------------------|
| 31 December 2025                                                           |                                               |                          |                                  |                   |
| Financial liabilities included in payables, accruals and other liabilities | 10,589,311                                    | 868,686                  | –                                | 11,457,997        |
| Due to non-controlling equity holders of subsidiaries                      | 479,708                                       | –                        | –                                | 479,708           |
| Bank and other borrowings                                                  | 6,824,239                                     | 6,030,182                | 11,055,692                       | 23,910,113        |
| Lease liabilities                                                          | 57,154                                        | 134,804                  | 104,610                          | 296,568           |
|                                                                            | 17,950,412                                    | 7,033,672                | 11,160,302                       | 36,144,386        |
| 31 December 2024                                                           |                                               |                          |                                  |                   |
| Financial liabilities included in payables, accruals and other liabilities | 8,961,500                                     | 927,017                  | –                                | 9,888,517         |
| Due to non-controlling equity holders of subsidiaries                      | 422,615                                       | –                        | –                                | 422,615           |
| Bank and other borrowings                                                  | 8,198,501                                     | 7,718,460                | 10,732,287                       | 26,649,248        |
| Lease liabilities                                                          | 104,948                                       | 190,884                  | 139,402                          | 435,234           |
|                                                                            | 17,687,564                                    | 8,836,361                | 10,871,689                       | 37,395,614        |

# Notes to the Financial Statements

## 45 Financial risk management objectives and policies (continued)

### (iv) Liquidity risk (continued)

Financial liabilities classified as held for distribution for year ended 31 December 2024 are not included in the tables above.

The Group is exposed to liquidity risk that arises from financial guarantees as set out in note 38 to the financial statements. As at 31 December 2025, the maximum amounts that the Group could be required to settle on demand under the arrangements for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees was HK\$898,000 (2024: HK\$4,714,446,000, of which HK\$4,709,488,000 were from GD Land).

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a net debt to adjusted capital ratio which is net debt divided by total adjusted capital, taking into account future financial obligations and commitments. Net debt includes amounts due to non-controlling equity holders of subsidiaries and bank and other borrowings, less cash and bank balances.

|                                                       | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|-------------------------------------------------------|------------------|------------------|
| Due to non-controlling equity holders of subsidiaries | 479,708          | 422,615          |
| Bank and other borrowings                             | 21,611,592       | 23,862,005       |
| Less: Cash and bank balances                          | (14,783,332)     | (12,154,029)     |
| Net debt                                              | 7,307,968        | 12,130,591       |
| Equity attributable to owners of the Company          | 42,924,328       | 41,658,024       |
| Net debt to adjusted capital ratio                    | 17%              | 29%              |

# Notes to the Financial Statements

## 46 Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

|                                                | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------------------|------------------|------------------|
| <b>Non-current assets</b>                      |                  |                  |
| Property, plant and equipment                  | 268              | 696              |
| Investments in subsidiaries                    | 12,479,429       | 12,479,429       |
| Investments in associates                      | 351,691          | 351,691          |
| Total non-current assets                       | 12,831,388       | 12,831,816       |
| <b>Current assets</b>                          |                  |                  |
| Amounts due from subsidiaries                  | 3,329,085        | 4,004,615        |
| Receivables, prepayments and other receivables | 3,137            | 2,749            |
| Cash and bank balances                         | 1,563,627        | 982,217          |
|                                                | 4,895,849        | 4,989,581        |
| Assets classified as held for distribution     | –                | 4,122,287        |
| Total current assets                           | 4,895,849        | 9,111,868        |
| <b>Current liabilities</b>                     |                  |                  |
| Amounts due to subsidiaries                    | (157,383)        | (1,203,575)      |
| Payables, accruals and other liabilities       | (137,651)        | (140,095)        |
| Bank borrowings                                | (4,500,000)      | (4,500,000)      |
| Total current liabilities                      | (4,795,034)      | (5,843,670)      |
| <b>Net current assets</b>                      | 100,815          | 3,268,198        |
| <b>Total assets less current liabilities</b>   | 12,932,203       | 16,100,014       |
| <b>Non-current liabilities</b>                 |                  |                  |
| Deferred tax liabilities                       | (49,114)         | (47,907)         |
| <b>Total non-current liabilities</b>           | (49,114)         | (47,907)         |
| <b>NET ASSETS</b>                              | 12,883,089       | 16,052,107       |
| <b>Equity</b>                                  |                  |                  |
| Share capital                                  | 8,966,177        | 8,966,177        |
| Reserves (note)                                | 3,916,912        | 7,085,930        |
| <b>Total equity</b>                            | 12,883,089       | 16,052,107       |

Wang Min  
Director

Liang Yuanjuan  
Director

# Notes to the Financial Statements

## 46 Statement of financial position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

|                                                    | Capital reserve<br>HK\$'000 | Exchange<br>fluctuation<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Total<br>HK\$'000  |
|----------------------------------------------------|-----------------------------|------------------------------------------------|---------------------------------|--------------------|
| At 1 January 2024                                  | 1,733,711                   | (14,813)                                       | 3,484,663                       | 5,203,561          |
| Profit and total comprehensive income for the year | -                           | -                                              | 4,255,598                       | 4,255,598          |
| Final 2023 dividend paid                           | -                           | -                                              | (806,113)                       | (806,113)          |
| Interim 2024 dividend paid                         | -                           | -                                              | (1,567,116)                     | (1,567,116)        |
| At 31 December 2024 and 1 January 2025             | <b>1,733,711</b>            | <b>(14,813)</b>                                | <b>5,367,032</b>                | <b>7,085,930</b>   |
| Profit and total comprehensive income for the year | -                           | -                                              | <b>3,166,022</b>                | <b>3,166,022</b>   |
| Final 2024 dividend paid                           | -                           | -                                              | <b>(475,300)</b>                | <b>(475,300)</b>   |
| Interim 2025 dividend paid                         | -                           | -                                              | <b>(1,742,983)</b>              | <b>(1,742,983)</b> |
| Dividend paid by distribution of shares of GD Land | -                           | -                                              | <b>(4,116,757)</b>              | <b>(4,116,757)</b> |
| At 31 December 2025                                | <b>1,733,711</b>            | <b>(14,813)</b>                                | <b>2,198,014</b>                | <b>3,916,912</b>   |

## 47 Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

## Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

During the year, the Group had the following connected transactions which are required to be disclosed in the annual report in accordance with the disclosure requirements of the Rules Governing the Listing of the Securities of the Stock Exchange of Hong Kong Limited (the “Listing Rules”). The transactions described in (a) to (l) below (collectively the “Transactions”) are continuing connected transactions subject to annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules and reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

Details of the Transactions during the year were as follows:

### A. Connected Transactions

#### Acquisitions of Equity Interests in Target Company (Yangjiang) and Target Company (Shantou)

On 28 October 2025, 廣東粵海水務投資有限公司 (Guangdong Yue Hai Water Investment Company Limited\*, “Guangdong Water Investment”) (as purchaser) (being a wholly-owned subsidiary of the Company) and 廣東粵海水務股份有限公司 (Guangdong Yuehai Water Co., Ltd.\*, “Guangdong Yuehai Water”) (as seller) (being a wholly-owned subsidiary of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited\*, “Guangdong Holdings”, being the ultimate controlling shareholder and a connected person of the Company) entered into an equity transfer agreement (“Equity Transfer Agreement (Yangjiang)”), pursuant to which Guangdong Water Investment has agreed to purchase, and Guangdong Yuehai Water has agreed to sell, 51% of the total equity interest of 陽江粵海清源環保有限公司 (Yangjiang Guangdong Qingyuan Huanbao Co., Ltd.\*, “Target Company (Yangjiang)”) held by Guangdong Yuehai Water at the consideration of RMB155,977,800 (subject to adjustment (if any) in accordance with the terms of Equity Transfer Agreement (Yangjiang)) in cash.

On 28 October 2025, 粵海水務控股有限公司 (Guangdong Water Holdings Limited\*, “Guangdong Water Holdings”) (as purchaser) (being a wholly-owned subsidiary of the Company) and Guangdong Yuehai Water (as seller) (being a wholly-owned subsidiary of Guangdong Holdings) entered into an equity transfer agreement (“Equity Transfer Agreement (Shantou)”), pursuant to which Guangdong Water Holdings has agreed to purchase, and Guangdong Yuehai Water has agreed to sell, 2% of the total equity interest of 汕頭市粵海水務有限公司 (Shantou Guangdong Water Co., Ltd.\*, “Target Company (Shantou)”) held by Guangdong Yuehai Water at the consideration of RMB70,876,400 (subject to adjustment (if any) in accordance with the terms of Equity Transfer Agreement (Shantou)) in cash.

These strategic acquisitions enable the Group to secure a controlling stake in each of Target Company (Yangjiang) and Target Company (Shantou) (collectively, the “Target Companies”), such level of statutory control enables the Group to achieve more actual and effective control over their management and operations as well as the direction of their development. The Group will then be able to coordinate and leverage on the scale, strength and influence of its various members to realise the synergistic value of the Target Companies.

Upon Completion, Target Company (Yangjiang) and Target Company (Shantou) have become non-wholly owned subsidiaries of the Company. Details of the acquisitions of equity interests in Target Company (Yangjiang) and Target Company (Shantou) are set out in the announcements of the Company dated 28 October 2025, 18 November 2025, 8 December 2025 and the Company’s circular dated 20 November 2025.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions

### (a) Electricity Service Framework Agreements

On 28 October 2022, 中山粵海能源服務有限公司 (Zhongshan GDH Energy Service Co., Ltd.<sup>▲</sup>, an indirect non-wholly owned subsidiary of the Company) (“GDH Energy Service”) and Guangdong Yuehai Water entered into an agreement (the “2022 Electricity Service Framework Agreement”) in relation to the supply of electricity by 中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.<sup>▲</sup>, an indirect non-wholly owned subsidiary of the Company), GDH Energy Service and their respective subsidiary(ies) (collectively, “Zhongshan Energy Group”) (through the power grid operated by the relevant power grid operation company(ies) as authorised to transmit and distribute electricity in the Guangdong Province, the People’s Republic of China (the “PRC”)) to (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the 2022 Electricity Service Framework Agreement, save for the connected subsidiary(ies) of the Company, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company for the period from 1 January 2023 to 31 December 2025.

On 31 October 2025, GDH Energy Service and Guangdong Yuehai Water entered into an agreement (the “2025 Electricity Service Framework Agreement”) in relation to the supply of electricity in the PRC by the Zhongshan Energy Group (through the power grid operated by the power grid operation company(ies) authorised to transmit and distribute electricity in the Guangdong Province, the PRC) to (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the 2025 Electricity Service Framework Agreement, save for the connected subsidiary(ies) of the Company, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company, for a term from 1 January 2026 to 31 December 2028.

During the year ended 31 December 2025, the total amount received by Zhongshan Energy Group in accordance with the terms of the 2022 Electricity Service Framework Agreement amounted to approximately RMB205,166,000. The annual cap of the 2022 Electricity Service Framework Agreement for the year ended 31 December 2025 was RMB830,000,000 per the Company’s announcement dated 28 October 2022. For details, please refer to the Company’s announcements dated 28 October 2022 and 31 October 2025.

### (b) Financial Services Framework Agreement

On 30 August 2024, in order to continue utilizing the financial services provided by 粵海集團財務有限公司 (GDH Finance Co., Ltd., a wholly-owned subsidiary of Guangdong Holdings) (“GDH Finance”) in the mainland of the People’s Republic of China and that the previous financial services framework agreement expired on 31 August 2024, the Company and GDH Finance entered into an agreement (the “2024 Financial Services Framework Agreement”) for the provision of financial services (such as loan services, cash deposit services, guarantee services and settlement services) by GDH Finance to the member(s) of the Group, for a term from 1 September 2024 to 31 December 2026. The entering into of the 2024 Financial Services Framework Agreement was able to strengthen the source of funding and cater for the business development and needs of the Group, as well as saving finance cost. The member(s) of the Group and GDH Finance would enter into specific agreements for the provision of financial services, which set out the detailed terms for the relevant transactions contemplated under the 2024 Financial Services Framework Agreement and were, in the ordinary and usual course of business, conducted after arm’s length negotiation, on normal commercial terms or better and on terms which were no less favourable than those offered by independent third parties to the Group. Pursuant to the 2024 Financial Services Framework Agreement, no service fee would be charged by GDH Finance for settlement services. During the year ended 31 December 2025, GDH Finance entered into specific agreements for the provision of financial services to members of the Group, including Guangdong Water Holdings Limited (“Water Holdings”, a wholly-owned subsidiary of the Company), 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited, an indirect non-wholly owned subsidiary of the Company) (“GDH Teem”) and their respective subsidiaries.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions (continued)

### (b) Financial Services Framework Agreement (continued)

During the year ended 31 December 2025, the maximum aggregate daily balance (being approximately RMB1,072,053,000) of (i) cash deposits (including the interest accrued thereon), (ii) the relevant fund balance(s) in respect of the bills of exchange payment services, and (iii) the relevant fund balance(s) in respect of the entrusted loan services, placed by the Group with GDH Finance did not exceed the fund balance caps of RMB1,100,000,000 for the year ended 31 December 2025 under the 2024 Financial Services Framework Agreement. The total amount of service fees paid by the Group to GDH Finance under the 2024 Financial Services Framework Agreement amounted to approximately RMB372,000 during the year ended 31 December 2025. The annual cap of the services fee under the 2024 Financial Services Framework Agreement for the year ended 31 December 2025 was RMB1,200,000, per the Company's announcements dated 30 August 2024. For details, please refer to the Company's announcement dated 30 August 2024.

### (c) Property Management Framework Agreement

On 30 January 2024, the Company and 粵海物業管理有限公司 (Yuehai Property Management Co., Ltd., a direct wholly-owned subsidiary of Guangdong Holdings) ("Yuehai Property Management") entered into an agreement (the "2024 Property Management Services Framework Agreement") in relation to the provision of property management services by Yuehai Property Management and its subsidiaries (the "Yuehai Property Management Group") to the Group for the period from 30 January 2024 to 31 December 2026 (both days inclusive). Upon the effective date of the 2024 Property Management Services Framework Agreement (i.e. on 30 January 2024), the 2021 property management services framework agreement entered into between the Company and Yuehai Property Management on 10 May 2021 was terminated and the 2024 Property Management Services Framework Agreement replaced and superseded the aforesaid 2021 property management services framework agreement. The service fees shall be paid by the Group to the Yuehai Property Management Group on a monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms. The service fees shall be calculated based on the type and gross floor area of the relevant properties and shall be determined after arm's length negotiations. Since the commencement of the 2024 Property Management Services Framework Agreement, Yuehai Property Management entered into certain specific agreements with subsidiaries of the Company for the provision of property management services, which set out the detailed terms for the relevant transactions contemplated under the 2024 Property Management Services Framework Agreement.

During the year ended 31 December 2025, the total amount paid in accordance with the terms of the 2024 Property Management Services Framework Agreement amounted to approximately RMB105,873,000. The annual cap of the 2024 Property Management Services Framework Agreement for the year ended 31 December 2025 was RMB520,000,000 per the Company's announcement dated 30 January 2024. For details, please refer to the Company's announcement dated 30 January 2024.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions *(continued)*

### (d) Solar Power Plants Framework Agreements

On 18 May 2022, Water Holdings and 廣東粵海飛來峽水力發電有限公司 (Guangdong Yuehai Feilaixia Hydropower Co., Ltd.<sup>▲</sup>, a wholly-owned subsidiary of Guangdong Holdings) ("Feilaixia") entered into an agreement (the "2022 Solar Power Plants Framework Agreement") in relation to the cooperation regarding the establishment of certain distributed solar photovoltaic power plants for generating electricity for, among others, Water Holdings and its subsidiaries' self-consumption for the period from 1 June 2022 to 31 May 2025, pursuant to which, among other things:

- (i) Water Holdings and its subsidiaries ("Guangdong Water Group") would provide Feilaixia with certain rooftops, pool surfaces and other vacant land resources at and/or around the water treatment plants of the Guangdong Water Group for the construction and operation of the solar power plants thereon in return for resource usage fees;
- (ii) the Guangdong Water Group would provide Feilaixia with daily maintenance services for those solar power plants in return for maintenance fees; and
- (iii) Feilaixia would supply electricity generated by those solar power plants to the relevant members of the Guangdong Water Group in return for electricity consumption fees.

Subject to the relevant specific agreements, the relevant resource usage fees and the relevant maintenance fees would be settled on quarterly, half-yearly or yearly basis (where applicable), and the relevant electricity consumption fees would be settled on monthly, quarterly, half-yearly or yearly basis (where applicable). Since the commencement of the 2022 Solar Power Plants Framework Agreement, Feilaixia entered into certain specific agreements, which set out the detailed terms for the relevant transactions contemplated under the 2022 Solar Power Plants Framework Agreement, with members of the Guangdong Water Group.

As the Guangdong Water Group intended to continue cooperating with Feilaixia in relation to the existing and further solar power plant projects to be established, and that the 2022 Solar Power Plants Framework Agreement expired on 31 May 2025, Guangdong Water and Feilaixia entered into an agreement (the "2025 Solar Power Plants Framework Agreement") in relation to the cooperation regarding the establishment of certain distributed solar photovoltaic power plants for generating electricity for, among others, Water Holdings and its subsidiaries' self-consumption on 30 May 2025, for a term from 1 June 2025 to 31 December 2027. Pursuant to the 2025 Solar Power Plants Framework Agreement, among other things:

- (i) the Guangdong Water Group would provide Feilaixia with certain rooftops, pool surfaces and other vacant land resources at and/or around the water treatment plants of the Guangdong Water Group for the construction and operation of the solar power plants thereon in return for resource usage fees;
- (ii) the Guangdong Water Group would provide Feilaixia with daily maintenance services for those solar power plants in return for maintenance fees; and
- (iii) Feilaixia would supply electricity generated by those solar power plants to the relevant members of the Guangdong Water Group in return for electricity consumption fees.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions (continued)

### (d) Solar Power Plants Framework Agreements (continued)

Subject to the relevant specific agreements, the relevant resource usage fees and the relevant maintenance fees shall be settled on a quarterly, half-yearly or annual basis (as the case may be), and the relevant electricity consumption fees shall be settled on a monthly, quarterly, half-yearly or annual basis (as the case may be). Since the commencement of the 2025 Solar Power Plants Framework Agreement, Feilaixia entered into certain specific agreements, which set out the detailed terms for the relevant transactions contemplated under the 2025 Solar Power Plants Framework Agreement, with members of the Guangdong Water Group.

During the year ended 31 December 2025, the total amount of resource usage fees and maintenance fees received by the Guangdong Water Group in accordance with the terms of the 2022 Solar Power Plants Framework Agreement and the 2025 Solar Power Plants Framework Agreement amounted to approximately RMB2,957,000; the total amount of electricity consumption fees paid by the Guangdong Water Group in accordance with the terms of the 2022 Solar Power Plants Framework Agreement and the 2025 Solar Power Plants Framework Agreement amounted to approximately RMB32,982,000. The annual cap of the resource usage fees and maintenance fees for the year ended 31 December 2025 was RMB3,800,000, and the annual cap of the electricity consumption fees was RMB40,000,000 per the Company's announcement dated 30 May 2025. For details, please refer to the Company's announcements dated 18 May 2022 and 30 May 2025.

### (e) Support Services Framework Agreements

On 29 June 2022, Water Holdings and GH Water Supply (Holdings) Limited ("GH Water Holdings", a direct non-wholly owned subsidiary of the Company) entered into an agreement (the "2022 Support Services Framework Agreement") with 廣東粵海水務科技有限公司 (Guangdong Water Technology Co., Ltd.<sup>▲</sup>, an indirect wholly-owned subsidiary of Guangdong Holdings) ("Guangdong Water Technology") in relation to the provision of certain support services by Guangdong Water Technology and its subsidiaries and Guangdong Holdings and/or its associate(s) (collectively, the "2022 Guangdong Water Technology Group") to Water Holdings, GH Water Holdings and their respective subsidiaries ("the GDI Water Group"). Pursuant to the 2022 Support Services Framework Agreement, the GDI Water Group engaged the 2022 Guangdong Water Technology Group for the provision of certain supporting services for the period from 29 June 2022 to 28 June 2025. The fees for the support services would be payable by the GDI Water Group to the relevant member(s) of the 2022 Guangdong Water Technology Group on a monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms. Since the commencement of the 2022 Support Services Framework Agreement, members of the 2022 Guangdong Water Technology Group entered into certain specific agreements for the provision of support services, which set out the detailed terms for the relevant transactions contemplated under the 2022 Support Services Framework Agreement, with members of the GDI Water Group.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions (continued)

### (e) Support Services Framework Agreements (continued)

As the 2022 Support Services Framework Agreement expired on 28 June 2025, Water Holdings, 廣東粵港供水有限公司 (Guangdong Yue Gang Water Supply Company Limited<sup>▲</sup>, an indirect non-wholly owned subsidiary of the Company) (“Yue Gang Water Supply”) and Guangdong Water Technology entered into an agreement (the “2025 Support Services Framework Agreement”) in relation to the provision of certain support services by (i) Guangdong Water Technology, Guangdong Holdings and their respective associate(s) (but for the purpose of the 2025 Support Services Framework Agreement, save for the connected subsidiary(ies) of the Company, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company (collectively, the “2025 Guangdong Water Technology Group”) to Water Holdings, Yue Gang Water Supply and their respective subsidiaries on 26 June 2025, for a term from 29 June 2025 to 31 December 2027, such that the relevant members of the Group may utilise the support services provided by the 2025 Guangdong Water Technology Group under the 2025 Support Services Framework Agreement. Yue Gang Water Supply (a company directly owned as to 99% by GH Water Supply) replaced GH Water Holdings as a party to the 2025 Support Services Framework Agreement (as compared to the 2022 Support Services Framework Agreement), as part of an internal corporate exercise aimed at centralising the management and enhancing the oversight of framework agreements of the Group.

During the year ended 31 December 2025, the total amount paid by the Group in accordance with the terms of the 2022 Support Services Framework Agreement and the 2025 Support Services Framework Agreement amounted to approximately RMB98,523,000. The annual cap of the services fee under the 2025 Support Services Framework Agreement for the year ended 31 December 2025 was RMB650,000,000 per the Company’s announcement dated 26 June 2025. For details, please refer to the Company’s announcements dated 29 June 2022 and 26 June 2025.

### (f) Construction Services Framework Agreements

On 12 July 2022, Guangdong Yuehai Water and Water Holdings entered into an agreement (the “2022 Construction Services Framework Agreement”) in relation to the provision of certain construction services by Guangdong Water Group to Guangdong Yuehai Water and its subsidiaries, and Guangdong Holdings and/or its associate(s) (the “GDH Water Co Group”). Pursuant to the 2022 Construction Services Framework Agreement, the Guangdong Water Group agreed to provide certain construction services to the GDH Water Co Group in respect of the construction projects of the GDH Water Co Group for the period from 12 July 2022 to 11 July 2025.

Subject to the relevant specific agreements, the service fees shall be paid by the GDH Water Co Group to the Guangdong Water Group on a project completion or project milestone basis (as applicable) or periodically on a monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms. Since the commencement of the 2022 Construction Services Framework Agreement, members of the Guangdong Water Group entered into certain specific agreements for the provision of construction services, which set out the detailed terms for the relevant transactions contemplated under the 2022 Construction Services Framework Agreement, with members of the GDH Water Co Group.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions (continued)

### (f) Construction Services Framework Agreements (continued)

As for transactions contemplated under the 2022 Construction Services Framework Agreement where pricing was determined by public tendering, in accordance with relevant rules and regulations, the GDH Water Co Group would issue tender documents to unspecified bidders through public tendering, or, through competitive negotiation, inquiry or comparative pricing. The invitation contained the key terms of the transaction. If the Guangdong Water Group satisfied the requirements set by the GDH Water Co Group, it would submit a bid only after having the relevant personnel and management of the Group reviewed and assessed the key terms of the transaction and its proposed bid price to ensure that they were consistent with the principles and provisions set out in the 2022 Construction Services Framework Agreement, fair and reasonable and in the interests of the Company and its shareholders taken as a whole. Also, regular checks were conducted to review and assess whether the relevant continuing connected transactions were conducted in accordance with the terms of the related specific agreements and the price charged for a specific transaction was fair and reasonable and in accordance with the pricing policy.

As the Guangdong Water Group intended to continue providing the same services to the GDH Water Co Group, and both parties intend to expand the scope of services under the 2022 Construction Services Framework Agreement to include the additional project maintenance services and project technical services, Guangdong Yuehai Water and Water Holdings entered into an agreement (the "2025 Construction and Other Services Framework Agreement") in relation to the provision of certain construction services by the Guangdong Water Group to (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the 2025 Construction and Other Services Framework Agreement, save for the connected subsidiary(ies) of the Company, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company on 29 April 2025, for a term from 29 April 2025 to 31 December 2027. Upon the effective date of the 2025 Construction and Other Services Framework Agreement (i.e. on 29 April 2025), the 2022 Construction Services Framework Agreement was terminated and the 2025 Construction and Other Services Framework Agreement replaced and superseded the 2022 Construction Services Framework Agreement.

During the year ended 31 December 2025, the total amount received by the Guangdong Water Group in accordance with the terms of the 2022 Construction Services Framework Agreement and the 2025 Construction and Other Services Framework Agreement amounted to approximately RMB143,802,000. The annual cap of the services fee under the 2025 Construction and Other Services Framework Agreement for the year ended 31 December 2025 was RMB800,000,000 per the Company's announcement dated 29 April 2025. For details, please refer to the Company's announcements dated 12 July 2022 and 29 April 2025.

### (g) Water Project Design and Survey Services Framework Agreement

On 1 September 2022, Water Holdings, Yue Gang Water Supply and 廣東省水利電力勘測設計研究院有限公司 (Water Conservancy Electric Power Survey and Design Institute Company Limited\*, a direct wholly-owned subsidiary of Guangdong Holdings) ("Water Conservancy Design Institute") entered into an agreement (the "2022 Design & Survey Services Framework Agreement") in relation to the provision of certain water project design and survey services by Water Conservancy Design Institute and its subsidiaries (the "Water Conservancy Design Institute Group") to Water Holdings, Yue Gang Water Supply and their respective subsidiaries (the "GDI Water Supply Group"). Pursuant to the 2022 Design & Survey Services Framework Agreement, the Water Conservancy Design Institute Group would provide certain design and surveying services to the GDI Water Supply Group for the period from 1 September 2022 to 28 June 2025.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions (continued)

### (g) Water Project Design and Survey Services Framework Agreement (continued)

Subject to the relevant specific agreements, the service fees shall be paid by the GDI Water Supply Group to the relevant member(s) of the Water Conservancy Design Institute Group based on a project milestone basis as set out in the specific agreements, in accordance with the relevant usual commercial practices and on fair and reasonable terms. Since the commencement of the 2022 Design & Survey Services Framework Agreement, members of the Water Conservancy Design Institute Group entered into certain specific agreements for the provision of design and survey services, which set out the detailed terms for the relevant transactions contemplated under the 2022 Design & Survey Services Framework Agreement, with members of the GDI Water Supply Group.

As the GDI Water Supply Group intended to continue utilizing the water project design & survey services provided by the Water Conservancy Design Institute Group and that the 2022 Design & Survey Services Framework Agreement expired on 28 June 2025, Guangdong Water, Yue Gang Water Supply and Water Conservancy Design Institute entered into an agreement (the “2025 Water Project Design and Survey Services Framework Agreement”) in relation to the provision of certain water project design and survey services by the Water Conservancy Design Institute Group to the GDI Water Supply Group on 26 June 2025, for a term from 29 June 2025 to 31 December 2027.

During the year ended 31 December 2025, the total amount paid by the GDI Water Supply Group in accordance with the terms of the 2022 Design & Survey Services Framework Agreement and the 2025 Water Project Design and Survey Services Framework Agreement amounted to approximately RMB13,167,000. The annual cap of the services fee under the 2025 Water Project Design and Survey Services Framework Agreement for the year ended 31 December 2025 was RMB100,000,000 per the Company’s announcement dated 26 June 2025. For details, please refer to the Company’s announcements dated 1 September 2022 and 26 June 2025.

### (h) Zhanjiang Water Supply Agreement

On 28 April 2023, 湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd.<sup>▲</sup>, an indirect non-wholly owned subsidiary of the Company) (“Zhanjiang Hedi Water Co”), as raw water supplier, and 湛江市粵海自來水有限公司<sup>▲</sup> (Zhanjiang City GDH Water Supply Co., Ltd.<sup>▲</sup>, an indirect non-wholly owned subsidiary of Guangdong Holdings) (“Zhanjiang GDH Water Co”), as processor of raw water, entered into the Zhanjiang water supply agreement (the “Zhanjiang Water Supply Agreement”), pursuant to which Zhanjiang Hedi Water Co would supply raw water to the water factories operated by Zhanjiang GDH Water Co, which would then provide municipal water to the end users in the Xiashan District (霞山區), Chikan District (赤坎區) and Mazhang District (麻章區) of the Zhanjiang City for a term of 30 years commencing from the date on which the water diversion project commences commercial operation (i.e. 1 May 2023). The raw water fee would be calculated and payable on a monthly basis.

During the year ended 31 December 2025, the total amount received by Zhanjiang Hedi Water Co in accordance with the terms of the Zhanjiang Water Supply Agreement amounted to approximately RMB31,316,000. The annual cap of the transactions under the Zhanjiang Water Supply Agreement for the year ended 31 December 2025 was RMB257,410,000 per the Company’s announcement dated 28 April 2023. For details, please refer to the Company’s announcement dated 28 April 2023.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions *(continued)*

### (i) Yuehai Water Procurement Framework Agreement

On 10 November 2023, the Company and Guangdong Yuehai Water entered into a procurement framework agreement (the "Yuehai Water Procurement Framework Agreement"), pursuant to which the Group might from time to time purchase (including purchases through online platforms owned or operated by Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but excluding the members of the Group), as well as the connected subsidiary(ies) of the Company (collectively, the "Guangdong Holdings Group")) various types of products (including but not limited to water purification products, office supplies, daily necessities, electrical appliances and furniture, food and beverages, and digital products) from the Guangdong Holdings Group for a term of three years commencing on 10 November 2023 to 9 November 2026.

During the year ended 31 December 2025, the total amount paid by the Group in accordance with the terms of the Yuehai Water Procurement Framework Agreement amounted to approximately RMB46,729,000. The annual cap of the transactions under the Yuehai Water Procurement Framework Agreement for the year ended 31 December 2025 was RMB50,000,000, per the Company's announcement dated 10 November 2023. For details, please refer to the Company's announcement dated 10 November 2023.

### (j) Leases Framework Agreement

On 1 April 2025, the Company and Guangdong Yuehai Water entered into the leases framework agreement (the "Leases Framework Agreement") in relation to the lease of properties and equipment by members of the Group (as lessor) to (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the Leases Framework Agreement, save for the connected subsidiary(ies) of the Company as set out in (ii), excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company (collectively, the "Guangdong Holdings Group") (as lessee) for the period from 1 April 2025 to 31 December 2027 (both days inclusive). Pursuant to the Leases Framework Agreement, member(s) of the Group (as lessor) may lease properties and equipment owned by the Group to member(s) of the Guangdong Holdings Group (as lessee) for office, commercial or other uses.

During the year ended 31 December 2025, the total amount on the lease of properties and lease of equipment received by the Group in accordance with the terms of the Leases Framework Agreement amounted to approximately RMB10,983,000 and RMB0, respectively. The annual cap of the lease of properties and lease of equipment under the Leases Framework Agreement for the year ended 31 December 2025 were RMB60,000,000 and RMB6,000,000, respectively, per the Company's announcement dated 1 April 2025. For details, please refer to the Company's announcement dated 1 April 2025.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions *(continued)*

### (k) Consortium Agreement and supplemental consortium agreement of Yangtze River Water Diversion Project

On 18 May 2019, the Company, Guangdong Yuehai Water, 江蘇中和永泰建設工程有限公司 (Jiangsu Chunghe Yongtai Construction Engineering Co., Ltd.) ("Jiangsu Chunghe Yongtai"), an independent third party, and China First Metallurgical Group Co. Ltd. ("CFMG"), an independent third party (together, the "Private Partners") successfully bid for the Yangtze River Water Diversion Project. According to the relevant law, the Private Partners signed a consortium agreement on 7 January 2019, according to which, each of the Private Partners will be jointly and severally liable for the Yangtze River Water Diversion Project. As such, each of the Company and Guangdong Yuehai Water was contingently liable for the other's liability, constituting the Company's financial assistance to Guangdong Yuehai Water. After deducting the registered capital of approximately RMB231,132,300 injected by Xinghua City Investment into the joint venture company, a limited liability company to be established by the Private Partners and Xinghua City Investment in the PRC pursuant to the Joint Venture Agreement, the Company was likely to invest a maximum of approximately RMB2,528,656,700 in relation to the Yangtze River Water Diversion Project, inter alia, the Company would be liable in respect of the obligation of Guangdong Yuehai Water in the maximum amount of RMB400,169,405 (being 14.5% of the total investment of Guangdong Yuehai Water in the Yangtze River Water Diversion Project) (the "Financial Assistance").

The Private Partners also signed a supplemental consortium agreement on 6 May 2019, pursuant to which, each of the Private Partners would inject the registered capital in the proportion of their equity interests at the same time whilst the Company and Guangdong Yuehai Water would be liable for not more than the balance of the total investment of the Yangtze River Water Diversion Project in the relevant proportion of their respective equity interests. It entails that the Company and Guangdong Yuehai Water would only undertake not more than the project financing and/or guarantee liability of the Yangtze River Water Diversion Project. Accordingly, taking into account the proportionate registered capital contributed by Jiangsu Chunghe Yongtai, CFMG and Guangdong Yuehai Water, which would be responsible for its proportionate registered capital as well as assuming the responsibility for the project financing and/or joint guarantees, the Company was likely to invest a maximum of RMB1,891,139,837.

During the year ended 31 December 2025, the amount of the Financial Assistance provided by the Company did not exceed the maximum amount of the Financial Assistance as mentioned in the announcement dated 20 May 2019. For details, please refer to the Company's announcement dated 20 May 2019.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions *(continued)*

### (I) Pre-existing transactions with Guangdong Land Holdings Limited (粵海置地控股有限公司, “GDL”)

As Guangdong Holdings, the controlling shareholder of the Company, is also the ultimate controlling shareholder of GDL, GDL and its subsidiaries (the “GDL Group”) are associates of Guangdong Holdings. Following the completion on 21 January 2025 of the special dividend paid by the Company through a distribution-in-specie of shares in GDL, members of the GDL Group became connected persons of the Company. Pursuant to Rule 14A.60(1) of the Listing Rules, the following transactions, which were entered into prior to the year under review and continued during the year, constitute the Company’s continuing connected transactions:

#### (i) *GDI-GDL pre-existing transaction 1*

On 15 September 2022, Guangdong Power (International) Limited (“GD Power International”), a direct non-wholly-owned subsidiary of the Company (as landlord), entered into a tenancy agreement with GDL (as tenant). The leased premises are Office A, 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong, with a total gross floor area of approximately 3,901 square feet, used as commercial office space. The tenancy term is three years, from 1 December 2022 to 30 November 2025. Under the tenancy agreement, GDL is required to pay monthly rent in advance on the first day of each calendar month in cash amounting to HK\$124,832 (excluding rates, service charge and other outgoings).

For the year ended 31 December 2025, the total amount received by GD Power International pursuant to the above tenancy agreement was HK\$1,373,000. For details, please refer to the Company’s announcement dated 9 December 2024.

#### (ii) *GDI-GDL Existing Continuing Transaction 2*

On 16 September 2022, 廣東粵海置地集團有限公司 (Guangdong Yuehai Land Holdings Limited), an indirect wholly-owned subsidiary of GDL (as lessor), entered into a lease agreement with 深圳粵海天河城購物中心有限公司 (Shenzhen GDH Teem Shopping Center Co., Ltd.) (“Shenzhen GDH Teem”), an indirect non-wholly-owned subsidiary of the Company (as lessee), for a term of 240 months commencing from the date of the agreement. The leased property comprises a shopping centre, car parks and an old factory building located in Shenzhen, the PRC, with a total gross floor area of approximately 186,001 square metres. Rent is calculated based on the formula “Net Income × 75%”, where “Net Income” is defined as actual annual income less deductible operating expenses, including taxes, insurance premiums, labour costs and other day-to-day operating expenditures.

For the year ended 31 December 2025, the total amount paid by Shenzhen GDH Teem pursuant to the above lease agreement was RMB0. The annual cap for the transactions contemplated under the above lease agreement for the year ended 31 December 2025 was RMB0. For details, please refer to the Company’s announcement dated 9 December 2024.

# Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## B. Continuing Connected Transactions *(continued)*

### (I) Pre-existing transactions with Guangdong Land Holdings Limited (粤海置地控股有限公司, “GDL”)

#### (iii) *GDI–GDL Existing Continuing Transaction 3*

On 25 September 2024, 粤海科技(深圳)有限公司 (Yuehai Technology (Shenzhen) Co., Ltd.) (“Yuehai Technology”), an indirect wholly-owned subsidiary of GDL (as service provider), entered into a construction management services agreement with Yue Gang Water Supply for a term from 25 September 2024 to 31 December 2026. Pursuant to this agreement, Yuehai Technology is engaged to provide overall construction management services to Yue Gang Water Supply for the “Zhishui Project” located in Luohu District, Shenzhen, the PRC, including construction design management, procurement management, cost management and quality management, etc. This collaboration enables the Group to benefit from Yuehai Technology’s extensive experience in the construction management of property projects, thereby enhancing the quality and improving the efficiency of the Zhishui Project.

For the year ended 31 December 2025, the total amount paid by Yue Gang Water Supply pursuant to the above construction management services agreement was approximately RMB5,496,000. This amount did not exceed the annual cap of RMB5,826,000 for the year ended 31 December 2025 disclosed in the Company’s announcement dated 9 December 2024 for the construction management services agreement. For details, please refer to the Company’s announcement dated 9 December 2024.

The price and the terms of the above transactions have been determined in accordance with the pricing policies set out in the relevant announcements and circulars.

The independent non-executive directors of the Company have reviewed the Transactions set out above and have unanimously confirmed that these Transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the HKICPA. The Company’s auditor has issued its unmodified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

# Major Properties Held by the Group

## Details of Property, Plant and Equipment

| Property                                                                                                                            | Lot No.                                                                                                                                                                                                                                                                                | Use     |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Wharney Hotel<br>57-73 Lockhart Road<br>and 84-88 Jaffe Road<br>Wan Chai<br>Hong Kong                                               | Subsection 1 of Section E and<br>Subsection 2 of Section D of<br>Inland Lot No. 2819, Section F<br>of Inland Lot No. 2818, the<br>remaining portion of Inland Lot<br>No. 2817, Section G of Inland<br>Lot No. 2818 and the remaining<br>portion of Section D of Inland<br>Lot No. 2817 | Hotel   |
| Oasis Avenue-A GDH Hotel<br>18 Prat Avenue<br>Tsimshatsui<br>Kowloon<br>Hong Kong                                                   | Kowloon Inland Lot Nos. 8340,<br>8342, 8550, 8748 and 8915                                                                                                                                                                                                                             | Hotel   |
| Sheraton Guangzhou Hotel<br>No. 208 Tianhe Road<br>Tianhe District<br>Guangzhou<br>Guangdong Province<br>PRC                        | N/A                                                                                                                                                                                                                                                                                    | Hotel   |
| Guangdong Hotel (Shen Zhen)<br>Shennan East Road<br>Luohu District<br>Shenzhen<br>Guangdong Province<br>PRC                         | N/A                                                                                                                                                                                                                                                                                    | Hotel   |
| Guangdong Hotel (Zhu Hai)<br>No. 1145<br>Yuehai Road East<br>Gongbei, Zhuhai<br>Guangdong Province<br>PRC                           | N/A                                                                                                                                                                                                                                                                                    | Hotel   |
| Holiday Inn Zhuhai City Center<br>No. 39 Bailian Road<br>Jida Xiangzhou District<br>Zhuhai City<br>Guangdong Province<br>PRC        | N/A                                                                                                                                                                                                                                                                                    | Hotel   |
| GDH Energy Project<br>Lands and various buildings and<br>structures of Huang Pu Town<br>Zhongshan City<br>Guangdong Province<br>PRC | N/A                                                                                                                                                                                                                                                                                    | Factory |

## Major Properties Held by the Group

| Property                                                                                                                                                                                                                                                                                              | Lot No. | Use                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------|
| Nansha Water Distribution Facilities by the Southwest side of the interchange between Huanglan Expressway and Jingzhu Expressway, Huangge Town, Nansha District, Guangzhou City, Guangdong Province, PRC and No. 3 Gangang Road, Lanhe Town, Nansha District, Guangzhou City, Guangdong Province, PRC | N/A     | Water distribution facilities |
| Qingxi Water Distribution Facilities by the side of Shangyuan Road Sanken Reservoir, by the side of Donghuan Road Qiyeshi Reservoir and No. 28 Qingxi Avenue Qingxi Town Dongguan Guangdong Province PRC                                                                                              | N/A     | Water distribution facilities |

## Details of Operating Concession Rights

| Intangible Assets                                                                                    | Existing use       |
|------------------------------------------------------------------------------------------------------|--------------------|
| Water Supply Project's (from Dongguan to Shenzhen) land use rights, reservoirs and related buildings | Water Distribution |
| Toll Road Project's operating rights and related buildings                                           | Toll Road          |

# Major Properties Held by the Group

## Details of Investment Properties

| Property                                                                                                                                                                                                                                                                                                                        | Interest in property attributable to the Group | Category of lease | Existing use                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------|------------------------------|
| Teem Tower and Teemmall<br>No. 208 Tianhe Road<br>Tianhe District, Guangzhou<br>Guangdong Province<br>PRC                                                                                                                                                                                                                       | 76.13%                                         | Medium term       | Commercial and shopping mall |
| Ground Floor, 1st Floor, Unit A of 5th Floor, 6th-10th Floors, Unit A and B2 of 11th Floor, 12th Floor, 16th Floor, Unit B on 19th Floor, Unit B on 20th Floor, Unit A on 22nd Floor, 23rd Floor, 25th-27th Floors, Unit B1 on 29th Floor and 30th Floor<br>Guangdong Investment Tower<br>148 Connaught Road Central, Hong Kong | 100%                                           | Long term         | Commercial                   |
| Tianjin Teem Shopping Mall<br>No. 263 Heping Road<br>Heping District<br>Tianjin, PRC                                                                                                                                                                                                                                            | 76.02%                                         | Medium term       | Shopping mall                |
| Panyu Teem Shopping Mall,<br>No. 81 Wanhui 2 Road,<br>No. 180 Wanbo 2 Road,<br>Nancun Town, Panyu District,<br>Guangzhou, Guangdong Province,<br>PRC                                                                                                                                                                            | 31.06%                                         | Medium term       | Shopping mall                |
| Guangzhou Comic City,<br>The underground of No.1 Jixiang Road,<br>Yuxiu District, Guangzhou City,<br>Guangzhou Province, PRC                                                                                                                                                                                                    | 64.71%                                         | Medium term       | Shopping mall                |
| Commercial portion of Northwestern Land, Northern Land and Southern Land of the Shenzhen GDH City<br>3008 Taibai Road, Luohu District,<br>Shenzhen City, Guangdong, PRC^                                                                                                                                                        | 73.82%#                                        | Medium term       | Commercial                   |

## Major Properties Held by the Group

### Details of Properties held for sale Under Development

| Property                                                                                                                                                       | Interest in property attributable to the Group | Site area (sq. m.) | Gross floor area (sq. m.) | Existing use                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------|---------------------------|---------------------------------------------------------------|
| Zhuhai Laurel House<br>West of Jinhui Road and North of Jinhe East Road, Jinwan District, Zhuhai City, Guangdong, PRC^                                         | 73.82%#                                        | 66,090             | 167,278                   | Residential/<br>Commercial                                    |
| Zhongshan GDH City<br>Tsuihang New District, Zhongshan City, Guangdong, PRC^                                                                                   | 72.08%#                                        | 98,811             | 247,028                   | Residential                                                   |
| Jiangmen GDH City<br>(Land No. 4 and 5)<br>East of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong, PRC^                                             | 37.65%#                                        | 133,764            | 270,569                   | Residential/<br>Business apartment/<br>Commercial             |
| Huizhou One Mansion<br>Mamiao, Aotou, Dayawan District, Huizhou City, Guangdong, PRC^                                                                          | 73.82%#                                        | 30,698             | 92,094                    | Residential/<br>Business apartment/<br>Commercial             |
| Guangzhou GDH Future City<br>Core Area of Baiyun New Town, Baiyun District, Guangzhou City, Guangdong, PRC^                                                    | 73.82%#                                        | 114,463            | 506,000                   | Residential/<br>Business apartment/<br>Commercial/<br>Offices |
| Foshan One Mansion<br>West Side of Fenjiang Road, North Side of Lujing Road and East Side Luying West Street, Chancheng District, Foshan City, Guangdong, PRC^ | 37.65%#                                        | 40,642             | 118,122                   | Residential/<br>Commercial/<br>Offices                        |

## Major Properties Held by the Group

### Details of Completed Properties Held for Sale

| Property                                                                                                                                                                         | Interest in property attributable to the Group | Gross floor area (sq. m.) | Existing use                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------|---------------------------------------------------|
| Northwestern Land and Northern Land of the Shenzhen GDH City<br>3008 Taibai Road, Luohu District, Shenzhen, Guangdong, PRC <sup>^</sup>                                          | 73.82% <sup>#</sup>                            | 275,209*                  | Business apartment/<br>Commercial/<br>Offices     |
| Jiangmen One Mansion<br>West of Fengxiang Road, Southeast of the intersection of Chenyuan Road and Longteng Road, Pengjiang District, Jiangmen City, Guangdong, PRC <sup>^</sup> | 73.82% <sup>#</sup>                            | 164,216                   | Residential/<br>Business apartment/<br>Commercial |
| Jiangmen GDH City (Land No. 3)<br>East of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong, PRC <sup>^</sup>                                                            | 37.65% <sup>#</sup>                            | 122,331                   | Residential                                       |
| Foshan Laurel House<br>West of Wenhua Road,<br>South of Liming Second Road, Chancheng District, Foshan City, Guangdong, PRC <sup>^</sup>                                         | 73.82% <sup>#</sup>                            | 151,492                   | Residential                                       |

<sup>^</sup> Included in "Assets classified as held for distribution" as at 31 December 2024 on the face of the consolidated statement of financial position.

<sup>\*</sup> Represent the gross floor area of the entire project, including the commercial portion.

<sup>#</sup> Represent the interest in property attributable to the Group as at 31 December 2024.

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

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