Shenzhen International
深國際

2024 Annual Report

物流天下
德行天下

LOGISTICS WITH ETHICS
FOR A BETTER WORLD

Shenzhen International Holdings Limited
深圳國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 00152

物流天下
德行天下

Logistics with Ethics

For a Better World

Corporate Mission

to boost the real economy and to fully assume the role of a state-owned municipal ancillary service developer and operator to serve cities, industries and people's livelihood

Corporate Vision

continues to grow stronger, better and larger to become a first-class industrial group

Core Values

hard work, open-mindedness,
pragmatism and coordination

Corporate Character

the integration of knowledge and action for driving steady and far-reaching development

Content

CORPORATE PROFILE

The Group perceives the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei areas and major logistics gateway cities as key strategic regions. Through investment, mergers & acquisitions, restructuring and consolidation, the Group focuses on the investment, construction and operation of logistics infrastructure in the four major areas of "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure" (including inland ports, urban integrated logistics parks, air cargo terminals and railway logistics terminals) and toll roads. The Group provides its customers with value-added logistics services including intelligent warehouse and integrated cold chain warehousing, and also expanded its business segments to include the comprehensive development of land related to the "logistics + commerce" industries as well as the investment in and operation of general-environmental protection business, thereby creating greater value for its shareholders.

Set out below is a simplified corporate structure of the Group as at 31 December 2024 which excludes intermediate holding entities, and the percentages of interests shown represent the percentages for which the Group has effective control.

SHENZHEN INTERNATIONAL HOLDINGS LIMITED[1]

Logistics

深國際物流 Shenzhen International Logistics

LOGISTICS PARKS

90%	Shenzhen International Integrated Logistics Hub Center
100%	SZI South China Logistics Park | Shenzhen
100%	SZI Western Logistics Park | Shenzhen
50%	Shenzhen (Bao'an) Airport Express Center
70%	SZI Kanghuai E-commerce Center | Shenzhen
100%	SZI Intelligent Logistics Hub | Shenzhen Liguang
100%	SZI Intelligent Logistics Hub | Shenzhen Pingshan East
100%	SZI Intelligent Logistics Hub | Shenzhen Yantian
80.92%	SZI Intelligent Logistics Hub | Shenzhen Pingshan
100%	SZI Intelligent Logistics Hub | Zhongshan Torch
100%	SZI Intelligent Logistics Hub | Foshan Nanhai
100%	SZI Logistics Hub | Zhanjiang
100%	SZI Logistics Hub | Ningbo
100%	SZI Logistics Hub | Wenzhou
100%	SZI Logistics Hub | Jinhua Yiwu
100%	SZI Logistics Hub | Shanghai Qingpu
100%	SZI Logistics Hub | Shanghai Minhang
100%	SZI Logistics Hub | Wuxi Huishan
100%	SZI Logistics Hub | Wuxi Jiangyin
100%	SZI Logistics Hub | Suzhou Kunshan
100%	SZI Logistics Hub | Suzhou Xiangcheng
100%	SZI Logistics Hub | Xuzhou
100%	SZI Logistics Hub | Nantong
100%	SZI Logistics Hub | Hefei Feixi
100%	SZI Logistics Hub | Tianjin Binhai
100%	SZI Logistics Hub | Tianjin Xiqing
55%	SZI Logistics Hub | Shijiazhuang Zhengding
100%	SZI Logistics Hub | Wuhan Dongxihu
100%	SZI Logistics Hub | Wuhan Caidian
100%	SZI Logistics Hub | Xiangtan
100%	SZI Logistics Hub | Changsha
100%	SZI Logistics Hub | Chongqing Shuangfu
100%	SZI Logistics Hub | Chongqing Shapingba
100%	SZI Logistics Hub | Kunming
100%	SZI Logistics Hub | Chengdu Qingbaijiang
100%	SZI Logistics Hub | Hainan Chengmai
100%	SZI Logistics Hub | Zhengzhou Erqi
100%	SZI Logistics Hub | Zhengzhou Xinzheng
55.39%	SZI Logistics Hub | Yantai
100%	SZI Logistics Hub | Xi'an
100%	SZI Logistics Hub | Shenyang

PROJECTS INJECTED INTO FUND

- SZI Logistics Hub | Hangzhou Phase II[4]
- SZI Logistics Hub | Hefei Feidong[4]
- SZI Logistics Hub | Nanchang Jingkai[4]
- SZI Logistics Hub | Hangzhou Phase I[5]
- SZI Logistics Hub | Guizhou Longli[5]

深國際物流產服 Shenzhen International Logistics Industry Service

59.91%	Shenzhen EDI Co., Ltd.
100%	Zhilian Shenzhen International Cold Chain Logistics (Shenzhen) Co., Ltd.
51%	Shenzhen Total Logistics Service Co., Ltd.
55%	Shandong Shenzhen International Bohai Logistics Technology Development Co., Ltd.

深國際商置 Shenzhen International P&M

100%	Shenzhen International Qianhai Investment and Management (Shenzhen) Co., Ltd.

Port and Related Services

深國際港口 Shenzhen International Ports

70%	SZI Port | Nanjing Xiba
70%	SZI Port | Jiangsu Jingjiang
52%	SZI Port | Henan Shenqiu
20%	Jiangxi Fengcheng Port

PORT SUPPLY CHAIN MANAGEMENT SERVICE

100%	Shenzhen International Supply Chain Management Nanjing Co., Ltd.

Toll Road

General-Environmental Protection

深高速 SHENZHEN EXPRESSWAY

51.56%[6]	Shenzhen Expressway Corporation Limited[1][2]

Other Investment

深國際投資 Shenzhen International Investment

49%	Shenzhen Airlines Company Limited
8.9%[7]	Air China Cargo Co., Ltd.[3]
40%	Sinotrans Shenzhen International Logistics Limited
11.38%	Hubei Prolog Technology Group Co., Ltd.
5.2%	China Comservice Supply Chain Company Ltd.
38%	Shenzhen Shenxin Investment Private Equity Fund Management Co., Ltd.

Notes:

(1) Listed on the main board of The Stock Exchange of Hong Kong Limited (2) Listed on the Shanghai Stock Exchange (3) Listed on the Shenzhen Stock Exchange
(4) These projects are held by Shenshi Smart Logistics Infrastructure Private Equity Partnership (Limited Partnership), a joint venture held by the Group as to 40% equity interest.
(5) These projects are held by the ChinaAMC-Shenzhen International Warehousing & Logistics Close-end Infrastructure Securities Investment Fund, in which the Group holds approximately 31% of the total units.
(6) Since 27 March 2025, the Group's shareholding in Shenzhen Expressway Corporation Limited has changed to approximately 47.30%.
(7) Since 28 January 2025, the Group's shareholding in Air China Cargo Co., Ltd. has changed to approximately 8.76%.
(8) The simplified corporate structure of the Group only included corporate entities and projects which are in operation as at 31 December 2024.

In this report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Li Haitao *(Chairman)*
Liu Zhengyu *(Chief Executive Officer)*
Wang Peihang

Non-Executive Director:
Cai Xiaoping

Independent Non-Executive Directors:
Pan Chaojin
Zeng Zhi
Wang Guowen
Ding Chunyan

AUDIT COMMITTEE

Zeng Zhi *(Chairman)*
Pan Chaojin
Wang Guowen

NOMINATION COMMITTEE

Pan Chaojin *(Chairman)*
Wang Peihang
Ding Chunyan

REMUNERATION AND APPRAISAL COMMITTEE

Pan Chaojin *(Chairman)*
Cai Xiaoping
Wang Guowen

SUSTAINABILITY COMMITTEE

Liu Zhengyu *(Chairman)*
Wang Peihang
Zeng Zhi
Ding Chunyan

JOINT COMPANY SECRETARIES

Liu Wangxin
Lam Yuen Ling, Eva

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2206-2208, 22nd Floor
Greenfield Tower, Concordia Plaza
No. 1 Science Museum Road
Tsimshatsui East
Kowloon, Hong Kong

SHENZHEN OFFICE

Shenzhen International Building
8045 Hongli West Road
Futian District, Shenzhen

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

COMPANY WEBSITE

www.szihl.com

SHARES

Hong Kong Stock Exchange:
Stock Code: 00152

SECURITIES

Shenzhen Stock Exchange:
RMB Bonds (First Tranche 2023) (Stock Code: 148372)
RMB Bonds (Second Tranche 2023) (Stock Code: 148398)
RMB Bonds (Fourth Tranche 2023) (Stock Code: 148465)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

LEGAL ADVISER

Reed Smith Richards Butler LLP *(Hong Kong Legal Adviser)*

PRINCIPAL BANKERS

Bank of China
Bank of Communications
China CITIC Bank
China Construction Bank
China Development Bank *(PRC Domestic Bank)*
China Merchants Bank
China Minsheng Bank
DBS Bank
Huaxia Bank
HSBC
Industrial and Commercial Bank of China
Industrial Bank *(PRC Domestic Bank)*
MUFG Bank, Ltd.
Ping An Bank

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRAR

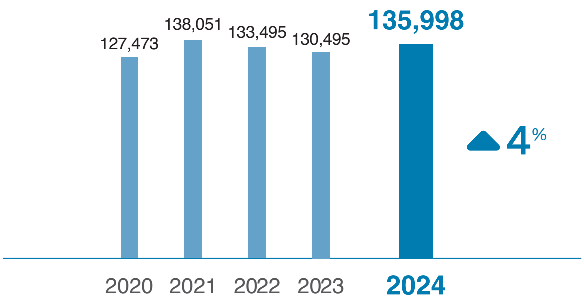
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

INVESTOR RELATIONS CONSULTANT

PRChina Limited
17/F, Yat Chau Building
262 Des Voeux Road Central
Sheung Wan, Hong Kong

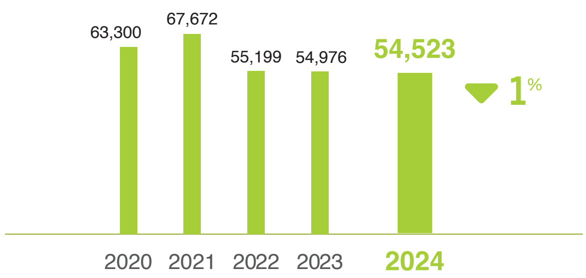
Total Assets Value

(HK$ million)



Total Equity

(HK$ million)

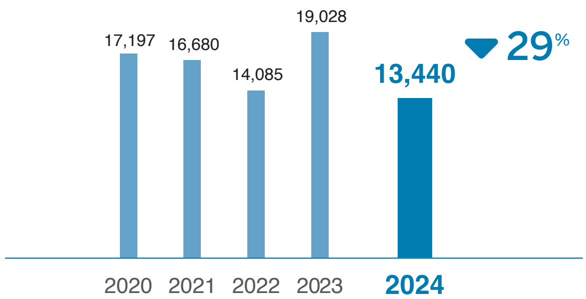


Net Asset Value per Share Attributable to Shareholders

(HK$ dollar)

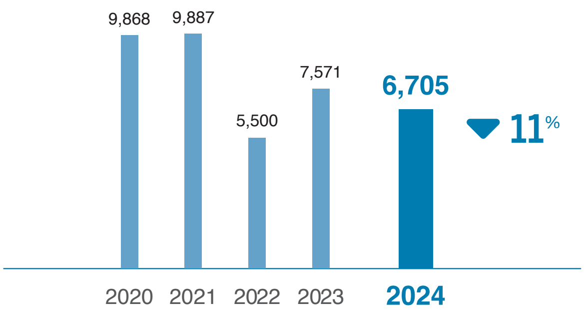
Revenue*

(HK$ million)



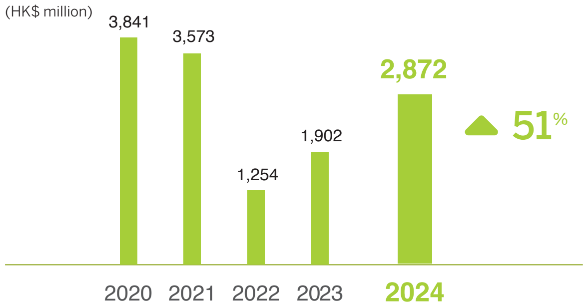
Profit before Finance Costs and Tax

(HK$ million)



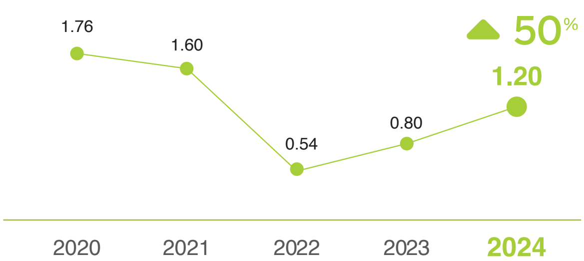
Profit Attributable to Ordinary Shareholders of the Company

(HK$ million)



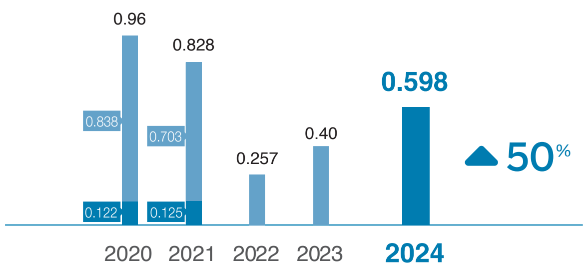
Earnings per Share (Basic)

(HK$ dollar)



Dividend per Share

(HK$ dollar)



* *Excluding revenue from construction services for toll roads*

ANALYSIS OF REVENUE AND PROFIT BEFORE FINANCE COSTS AND TAX BY PRINCIPAL ACTIVITIES

(HK$ million)	*Revenue*	*Operating profit*	*Share of results of associates and joint ventures*	*Profit before finance costs and tax*
		2024		
Toll roads and general-environmental protection business				
— Revenue	**7,899**	**1,884**	**1,009**	**2,893**
— Construction service revenue	**2,130**	**186**	**–**	**186**
Sub-total	**10,029**	**2,070**	**1,009**	**3,079**
Logistics parks	**1,504**	**609**	**27**	**636**
Logistics services	**333**	**(20)**	**2**	**(18)**
Port and related services	**3,586**	**142**	**(2)**	**140**
Logistics park transformation and upgrading business	**119**	**2,865**	**243**	**3,108**
Sub-total	**5,542**	**3,596**	**270**	**3,866**
Head office function	**–**	**(445)**	**205**	**(240)**
Total	**15,571**	**5,221**	**1,484**	**6,705**
Finance income				**173**
Finance costs				**(1,763)**
Finance costs – net				**(1,590)**
Profit before income tax				**5,115**
		2023		
Toll roads and general-environmental protection business				
— Revenue	8,829	2,932	808	3,740
— Construction service revenue	1,496	–	–	–
Sub-total	10,325	2,932	808	3,740
Logistics parks	1,519	629	25	654
Logistics services	319	23	8	31
Port and related services	2,805	167	–	167
Logistics park transformation and upgrading business	5,556	3,277	61	3,338
Sub-total	10,199	4,096	94	4,190
Head office function	–	(554)	195	(359)
Total	20,524	6,474	1,097	7,571
Finance income				241
Finance costs				(2,618)
Finance costs – net				(2,377)
Profit before income tax				5,194

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is depicted below. The 2024 and 2023 figures are extracted from the audited financial statements. The 2020 to 2022 figures were restated accordingly due to the completion of acquire 100% equity interest in Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd.

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**15,570,615**	20,523,798	15,529,301	18,541,926	19,452,409
Profit before income tax	**5,115,065**	5,194,129	2,930,926	8,956,258	8,991,919
Income tax expense	**(1,428,061)**	(2,289,221)	(994,769)	(2,726,653)	(3,270,109)
Profit before NCI	**3,687,004**	2,904,908	1,936,157	6,229,605	5,721,810
Perpetual securities holders	**–**	–	(92,999)	(92,075)	(91,866)
Non-controlling interests	**(814,556)**	(1,003,265)	(589,239)	(2,564,519)	(1,789,091)
Profit attributable to shareholders	**2,872,448**	1,901,643	1,253,919	3,573,011	3,840,853

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Fixed assets	**20,391,880**	19,780,766	17,874,497	19,087,069	12,745,050
Investment properties	**18,519,634**	15,080,718	10,226,082	7,697,726	611,305
Land use rights	**4,056,454**	4,231,866	3,181,633	3,328,772	3,802,321
Investments in associates & joint ventures	**29,540,442**	28,363,657	28,489,600	31,745,283	26,069,289
Other Financial Asset	**1,209,394**	1,155,711	1,021,738	1,144,780	2,382,291
Intangible assets	**26,187,883**	29,280,325	29,941,138	32,922,243	31,645,704
Other non-current assets	**12,345,756**	12,157,965	12,283,240	12,205,148	9,163,015
Net current assets	**(11,732,398)**	(21,565,540)	(18,107,422)	(4,230,942)	2,427,762
Non-current liabilities	**(45,995,887)**	(33,509,807)	(29,711,332)	(36,227,904)	(25,547,090)
Net assets	**54,523,158**	54,975,661	55,199,174	67,672,175	63,299,647
Equity					
Issued capital	**2,409,639**	2,393,149	2,387,810	2,266,714	2,194,991
Reserves	**30,090,100**	29,189,057	28,860,054	36,605,854	33,431,865
Equity attributable to ordinary shareholders	**32,499,739**	31,582,206	31,247,864	38,872,568	35,626,856
Perpetual securities	**–**	–	–	2,330,939	2,330,939
Non-controlling interests	**22,023,419**	23,393,455	23,951,310	26,468,668	25,341,852
Total equity	**54,523,158**	54,975,661	55,199,174	67,672,175	63,299,647

KEY EVENTS IN 2024

OPERATION MANAGEMENT

MAR

The E Fund Shenzhen Expressway REIT established by the Group with Yichang Expressway as the underlying asset, was successfully listed on the Shanghai Stock Exchange. The Group holds 40% of the fund units

JUL-NOV

The Group has successfully expanded several management service projects, including those located in Wuxi Xishan, Guangdong Conghua and Guangdong Chaoshan. This marks the market's recognition of the Group's brand strength

JUL

The ChinaAMC-Shenzhen International REIT, established by the Group with the Hangzhou Phase I Project and Guizhou Longli Project as underlying assets, was successfully listed on the Shenzhen Stock Exchange. Through the successful issuance of the fund, the Group could effectively revitalize its existing premium logistics hub assets, marking a significant breakthrough in the Group's short closed-loop "Investment, Construction, Financing and Operation" business model. As at the end of 2024, the Group held 31.28% of the fund units

AUG

SZI Logistics Hub (Wuxi Jiangyin) successfully attracted Li Auto Inc., serving as its sole national after-sales service center and warehouse. This marks the Group's first foray into the field of new energy vehicle warehousing sector

SEP

The Group successfully acquired the land parcel for SZI Logistics Hub (Jieyang), marking a significant breakthrough for its strategic configuration in the eastern Guangdong region

OCT

The Group successfully issued the 2024 Medium-term Notes Tranche 1 in the amount of RMB4,000 million with a coupon rate of 2.21% and a term of 3 years. This issuance has received widespread recognition and active subscriptions from investors

NOV

The roofing of the deck and area below of Shenzhen International Integrated Logistics Hub Center (i.e. Pinghunan Project) was completed. The project has fully transitioned into the phase of main structural construction of the above-deck area, laying a solid foundation for achieving the goal of completion by the end of 2025

NOV

Shenzhen EDI Co., Ltd. was selected as one of the first batch of the “National Pilot Projects for Cost Reduction, Quality Improvement, and Efficiency Enhancement in Transportation and Logistics” by the Ministry of Transport of the PRC, contributing to the digital and intelligent transformation of the logistics industry

OPERATION MANAGEMENT

DEC

SZI Cold Chain (Nanjing Jiangning) passed inspection and acceptance procedures, signifying the implementation of the Group's cold chain strategy in the core region of the Yangtze River Delta

DEC

The Group successfully acquired the land parcel for Beijing Fangshan Project, marking its debut into the capital city's market and demonstrating its capability to secure core resources

DEC

The approval of the Shenzhen Longhua District People's Government for the first phase of the reserved land under the land preparation and consolidation of SZI South China Logistics Park had been obtained, marking a major breakthrough in the transformation and upgrading of SZI South China Logistics Park

DEC

The Group held its inaugural communication conference with its key customers. This further strengthened the interactions with the customers and bolstered customer loyalty, thereby laying a solid foundation for the Group's business expansion

DEC

The Group successfully acquired the project land for Foshan Fuwan Port, signifying the Group's expansion of its port segment from the Yangtze-Huaihe River Basin to the Pearl River Basin

DEC

Air China Cargo Co., Ltd., in which the Group has a stake, was successfully listed on the Shenzhen Stock Exchange. This marks a significant milestone in the Group's strategic investment and further enhance the Group's asset value

CORPORATE HONORS

FEB

The Company was awarded the 3rd "Top 100 Brands in Shenzhen" from the Shenzhen Quality City Association

JUN

The Company has been included in the AThematic Indexes in the Hang Seng Family of Indexes:

– Hang Seng China High Dividend Yield Index
– Hang Seng SCHK SOEs High Dividend Yield Index
– Hang Seng SCHK High Dividend Yield Screened Index
– Hang Seng SCHK SOEs High Dividend Yield ESG Index

AUG

The Company received the "20th Outstanding Transportation Enterprise in Management and Innovation" award from the China Communications Enterprises Management Association

JUN – NOV

The ESG efforts of the Company have been recognized by authoritative institutions both domestically and internationally:

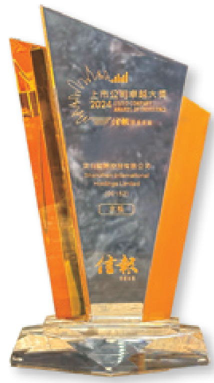
– The Company's Wind ESG rating was upgraded to "A"
– The Company was awarded the "Excellence in ESG Sustainable Development Enterprise" at the ESG Jinge Awards by Guru Club
– The Company's MSCI ESG rating was upgraded to "BBB"
– The Company garnered distinguished awards including the "Greater Bay Area Prestigious ESG Accomplishment of the Year," the "Outstanding ESG Environmental Performance Award," the "Outstanding ESG Social Performance Award", the "Outstanding ESG Corporate Governance Award" and the "ESG Commendation Certificate" at the Outstanding ESG Enterprises Recognition Scheme 2024 jointly organized by Sing Tao News Corporation and The Hong Kong Polytechnic University

SEP – DEC

The Company's Annual Report 2023 was granted 6 annual report awards in the 2023 Vision Awards presented by the League of American Communications Professionals (LACP), 5 annual report awards in ARC Awards for Annual Reports and 3 awards in IADA International Annual Report Design Awards organized by The International Annual Report Design Awards (IADA)

NOV

The Company once again received the "Listed Company Awards of Excellence (Main Board)" presented by Hong Kong Economic Journal



NOV

The Company was recognized as one of the "Top 50 Hong Kong Stock Connect Companies" at the 2024 Hong Kong Listed Companies Development Summit Forum and the 11th Hong Kong Stocks Top 100 Awards Ceremony organized by the Top 100 Hong Kong Listed Companies Research Centre

NOV

The Company was selected for the "Blue Book of Social Responsibilities of State-Owned Enterprises (2024)" and ranked 12th in the "ESG Pioneer 100 Index for Pioneers of State-owned Enterprises (2024)". Our case study titled "Building a New Pattern of Multimodal Transportation and Creating a New Model of Comprehensive Logistics Hubs" has been honored as an "Outstanding Case for Accelerating Industrial Upgrading"

DEC

The Company once again garnered the "Listed Company with Best Investment Value" at the Golden Bauhinia Awards presented by Hong Kong Ta Kung Wen Wei Media Group


CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2024, the domestic economy grappled with a myriad of significant challenges amid a sluggish global economic recovery. The lingering aftereffects of the pandemic, adjustments within the logistics industry, and growing pressures from international competition intertwined, placing considerable strain on business operations. Nevertheless, as the saying goes, opportunities often emerge amid crises. In response, the central government introduced a comprehensive set of counter-cyclical adjustment policies, focusing on expanding domestic demand and boosting market confidence, thereby injecting strong momentum into the development of the real economy. The Group adhered to the development principle of "Striving for Progress while Maintaining Stability", with the core goal of high quality development. By cautiously accessing the prevailing circumstances and tasks at hand, the Group formulated precise strategic plans. While maintaining its strategic composure, the Group follows the guiding principle of "Stay Vigilant and Adapt Swiftly", ensuring steady growth throughout the year.

For the year ended 31 December 2024 (the "Year"), the Group recorded a total revenue of approximately HK$15,571 million, representing a decrease of 24% as compared to the corresponding period of the previous year. The Group's profit attributable to shareholders increased by 51% as compared to the corresponding period of the previous year to approximately HK$2,872 million.

The board of directors of the Company (the "Board") has recommended the payment of a final dividend of HK$0.598 per share for 2024 to shareholders, representing an increase of 50% over the previous year. The total amount of the 2024 final dividend amounted to approximately HK$1,441 million, representing a payout ratio of approximately 50%, exemplifies the Group's stable dividend policy.

OPTIMIZING STRATEGIC CONFIGURATION WHILE STABILIZING AND STRENGTHENING CORE BUSINESSES

With respect to the logistics business, the logistics park industry experienced heightened pressures amid the existing complex and challenging economic environment, further exacerbated by the evolving market supply and demand dynamics. These challenges were manifested in a decline in rental prices and occupancy levels compared to previous years, with increasing regional disparities. However, with the recovery of the economy and adjustment in supply-demand dynamics, the market adjustment mechanism gradually took effect. In the medium-to-long term, the logistics park industry is poised to exhibit strong resilience and growth potential, especially for prime assets in core regions. The Group has consistently prioritized prime locations in first-tier cities and leading second-tier cities that demonstrated strong robust operational efficiency and resilience against risks, thereby solidifying the development foundation of its core logistics business. As at the end of 2024, the Group has established its presence in 42 cities nationwide, managing and operating a total of 66 logistics projects, among these, 46 projects are currently in operation, with a total operating area of nearly 5.8 million square meters. **Firstly, the Group has solidified its leading position in Shenzhen region.** The Group actively seized development opportunities presented by "7+30+N" logistics station layout plan, while actively participating in the development planning of logistics infrastructure in Shenzhen, accelerating the acquisition of logistics resources, and promoting the implementation of the three-tier logistics terminal system. In addition, the Group expedited the acquisition and development of historical land parcel of the Fumin Project, while proactively exploring new opportunities in Guangming and Luohu Districts, as well as Bantian cargo terminals, etc. Meanwhile, the Group pioneered the introduction of the "Public Transportation + Logistics" and "Metro + Logistics" collaboration model, exploring new logistics business formats that integrate seamlessly with public transportation networks. Furthermore, the Group has facilitated the inclusion of all its logistics hub projects located in Shenzhen into the city's low-altitude logistics transportation infrastructure network, uncovering diverse collaborative opportunities under the "Logistics+" model. **Secondly, the Group has refined its strategic configuration in regions outside of Shenzhen.** Focusing on Beijing, the Group successfully acquired the land parcel for SZI Beijing Southwest Integrated Logistics Hub (Phase I) Intelligent Logistic Center in Fangshan District of Beijing, achieving a breakthrough with the key project landing in the city. The Group has completed the preliminary feasibility study for Beijing Shunyi Project and continued to refine its strategic configuration planning around the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area") and other regions with robust logistics demand. The Group successfully signed contract for Phase II of Foshan Gaoming Project and acquired the land parcel at hundred-acre of land

for Jieyang Project in 2024. **Thirdly, the Group's "Investment, Construction, Financing and Operation" business model remained consistently robust and continuously optimized.** The Group steadily advanced the implementation of the closed-loop "Investment, Construction, Financing and Operation" business model on its core logistic business, continuously unlocking its asset value. The successful listing and issuance of ChinaAMC-Shenzhen International Warehousing & Logistics Close-end Infrastructure Securities Investment Fund ("ChinaAMC-Shenzhen International REIT") during the Year contributed profits after tax of HK$587 million. This is of significant importance for enhancing the Group's recognition in the domestic capital market, enhancing financing channels, revitalizing existing assets, and fostering a positive investment cycle. Furthermore, the establishment of private logistics funds progressed in an orderly manner, further optimizing the development of the Group's "Investment, Construction, Financing and Operation" business model.

With respect to the port business, the Group significantly ramped up its strategic initiatives, with particular emphasis on key regions the lower reaches of the Yangtze River, the Xijiang River Basin, and the Greater Bay Area. Concurrently, it actively explored investment opportunities along the entire "Port+" industry chain, both the upstream and downstream. The successful acquisition of the project land of Foshan Fuwan Port by the Group during the Year, marking its maiden foray into port business within the Greater Bay Area. The Group is accelerating the capacity expansion and reconstruction of Nanjing Xiba Port, steadily promoting the long-term goal of spinning off the port segment for listing.

Through its listed subsidiary Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"), the Group's toll road and general-environmental protection businesses are continuously solidified and enhanced. **Regarding the toll road business,** the Group actively promoted investments in new construction, reconstruction and expansion projects, including the Phase III of Shenzhen Outer Ring Project, Jihe Expressway, the Guangzhou to Shenzhen section of the Beijing-Hong Kong-Macao Expressway, in order to continuously develop high quality expressway assets. Meanwhile, the Group has consistently strengthened its research and application of intelligent transportation technologies, enhanced its capabilities of traffic data collection, analysis, and forecasting, and continuously optimized the road network monitoring and command coordination system, thereby comprehensively elevating the Group's road management standards and service capabilities. **Regarding the general-environmental protection business,** Guangming Environmental Park Project in Shenzhen has commenced trial operations. As at the end of 2024, the Group's designed organic waste treatment capacity reached 6,700 tonnes per day, ranking among the top in the domestic industry. The Group proactively undertook business evaluations across its general-environmental protection business, and streamlined its assets and business structure, which involved divesting from less profitable operations. By solidifying its asset base and focusing resources on core businesses, the Group aims to boost its operational efficiency and fortify its capabilities for sustained development.

IMPLEMENTING THE LONG CLOSED-LOOP "INVESTMENT, CONSTRUCTION, OPERATION AND TRANSFORMATION" BUSINESS MODEL PROACTIVELY TO UNLOCK VALUE BEYOND EXPECTATIONS

In 2024, major breakthroughs were achieved in the transformation and upgrading of SZI South China Logistics Park. The first phase of the reserved land under the land preparation and consolidation of SZI South China Logistics Park has received official approval from the Shenzhen Longhua District People's Government. A supplementary agreement was successfully signed, confirming profits after tax of approximately HK$2,367 million from the land preparation and consolidation during the Year, which effectively supports the development of the Group's core businesses.

ENHANCING OPERATIONAL MANAGEMENT, ACHIEVING MULTI-FACETED IMPROVEMENTS IN EFFICIENCY AND EFFECTIVENESS

Firstly, the Group has proactively advanced its efforts in business promotion. Amid a complex and challenging market environment, the Group steadfastly adhered to its core principle of "Striving for Progress while Maintaining Stability, Reinforcing Stability through Progress", proactively responding to the new competitive dynamics in the existing market and positioning business promotion as its top priority. The Group's headquarter has established a department dedicated to managing strategic customer relationships. This initiative aims to improve coordination of business promotions across its subsidiaries, strengthen the management of key strategic customers and effectively enhance operational performance and efficiency. The Group's first business promotion conference was successfully held during the Year, which effectively enhanced core customer loyalty and improved business promotion efficiency. Meanwhile, the Group continued to drive improvement and effectiveness of business promotion in certain key logistics parks. The Group secured key customers such as Maersk, Easttop and DB Schenker, etc. in Shenzhen Yantian Project, and entered into a lease contract with Shenzhen Cereals. As at the end of 2024, the Group has cumulatively signed or renewed lease contracts covering approximately 2.53 million square meters, with the overall occupancy rate of mature logistics parks reaching approximately 91%. **Secondly, the Group has been proactively pursuing progress through cost reduction and efficiency enhancement.** In financing, the Group successfully issued Medium-term Notes in the amount of RMB4,000 million with a coupon rate of 2.21% and a term of 3 years in 2024, setting a historical low for finance cost in the Company's RMB bonds. Meanwhile, by securing low-interest loans both domestically and internationally, the Group reduced foreign exchange losses by approximately HK$528 million as compared to the corresponding period of the previous year. In construction procurement, the Group effectively coordinated the centralized procurements of facilities for logistics and warehousing projects at the headquarters level, effectively lowering procurement costs. In administration expenses, the Group reduced non-salary related administration expenses of headquarters departments, and the three public expenses also decreased year-on-year. **Thirdly, the Group has unlocked the value of equity investments.** Air China Cargo Co., Ltd., in which the Group strategically invested, was successfully listed on the Shenzhen Stock Exchange at the end of 2024. The closing price reached RMB9.30 per share on the first trading day, reflecting an increase of over 304% from the initial offering price, marking a significant milestone in the Group's strategic investment. **Fourthly, the initial results of the integration of heavy and light assets are emerging.** The Group has made a significant progress in asset-light operations. Shenzhen Municipal Shenzhen International Railway Logistics Development Company Limited successfully expanded "Shenzhen-Suzhou" round-trip train route, increasing its self-operated trains to include routes between the PRC and Europe, the PRC and Russia, as well as 6 domestic routes. Shenzhen EDI Co., Ltd., a technology company, continued to develop and operate the "Maritime Foreign Trade Logistics Information Status Inquiry Platform". Shenzhen Nanfang Electronic Port Co., Ltd. is fully committed to building the "Single Window" one-stop comprehensive service platform and ecosystem for Shenzhen's international trade, facilitating the advancement of Shenzhen's imports and exports. Moreover, the Group further enhanced its management service capabilities, exploring opportunities to integrate external heavy asset resources into its business operations, which not only increased business stickiness, but also improved the overall efficiency of management services. As of now, the Group has successfully expanded multiple management service projects nationwide, with a total operating area of approximately 550,000 square meters.

EMPOWERING CAPABILITY BUILDING, ELEVATING MANAGEMENT AND GOVERNANCE WHILE DRIVING STEADY PROGRESS

Firstly, the Group has setting sail and progress in reforms and innovation. It has earned the "Double Hundred Benchmark Enterprise" honor for three consecutive years, and has advanced the "SZI 'Double-Hundred Action' Comprehensive Reform Implementation Plan" to the highest standards, striving for enhancing its capabilities to serve national strategies, urban development, industry growth and public welfare. To achieve this, the Group strategically planed and promoted innovation while vigorously accelerating industry-academia-research collaboration. The Group has entered into a strategic cooperation agreement with Research Institute of Tsinghua University in Shenzhen to jointly explore the research and development of logistics loading and unloading robots. The initiative aims to guide and empower regional development, with active involvement in the logistics planning for Shanwei, Zhanjiang, Huizhou, and Guangming Districts. **Secondly, The Group has made a major leap in its ESG performance.** In its pursuit of green and sustainable development, the Group is actively developing a comprehensive ESG framework and management system. By enhancing its corporate governance standards and fulfilling its social responsibilities, the Group is dedicated to enhancing its intrinsic value through sustainability-focused innovation over the long term. In 2024, the Group garnered several ESG accolades, including the "Greater Bay Area Prestigious ESG Accomplishment of the Year" and "Excellence in ESG Sustainable Development Enterprise" award, etc. Additionally, it was included in the "Greater Bay Area State-owned Enterprises ESG Development Index", ranking eighth. Its ESG efforts were recognized by the international authoritative rating agency MSCI, which upgraded the Group's ESG rating from "BB" to "BBB", positioning it among the industry's top performers. **Thirdly, the Group's brand influence elevated to new heights.** The Company, together with its subsidiaries, have received over 50 prestigious awards, including the "Outstanding Case of Effective Logistics Cost Reduction across Society", "Outstanding Transportation Enterprises in Management and Innovation", "Listed Company with Best Investment Value", "ESG Pioneer 100 Index for Pioneers of State-owned Enterprises (2024)", "Top 500 Enterprises in Guangdong for 2024", "Top 100 Brands in Shenzhen", and "Top 10 Cases for Serving the Development of the Greater Bay Area", further enhancing the Group's brand recognition.

OUTLOOK: ASPIRING TO EXCELLENCE, EXPLORING NEW FRONTIERS

Looking ahead to 2025, the Group will proactively address changes in the macro environment and industry trends, formulating effective strategies to steer its initiatives. It is fully committed to advancing the conclusion of the "14th Five-Year" strategic plan while scientifically planning the development blueprint for the "15th Five-Year" period. By continuously enhancing its core competitiveness, the Group remains steadfast in its pursuit of becoming a distinctive first-class industrial conglomerate.

Firstly, the Group is committed to sustaining a steady pace for optimal investment reserves. In respect of logistics business, the Group will adopt a prudent approach, aligning investments with actual demand and effectively managing the pace of investments. It will enhance researches on segmental markets, uphold the strategy of "Prioritizing Excellence". In respect of the port business, the Group will promote the construction of Foshan Fuwan Port while remaining committed to executing its "Port Connection" strategy, aiming to expand strategic port nodes and enhance business integration, and maintain a strategic focus on key regions such as the Greater Bay Area and the Xijiang River Basin. By thoroughly analysing market demand and supply dynamics, the Group will identify and pursue high-quality port investment opportunities. In respect of toll road business, the Group will optimize resource allocation, boost operational efficiency, and enhance the industry chain value to proactively confront challenges such as fluctuating returns on investment, increasing costs of new projects, and long incubation period. In respect of general-environmental protection business, the Group strives to improve the quality and efficiency of its existing projects and identify high-quality projects, and endeavors to improve operational quality and profitability. **Secondly, the Group is proactively expanding business promotion to stabilize its profitability.** The Group will intensify its focus on optimizing its customer management system, enforcing customer entitlement, and elevate its service standards for strategic customers. By closely monitoring the dynamic changes in customer business development and warehousing needs, the Group will actively explore opportunities in emerging sectors such as "New Three Types" of manufacturing industry, food chain operations and pharmaceuticals, thereby fostering customer loyalty. The Group will also concentrate its resources on key projects, and accelerate realization of leasing demand, thereby securing stable cash flow and profits, and solidifying the foundation of its core businesses. **Thirdly, the Group is dedicated to enhancing operational capabilities and fostering new growth drivers.** It will comprehensively develop the capabilities of "Asset Management + Operations", proactively expanding businesses such as multimodal transportation, integrated warehousing and distribution, low-altitude economy, as well as photovoltaic storage and charging services. By leveraging its nationwide business resources, the Group aims to further enhance its resource coordination and tailored services to improve customer loyalty and consistently elevate project operational efficiency. **Fourthly, the Group will optimize dual closed-loop business models to support its core businesses.** In respect of its long closed-loop business model, the Group will actively advance the signing of contracts for the reserved land related to the land preparation and consolidation of SZI South China Logistics Park, ensuring effective interest alignment and value realization. It will also effectively address the land vacancy issue concerning the 20 units of land parcels in Qianhai. In respect of its short closed-loop business model, the Group will firmly push forward the stable long-term operation of its underlying assets, and coordinate efforts to efficiently manage the market value of ChinaAMC-Shenzhen International REIT. Meanwhile, it will accelerate the establishment of new private equity funds, striving to meet all necessary conditions for project inclusion by the end of 2025. **Fifthly, the Group will focus on enhancing management efficiency for sustainable growth.** It is dedicated to strengthening its efforts in financial management, risk control, market value management, as well as brand building. With its commitment to excellence, the Group will extensively unlock its internal potential and comprehensively enhance its management efficiency with a view to ensuring stable and sustainable development of the Group.

Going forward, the Board will continue to lead all employees towards progress with an attitude of unwavering faith and ambitious drive, committed to building a new era of high-quality development. As the Group embarks on this journey, it will diligently strive to create greater value and deliver optimal returns for all shareholders.

ACKNOWLEDGEMENT

Last but not least, on behalf of the Board, I would like to take this opportunity to express our most sincere gratitude to our shareholders, investors and business partners for their dedicated support and confidence and express our gratitude to all our employees for their diligence and precious contributions to the Group during the past year.

Li Haitao
Chairman of the Board

26 March 2025

01

OVERALL REVIEW

Operating Results	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**13,440,119**	19,027,625	(29%)
Construction service revenue from toll roads	**2,130,496**	1,496,173	42%
Total revenue	**15,570,615**	20,523,798	(24%)
Operating profit	**5,221,292**	6,473,918	(19%)
Profit before tax and finance costs	**6,704,990**	7,570,646	(11%)
Profit attributable to shareholders	**2,872,448**	1,901,643	51%
Basic earnings per share (HK dollars)	**1.20**	0.80	50%
Final Dividend per share (HK dollar)	**0.598**	0.40	50%

In 2024, the international economic and political landscape remained complex and volatile, with global economic growth slowing down and domestic economy under pressure. The Group's businesses inevitably faced considerable operational challenges. Nevertheless, by leveraging its solid business foundation, diversified business portfolio, and unique long and short closed-loop business models, the Group proactively responded to the changes and successfully navigated through the turbulent economic cycles while maintaining steady growth in overall performance amidst adversity.

Over the past year, the Group remained committed to its core principles of "Striving for Progress while Maintaining Stability, Improving Quality while Enhancing Efficiency", prioritizing the growth of its core logistics business, while steadily building its comprehensive logistics ecosystem of "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics". The Group placed strong emphasis on business promotion, deepening customer relationships, enhancing operational service levels, and optimizing core competitiveness of its projects in operation. At the same time, it made adjustments to optimize its investment and development strategies, and rigorously managed the development pace of its existing projects. By cautiously selecting and prioritizing excellence in its strategic configuration, the Group focused its business on the high-quality assets in key areas, particularly in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). It also continued to explore and unlock the value of its asset-heavy projects throughout their life cycles, aiming to deliver stable returns to its shareholders.

For the year ended 31 December 2024 (the "Year"), the Group's profit attributable to shareholders increased by 51% as compared to the corresponding period of the previous year to approximately HK$2,872 million, mainly benefiting from the recognition of profits after tax of approximately HK$2,367 million from the land preparation and consolidation of SZI South China Logistics Park, as well as the completion of transfer of two logistics hub projects to ChinaAMC-Shenzhen International Warehousing & Logistics Close-end Infrastructure Securities Investment Fund ("ChinaAMC-Shenzhen International REIT"), which recorded profits after tax of HK$587 million.

During the Year, the Group recorded a total revenue of approximately HK$15,571 million, representing a decrease of 24% as compared to the corresponding period of the previous year. The decline was mainly attributable to the absence of the revenue contribution from the delivery of units under the Qianhai residential project (Yicheng Qiwanli), which contributed approximately HK$5,500 million in the previous year. The operating profit of the Group amounted to approximately HK$5,221 million, representing a decrease of 19% as compared to the corresponding period of the previous year, primarily due to the Group's assets impairment losses of approximately HK$867 million, and the fair value losses of approximately HK$242 million, respectively.

In respect of the logistics business, revenue for the Year was approximately HK$1,837 million, maintained at a similar level with that of the previous year. Profit attributable to shareholders decreased by 3% as compared to the corresponding period of the previous year to approximately HK$516 million, mainly due to assets impairment losses and fair value losses on certain logistics hub projects.

Overall Review

In recent years, the Group has focused on investing in key areas with strong resilience and sound operational efficiency, continuously solidifying the foundation of its core logistics business. In 2024, the Group successfully acquired a land parcel of approximately 118,000 square meters for its first project in Beijing, and a land parcel of approximately 96,000 square meters for the Jieyang Project in Guangdong, optimizing its strategic configuration in Beijing and the eastern Guangdong region. As at 31 December 2024, the Group has established its presence in 42 cities nationwide and obtained the operation rights of approximately 8.36 million square meters of land. It manages and operates 46 logistics hub projects with a total operating area of approximately 5.79 million square meters, underlining the ongoing expansion of its logistics business. Among these, the Group's operating area in the Greater Bay Area reaches 1.18 million square meters, with approximately 469,000 square meters newly put into operation during the Year, further reinforcing and enhancing its position as a premier logistics warehousing leader in the Greater Bay Area.

In 2024, the Group's short closed-loop "Investment, Construction, Financing and Operation" business model achieved a significant breakthrough. With the successful transfer of two logistics hub projects to ChinaAMC-Shenzhen International REIT, the Group recouped its upfront capital investment. On 9 July 2024, ChinaAMC-Shenzhen International REIT was officially listed on the Shenzhen Stock Exchange. The Group held approximately 31.28% of the total fund units by the end of 2024, and has received a total dividend income of approximately RMB11.90 million from two fund dividend payouts for the year 2024. The Group will timely initiate the expansion of ChinaAMC-Shenzhen International REIT in due course as and when opportunities arise, taking into account market conditions, while also advancing the establishment of private logistics funds and engaging in fund-type investments to further diversify the development of its "Investment, Construction, Financing and Operation" business model.

In respect of the logistic park transformation and upgrading business, benefitting from the recognition of profit from land preparation and consolidation of SZI South China Logistics Park, profit attributable to shareholders increased by 35% as compared to the corresponding period of the previous year to HK$2,358 million. Revenue for the Year declined by 98% as compared to the corresponding period of the previous year to approximately HK$119 million, primarily due to the absence of revenue contribution from the delivery of units under the Qianhai residential project, which contributed approximately HK$5,500 million in the previous year.

During the Year, the Group's long closed-loop "Investment, Construction, Operation and Transformation" business model took a leap forward. The approval of the Shenzhen Longhua District People's Government for the first phase of the reserved land of SZI South China Logistics Park had been obtained at the end of 2024, and the relevant works for land provision would commence, signifying the Group's ownership of the development rights of this land plot. The Group will continue to accelerate the obtaining of additional reserved land as well as the development and construction of the first phase of the reserved land according to the designated land functions under the new planning, thus gradually realizing gains from land value appreciation and land development.

Regarding the port and related services business, the Group recorded a revenue of approximately HK$3,586 million for the Year, representing an increase of 28% as compared to the corresponding period of the previous year. Such increase was driven by the increase in revenue from the port supply chain business and the new revenue contribution following the full operation of Jiangsu Jingjiang Port. Profit attributable to shareholders decreased by 31% as compared to the corresponding period of the previous year to approximately HK$60.40 million, primarily due to the decline in profit margin of the port business resulting from the intense competition in the domestic market, along with substantial initial operating costs and expenses for the newly launched port project which was still in the nurturing stage.

As part of its ongoing implementation of "Port Connection" strategy, the Group actively pursued investment opportunities in high-quality ports. In 2024, the Group's successful acquisition of the project land of Foshan Fuwan Port marks its inaugural project venturing into the Pearl River Basin in the Greater Bay Area. This development signifies the Group's expansion of its port segment from the Yangtze-Huaihe River Basin to the Pearl River Basin, which is crucial for the Group's ongoing market expansion and the optimization of its strategic configuration.

The Group's toll road business and general-environmental protection business are managed and operated through its listed subsidiary Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"). During the Year, the overall revenue of Shenzhen Expressway was approximately HK$10,029 million, representing a decrease of 3% as compared to the corresponding period of the previous year, primarily due to the results of the project company of Yichang Expressway no longer be consolidated into the financial statements of the Group since 21 March 2024, coupled with the year-on-year decline in the revenue from the general-environmental protection business. Shenzhen Expressway recorded a net profit of approximately HK$1,322 million, representing a decrease of 50% as compared to the corresponding period of the previous year, which was mainly attributable to a substantial decline in investment returns contributed by Shenzhen International United Land Co., Ltd., which is an associate of Shenzhen Expressway, along with an increase in assets impairment losses and a decline in operating profit as compared to year 2023. The Group's share of profit from Shenzhen Expressway was approximately HK$560 million, representing a decrease of 44% as compared to the corresponding period of the previous year.

During the Year, the Group closely monitored the trends of exchange rate changes. By deploying a series of precise measures, the Group persistently optimized its debt maturity and currency structure, strictly controlled the scale of foreign currency loans and successfully secured preferential loan interest rates, further reducing its finance costs. On the one hand, the Group has taken proactive measures to mitigate the risks associated with exchange rate fluctuation, recording a net foreign exchange loss of approximately HK$25.53 million during the year, which is significantly reduced by HK$528 million as compared to the corresponding period of the previous year. On the other hand, the Company successfully completed the issuance of the first tranche of medium-term notes in October 2024 in the principal amount of RMB4,000 million with a coupon rate of 2.21% and a term of 3 years, setting a historical low for finance cost in the Company's RMB bonds. The Group will persist in strengthening its financial management, optimizing its debt structure, enhancing its ability to respond to market risks, thereby ensuring robust growth amidst a dynamic and complex market landscape.

Dividend

The board of directors of the Company (the "Board") is committed to maintaining a stable dividend policy and bringing sustainable and stable returns to the shareholders of the Company. Having considered the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK$0.598 per share for the Year (2023: final dividend of HK$0.40). Dividend per share increased 50% as compared to the previous year. Total dividend amounts to HK$1,441 million (2023: HK$957 million), representing an increase of 51%, as compared to the previous year.

The Board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to: (1) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company ("2025 Annual General Meeting"); and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the scrip shares to be issued pursuant thereto.

02

LOGISTICS BUSINESS

OVERVIEW

The Group has extensive experience in the development, operation and management of logistics parks. Deeply rooted in Shenzhen, the Group has focused on key areas of economically affluent regions such as the Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei region. The Group continues to solidify its logistics assets and expand its operating scale through strategies of self-construction and mergers and acquisitions, to build a comprehensive “Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight” logistics infrastructure network that encompasses all modes of transportation. Meanwhile, the Group strives to realize its vision of becoming “the leading first-class comprehensive logistics service provider in the PRC”, adopting the development and operation of urban high-end logistics complexes, such as high-standard warehouses and intelligent logistics hubs, as its core businesses. This focus enables the Group to meet customers’ needs in a comprehensive manner by providing integrated logistics services such as intelligent warehousing, cold chain and third-party logistics.

As at 31 December 2024, the Group has established a presence in 42 cities in the PRC, with a total planned land area of approximately 10.21 million square meters, of which approximately 8.36 million square meters have obtained operation rights. The Group is managing and operating a total of 46 logistics projects, with an operating area of approximately 5.79 million square meters. The overall occupancy rate within mature logistics parks was approximately 91%.

In recent years, the Group has further extended the implementation of its “One City, Multiple Logistics Parks” strategy in major core cities. This strategy not only enables the Group to enjoy economies of scale and reduce operating costs, facilitating synergies across all logistics parks, but also creates a well-rounded intra-city service network that better meets the diverse needs of customers and enhances the quality and efficiency of services, bringing more opportunities and room for the Group’s development.

ANALYSIS OF OPERATING ENVIRONMENT

The international economic and political landscape in 2024 was complex, characterized by a sluggish global economic recovery and insufficient growth momentum, with a host of challenges on the horizon. Despite that, the economy of the PRC maintained a steady and progressive trajectory driven by consumption upgrades, industrial transformation, and innovation-driven development. The logistics industry, as a crucial pillar of the economy, has also exhibited new development trends under the influence of multiple factors. With the rapid development of emerging business models such as B2C e-commerce and new retail, customer demand in specialized sectors like cold chain logistics, cross-border e-commerce, and the “New Three Types” of manufacturing industry is being unleashed consistently, serving as a key growth engine for the logistics industry. Meanwhile, the emergence of new segments, including green logistics, low-altitude logistics and digital logistics, injected fresh energy into the logistics industry. Furthermore, the hastened integration of regional economies in key areas such as the Greater Bay Area, Yangtze River Delta, and Beijing-Tianjin-Hebei region led to an increasing demand for efficient logistics networks, creating extensive development opportunities for the logistics and warehousing industries in which the Group operates. Under these circumstances, the logistics and warehousing markets in the Greater Bay Area, where the Group strategically focused on, continued to demonstrate solid performance.

Proactively responding to the changes in the external environment and industry development trends, the Group capitalized on the policy opportunities presented by Shenzhen’s initiative to expedite the establishment of a globally influential logistics hub, aiming to establish itself as a premier industrial conglomerate with distinctive characteristics in the transportation and logistics industries. On the one hand, the Group pursues steady progress while closely monitoring the trends in customer demand within key industries and focusing on key cities and quality assets that support incremental demands. On the other hand, the Group continues to enhance its dual closed-loop business models of “Investment, Construction, Operation and Transformation” and “Investment, Construction, Financing and Operation”, actively exploring opportunities to tap into ancillary businesses in logistics parks. In response to intensified market competition, the Group prioritized customer expansion and enhancement of service quality. Through initiatives such as intensifying efforts in business promotion, the establishment of a strategic customer department, direct management engagement in strategic customer visits, and organizing business promotion conferences, the Group has significantly elevated its customer management capabilities and service quality. This, in turn, bolstered customer loyalty, laying a solid foundation for the Group’s business expansion and enhanced market competitiveness.

Moreover, the Group places a strong emphasis on technological innovation and digital transformation, promoting the intelligent and automated upgrading of logistics and warehousing services. This enhances operational efficiency and service levels, enabling better fulfillment of customer needs and addressing the challenges posed by industry changes, thereby fostering the Group’s sustainable growth. The Group is also committed to integrating its ESG principles into its business operations and development plannings in order to foster a more sustainable and resilient future. By pursuing green building certifications, optimizing intelligent park systems, promoting photovoltaic power generation and charging infrastructure in logistics parks, as well as implementing water conservation measures within the parks, the Group collaborates with its customers to collectively develop green logistics parks.

ANALYSIS OF OPERATING PERFORMANCE

Logistics Park Business

I. Logistics Parks in the Greater Bay Area

Guided by the strategy of "Establishing a Foothold in Shenzhen and Focusing on the Greater Bay Area", the Group has continued to consolidate its stronghold in Shenzhen while establishing a presence in cities such as Foshan, Zhongshan and Zhaoqing. The business network in the Greater Bay Area is gradually taking shape. While continuously expanding its investments in the Greater Bay Area, the Group has proactively adapted to the industry trends towards smart and intelligent development, striving to seize the opportunities of development of "Multi-storey Warehouses" and "SZI Intelligent Logistics Hub".

During the Year, certain projects of the Group in the Greater Bay Area made notable progress, with the construction of projects including Shenzhen International Integrated Logistics Hub Center (i.e. Pinghunan Project), SZ Bao'an Project, Foshan Gaoming Project and Zhaoqing Gaoyao Project progressively commenced as scheduled. Meanwhile, SZ Yantian Project, SZ Pingshan Project and Foshan Nanhai Project have progressively commenced operations. The Group's logistics hub projects in the Greater Bay Area collaborate with one another to further develop the multimodal transport network and improve the efficiency of logistics services.

As at 31 December 2024, the Group has established 14 logistics hub projects in the Greater Bay Area, among which 9 projects (including 7 projects in Shenzhen) are in operation/under management, and 5 projects (including 2 projects in Shenzhen) are under construction. At present, the Group has obtained the operation rights of approximately 2.27 million square meters of land in the Greater Bay Area, of which approximately 1.18 million square meters have been put into operation.

Projects in Operation

SZI Intelligent Logistics Hub (SZ Liguang) is located in Longhua District of Shenzhen and has a site area of approximately 45,000 square meters and a gross floor area of approximately 217,000 square meters. It has a high plot ratio comprising six above-ground floors and two underground floors and has commenced operations in phases since the second half of 2023. The park is equipped with various warehousing facilities including cold storage, ambient storage, automated stereoscopic warehouses, along with e-commerce incubation and operation centers and ancillary service centers. With intelligent hardware as its foundation and digital platform as its carrier, the project leverages cutting-edge information technology such as 5G to develop an "ecological, intelligent and innovative" modern logistics complex that integrates multiple industries.

SZ Liguang Project serves as a pioneering initiative of the Group, establishing itself as a flagship smart platform project that achieves comprehensive digitalization, intelligence, and visualized operations in the logistics park. It covers various aspects, including operational management, asset management, logistics services, corporate services, green zero-carbon initiatives, as well as equipment facility management. The project was awarded the second prize for "2024 Smart City Pioneer List – Outstanding Cases". Its key customers include Sinopharm and Yanwen Express, etc. As at 31 December 2024, the overall occupancy rate of the park was approximately 84%, with the occupancy rate of ambient storage reaching 97%.

SZI Intelligent Logistics Hub (SZ Yantian) is located in Yantian District of Shenzhen and has a site area of approximately 32,000 square meters and a gross floor area of approximately 91,000 square meters. Commenced operations in the first half of 2024, it is a six-storey stereoscopic warehouse that serves as one of the Group's demonstration projects for modern and premium-standard "Multi-storey Warehouses" and as a demonstration project for "Bonded Logistics+". Leveraging the advantages of Yantian Port as an international hub port, and Yantian Comprehensive Bonded Zone, the project has advanced the development of new forms of bonded business, offering high-value-added comprehensive logistics services such as bonded warehousing, cold chain logistics, international distribution, cross-border e-commerce, etc. SZ Yantian Project was selected as one of "Shenzhen's Key Projects for 2023" and awarded the honor of "Guangdong Province Green Demonstration Project". Key customers of SZ Yantian Project include top-tier logistics companies, including Maersk and other major players in the international and domestic markets. As at 31 December 2024, the overall occupancy rate of the park was approximately 80%.

SZI Intelligent Logistics Hub (SZ Pingshan East) is located in Pingshan District of Shenzhen and has a site area of approximately 267,000 square meters and a gross floor area of approximately 94,000 square meters. The project is adjacent to a number of the Group's other logistics hub projects, providing an opportunity for collaborative development within the area. It currently accommodates prime customers such as Walmart and Xuefeng Cold Chain, etc. As at 31 December 2024, the park achieved full occupancy.

SZI Intelligent Logistics Hub (SZ Pingshan), located in Pingshan District of Shenzhen, has a site area of approximately 120,000 square meters and a gross floor area of approximately 286,000 square meters. Commended operations in December 2024, the project is positioned as a "Demonstration Base for Deep Integration of Manufacturing and Logistics Industries" within Shenzhen's "20+8" strategic emerging industry clusters, while it also acts as an "Intelligent Logistics Shared Service Center" for "9+2" strategic emerging industries in Pingshan District. It is expected to address the shortage of high-standard logistics facilities in Pingshan District, and effectively promote the deep integration of manufacturing and logistics industries in the area. The project has successfully been selected as one of "Shenzhen's Key Projects for 2024".

SZI Western Logistics Park is located in Qianhai Pilot Free Trade Zone of Shenzhen, which is a project leased and operated by the Group from the government with an operating area of approximately 91,000 square meters. It provides mainly bonded logistics and warehousing and storage, loading and unloading, customs declaration and on-site value adding services. The project was listed by the Ministry of Commerce of the PRC in the second batch of Exemplary E-Commerce Bases, designated as a pilot project in the Shenzhen Cross-border E-commerce Center and recognized as an advanced certified enterprise under the Authorized Economic Operator (AEO) Program. As at 31 December 2024, the overall occupancy rate of the park was approximately 95%.

SZI Kanghuai E-commerce Center is located in Longhua District of Shenzhen and has an operating area of approximately 143,000 square meters. It is the first asset-light management service project operated by the Group. The project actively explores the development model of green freight distribution, and has built an "intensive, efficient, green and intelligent" urban freight distribution service system. It is one of Shenzhen's demonstration projects for the Green Freight Distribution City. It provides a range of services, including logistics and warehousing services, large-scale data centers, office buildings, dormitories and restaurants, etc. The project also supports interactive sharing and intelligent interchange of data across the park with an intelligent park information management system. The center achieved stable operations and has successfully attracted a number of branded logistics enterprises including JD.Com. As at 31 December 2024, the overall occupancy rate of the center was approximately 92%.

SZI Intelligent Logistics Hub (Zhongshan Torch) is located in Zhongshan Torch Hi-tech Industrial Development Zone, with a site area of approximately 58,000 square meters and a gross floor area exceeding 66,000 square meters. The project marks the Group's first venture in the Greater Bay Area outside of Shenzhen. It has attracted enterprises in the pharmaceutical and home appliance sectors while providing integrated logistics solutions for the automotive supply chain industry in the vicinity. The official opening of the Shenzhen-Zhongshan Bridge in 2024 has fostered further integration of the cities along the east and west banks of the Pearl River, promoting further development of local manufacturing and logistics industries in Zhongshan while also injecting fresh momentum into the steady operation of Zhongshan Torch Project. As at 31 December 2024, the park was almost fully occupied.

SZI Intelligent Logistics Hub (Foshan Nanhai) is located in Nanhai District of Foshan, covering a site area of approximately 76,000 square meters with a gross floor area of approximately 92,000 square meters. Commenced operations in August 2024, it serves as a crucial project in establishing Foshan as the Group's "Second Home Base". The project has successfully drawn in TEMU, a leading cross-border e-commerce enterprise, leveraging its next-generation products characterized by intensification, intelligence and greening, along with its excellent market reputation. This has empowered the optimization of quality and efficiency within the local e-commerce industry. As at 31 December 2024, the overall occupancy rate of the park reached 100%.

Projects in Construction

SZI Western Highway Freight Logistics Hub (SZ Bao'an), located in Bao'an District of Shenzhen, is a National Production Service-oriented Logistics Hub in Shenzhen and one of the seven major gateway-type logistics hubs planned by the Shenzhen Municipal People's Government. It is also the first successfully launched highway logistics hub project under Shenzhen's three-tier "7+30+N" logistics station layout plan. The project covers a site area of approximately 75,000 square meters and a planned gross floor area of approximately 159,000 square meters. Leveraging Bao'an's well-established advanced manufacturing industry and its prime location on domestic and international transportation routes, the project aims at establishing an industry-leading cluster of comprehensive and modern intelligent logistics facilities, including intelligent logistics centers, smart logistics cloud warehouses, and cold chain centers, so as to foster the collaborative developments of advanced manufacturing and logistics industries. The project has also been selected for the "Major Project List of Shenzhen 2024". Construction of the project officially commenced in May 2024, with the aim to commence operations in 2025.

SZI Intelligent Logistics Hub (Foshan Shunde) and **SZI Intelligent Logistics Hub (Foshan Gaoming)** are located in Shunde District and Gaoming District of Foshan, respectively. They cover site areas of approximately 200,000 square meters and 157,000 square meters, with planned gross floor areas of approximately 337,000 square meters and 185,000 square meters, respectively. With an emphasis on "intensification" and "intelligence" in the overall planning, the Group aims to develop these warehouse projects into modern high-standard logistics parks that seamlessly integrate warehousing, distribution, freight forwarding, trading, after-sales services, and e-commerce. Both projects are expected to commence operations in 2025.

SZI Intelligent Logistics Hub (Zhaoqing Gaoyao) is located in Gaoyao District of Zhaoqing. With a site area of approximately 100,000 square meters and a planned gross floor area of approximately 108,000 square meters, the project is set to be developed into supply chain industrial park that integrates multi-functions, including supply chain financial center and a trading and clearing center, thereby fostering closer connectivity and synergies with other projects in the Greater Bay Area, such as those in Foshan and Zhongshan. The project officially commenced construction in July 2024, striving to commence operations in 2026.

II. Logistics Parks in Other Regions of the PRC

While focusing on the Greater Bay Area, the Group has optimized the strategic configuration of its nationwide network through its "Prioritizing Excellence" strategy. It also stepped up its investments in key cities of economically affluent regions such as the Yangtze River Delta and the Beijing-Tianjin-Hebei region, in order to increase its market share, enhance penetration rate and project density in key cities, solidify the foundation of its high-standard warehouse network, and create synergies nationwide.

As at 31 December 2024, the Group has extended its network of logistics hubs to 38 cities in other regions across the PRC (excluding the Greater Bay Area), among which a total of 37 logistics hub projects with an aggregate operating area of approximately 4.61 million square meters were put into operation. The overall occupancy rate of the mature logistics parks reached 91%, indicating a stable overall leasing condition.

In 2024, the Group successfully acquired a land parcel of approximately 96,000 square meters for the warehouse construction of Jieyang Project, marking the Group's first logistics hub project in the eastern Guangdong region. This achievement further strengthens the Group's strategic configuration in Guangdong Province, significantly boosting its brand influence in the area.

While continuing expansion its new logistics hub projects, the Group has also been steadily advancing its ongoing and planned projects to ensure that the construction progress aligns with its expectations. In 2024, Hainan Chengmai Project, Zhanjiang Project, Xiangtan Project and Wenzhou Project completed construction and commenced operations successively, contributing an additional operating area of approximately 378,000 square meters. In 2024, the Group initiated new construction projects in other regions of the PRC (excluding the Greater Bay Area) with a total planned site area exceeding 460,000 square meters, and the ongoing projects have a planned site area of approximately 240,000 square meters. These projects are expected to commence operations progressively in 2025 and 2026.

SZI Logistics Hub (Shijiazhuang Zhengding), invested in and constructed by the Group, has a site area of approximately 310,000 square meters and a planned gross floor area exceeding 500,000 square meters. It is the first industrial-city complex in the country that integrates the two major industries of logistics and commerce. Guided by the construction objectives of "Premium Standard and Artistic Excellence", the project integrates a diverse business sectors, including intelligent logistics industrial parks, ice and snow sports venues, international hotels, cultural districts, commercial complexes, and startups incubation facilities. Full operations are expected to commence by the end of 2025.

The logistics park, with a site area of approximately 200,000 square meters, is dedicated to becoming an intelligent cold chain logistics base for pharmaceuticals. Through the deployment of intelligent technologies and automated equipment, the park could achieve fully intelligent and visualized management throughout processes, which has significantly improved logistics efficiency. The park is currently promoting the construction of a high-standard backbone cold chain logistics base with a gross floor area of more than 100,000 square meters, continuously developing an intelligent business model of "Pharmaceutical Industrial Park + Backbone Cold Chain Base" to support the high-quality development and industrial upgrading of the "Northern China Pharmaceutical Capital".

By the end of 2024, the operating area of the park reached approximately 70,000 square meters, with the pharmaceutical industrial park covering approximately 40,000 square meters. The park has emerged as a key regional warehouse in Hebei for Shanghai Pharmaceuticals and China Resources Pharmaceuticals, both are Fortune Global 500 enterprises. In 2024, it also successfully attracted several renowned domestic enterprises from the pharmaceutical and food industries, including Sinopharm Le-Ren-Tang and Kinghey, thereby fostering a clustering effect in the pharmaceutical and food cold chain industries. Moreover, the park has been certified as a member of the national "Pharmaceutical Chain Circle", further enhancing its industry influence. As at 31 December 2024, the occupancy rate of the park was approximately 88%.

With regard to the construction of the logistics park, the construction of the A1 intelligent pharmaceutical cold chain warehouse commenced in the first half of 2024, with a planned gross floor area of approximately 31,000 square meters. Leveraging the cutting-edge technologies and artificial intelligence, this cold chain warehouse will primarily offer cold storage, preservation and distribution services for pharmaceuticals and food products. It is expected to further enhance and expand the quality and scale of the pharmaceutical cold chain operations upon completion. The structural framework of the warehouse has already been completed, and it is expected to commence operations in July 2025.

The commercial section of the project is a large-scale complex designed to promote culture, sports, commerce and tourism. It covers a site area of approximately 110,000 square meters with a planned gross floor area of approximately 320,000 square meters, and was fully topped out in late December 2024. Among its features, the large indoor ski resort is expected to be completed and commence operations by mid-2025, while the international business hotel, commercial center, innovative entrepreneurship office, and themed street area are expected to be fully operational by the end of 2025.

In recent years, capitalizing on the favorable business environment and the strategic positioning of the project, the project has successfully attracted partnerships with renowned domestic and international brands through proactive business promotions, such as Sunac Resort, Hampton by Hilton, Radisson Hotel, SEZ Construction, PH Alpha, JERDE, etc. These collaborations aim to develop the project into a distinctive modern integrated complex for cultural and tourism activities, as well as a micro-vacation destination within the Beijing-Tianjin-Hebei Capital Economic Circle. The project is also poised to serve as a representative showcase of integrated energy applications in the future, and it will become the first domestic new urban carrier to achieve a high degree of integration between logistics and commerce.

SZI Logistics Hub (Zhengzhou Xinzheng), with a site area of approximately 497,000 square meters and current operating area over 215,000 square meters, mainly provides services to local industries in the surrounding area, such as express courier service companies, third-party logistics and dedicated line logistics companies. The Group plans to develop the project's vacant land into high-standard warehouses in phases, with Phase I already under construction since February 2024 and expected to put into operation in 2025. The total operating area of the project will exceed 334,000 square meters upon completion.

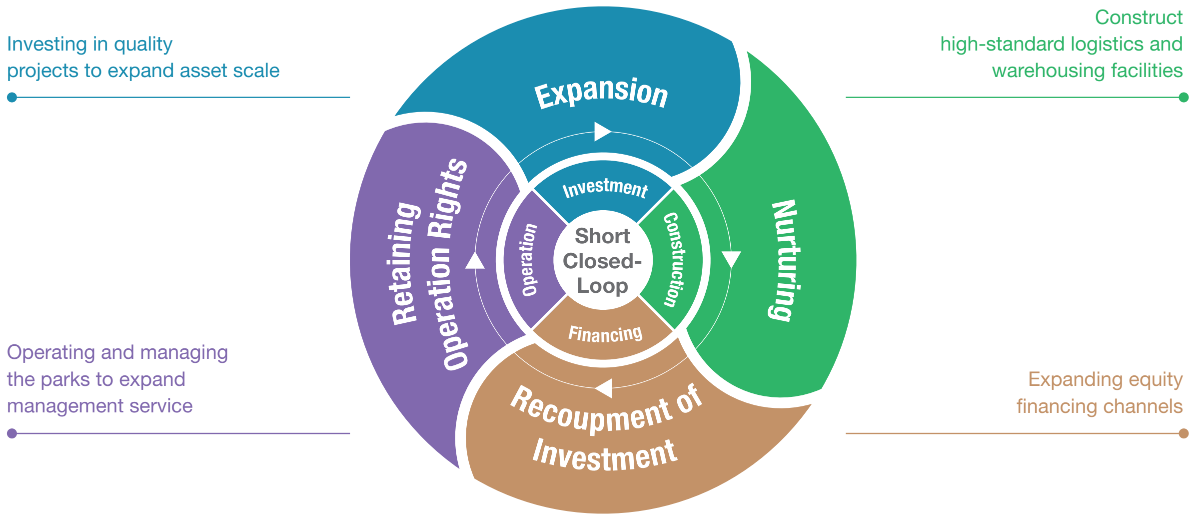
SZI Logistics Hub (Nanning Jingkai), with a site area of approximately 100,000 square meters and a planned gross floor area of approximately 56,000 square meters, is one of the key projects for strengthening and supplementing the supply chain of the Nanning National Comprehensive Freight Hub. The Group intends to develop the project into a regional modern infrastructure logistics service platform, establishing a comprehensive logistics hub focused on consolidation and distribution, urban delivery, and ancillary service centers. The implementation of the project marks the Group's establishment of a logistics hub providing services with comprehensive coverage across key cities in the southwestern region of the PRC. Upon completion, it is expected to facilitate customer resource sharing across the Group's nationwide logistics hub projects, further promoting synergistic development and accelerating the upgrading of regional logistics. The construction of the project commenced in October 2024, with operations expected to commence in 2026.

Steadily Expanding Management Service Projects

Leveraging its robust brand influence and mature park operation capabilities, the Group has undertaken several management service projects nationwide and accumulated valuable experience in the process. Yueyang Project, as the Group's first management service project outside Shenzhen, has a gross floor area of approximately 52,000 square meters and commenced operations in 2020. Hainan Yangpu Project, with a gross floor area of approximately 94,000 square meters, commenced operations in March 2024. In the second half of 2024, the Group started to provide park business promotion and operational management services for the Wuxi Xishan Jindi Project, which has a gross floor area of approximately 166,000 square meters. Furthermore, the Group continues to promote the construction of Guangdong Huiyang Project, Guangdong Conghua Project and Guangdong Chaoshan Project, all of which are expected to commence operations progressively in 2025.

III. Expanding the Short Closed-loop "Investment, Construction, Financing and Operation" Business Model

With the development of the logistics and warehousing industries, the intrinsic resilience of logistics hubs continued to be strengthened. The Group is actively exploring the securitization of its logistics hub assets and implementing the short closed-loop "Investment, Construction, Financing and Operation" business model. By issuing logistics real estate investment funds, the Group can expedite the recoupment of the upfront capital investment, shorten project return cycles, optimize its capital structure, lower its gearing ratio, and realize asset appreciation returns ahead of schedule during the development, construction, incubation and operation phases of its logistics hubs. This initiative will significantly drive the expansion of the Group's logistics hub management scale and profitability, thereby injecting new momentum into the Group's long-term stable development.



The Group continues to refine its short closed-loop "Investment, Construction, Financing and Operation" business model, leveraging diverse approaches to maximize value through the securitization of logistics assets. The Group is fully committed to promoting the issuance of publicly traded infrastructure REITs with mature logistics hub projects as the underlying assets. With the continuous improvement of the publicly traded infrastructure REITs system and the ongoing solidification of the market foundation, along with the increasing diversity and volume of underlying assets, public REITs market in China has entered a phase of expansion and quality enhancement. Seizing this opportunity, the Group has successfully completed the issuance of its first logistics and warehousing REIT during the Year. In June 2024, the Group successfully transferred Hangzhou Phase I Project and Guizhou Longli Project ("Underlying Projects") to ChinaAMC-Shenzhen International REIT, and recorded profits after tax of approximately HK$587 million. On 9 July 2024, ChinaAMC-Shenzhen International REIT was successfully listed on the Shenzhen Stock Exchange with the total funds raised of approximately RMB1,494 million. ChinaAMC-Shenzhen International REIT marks the first logistics and warehousing REIT listed on the publicly REITs market in China in 2024. Through the issuance of ChinaAMC-Shenzhen International REIT, the Group can effectively revitalize its existing premium logistics hub assets, diversify its financing channels and expedite the recoupment of its upfront capital investment, thereby further strengthening its positive investment cycle and enhancing its recognition in the domestic capital market. In addition, the Group is expected to continue benefiting from the performance of the Underlying Projects as a unitholder, while also receiving sustainable income by providing operational and management services for the Underlying Projects. As at 31 December 2024, the Group held approximately 31.28% of the total units of the ChinaAMC-Shenzhen International REIT and has received two dividend payouts totaling approximately RMB11.90 million from the REIT for the year 2024.

In respect of private funds, the Group established Shenshi (Shenzhen) Smart Logistics Infrastructure Private Fund Partnership (Limited Partnership) ("Shenshi Fund") with Goldstone Investment Limited, a subsidiary of CITIC Securities Co., Ltd. in 2021, and has transferred logistics hub projects located in Nanchang, Hefei and Hangzhou to Shenshi Fund in 2021 and 2022. The Group retains the rights to manage the operations of these projects and receives service fees for providing the operational and maintenance services to the above-mentioned logistics hub projects which have been transferred to the fund.

In alignment with its fund strategies, the Group will take further steps to develop a logistics real estate fund system that primarily focused on public REITs, supplemented by private funds and flexibly allocated quasi-REITs products. The Group intends to cultivate high-quality logistic hub projects through products such as Pre-REITs and, where appropriate, to transfer these projects into ChinaAMC-Shenzhen International REIT for further expansion. The Group has formulated plans for establishing a new phase of logistics warehousing Pre-REITs private fund and is actively advancing relevant works. Moving forward, the Group will continue to promote the establishment of this private fund to reserve high-quality assets for the expansion of ChinaAMC-Shenzhen International REIT.

In addition, the Group is concurrently researching into development-type funds and buyout funds, to align with the market conditions and the Group's prudent investment and financial arrangement strategies. It will, subsequently promote fund-type investments based on market conditions in a timely manner to facilitate the integration of industry and capital, further driving the development of its "Investment, Construction, Financing and Operation" business model.

IV. Railway Integrated Logistics Hub

Shenzhen International Integrated Logistics Hub Center ("Pinghunan Project")

In August 2021, the Group partnered with China Railway Guangzhou Group Co., Ltd. to establish a joint venture company, Shenzhen Municipal Shenzhen International Railway Logistics Development Company Limited, with the purpose of investing in and developing Pinghunan Project. Pinghunan Project is located in Longgang District of Shenzhen, and has a total site area of approximately 900,000 square meters. In September 2019, the project was selected by the National Development and Reform Commission of the PRC and the Ministry of Transport of the PRC as one of 23 logistics hubs in its first batch of national logistics hub projects. It has also been selected as a key construction project in Guangdong for 2 consecutive years and as a major project in Shenzhen for 3 consecutive years.

The Group pioneered the model of "obtaining strata titles in multi-level logistics and warehousing development to be constructed over railway freight yard" in Pinghunan Project, optimizing the utilization of railway yard space by vertically expanding and developing modern logistics facilities, thereby achieving an integrated development of "Rail Transportation + Modern Logistics". It represents the first industrial space development built on a railway yard within the PRC and is a relatively rare land resources in Shenzhen for the construction of large-scale logistics facilities. The Group intends to develop the project as a benchmark and showcase it as a "Road, Railway and Water" multimodal transportation center and national-level integrated logistics hub. The project aims to meet market demand by integrating international and domestic railway freight services, urban logistics, commercial and trade services, and emergency logistics support. This integration will promote the objective of being a "Railway Yard + Urban Integrated Logistics Hub". Upon completion, the project will facilitate the expansion of the Group's operating scale and market share, thereby effectively enhancing the Group's influence in the Greater Bay Area.

The Group has acquired operation rights of land with a site area of 900,000 square meters for Pinghunan Project. In June 2023, it successfully obtained the land use rights of approximately 334,000 square meters for the space above the overhead floor of Pinghunan Project for a consideration of RMB1,187 million. An 11-meter overhead floor would be built, while preserving all the planning functions of the railway yard. The logistics land above the overhead floor would be used to build 850,000 square meters of logistics storage facilities. The Group expedited the construction of Pinghunan Project at full speed. Tripartite agreements were entered into in March and December of 2024, respectively, among China Railway Guangzhou Group Co., Ltd. Shenzhen Engineering Construction Headquarters (as the project manager), and the relevant constructors for the construction works of Pinghunan Project, which includes the deck and the area below the deck, and the area above the deck. The construction costs involved in the relevant construction works were approximately RMB1,652 million, RMB1,596 million and RMB1,573 million, respectively. Currently, the roofing of the deck and area below has been completed, and the construction of the above-deck area has commenced as planned. The construction of the entire project is expected to be completed by the end of 2025.

Besides, the Group has successfully rolled out a number of freight express lines leveraging the railway yard of Pinghunan Project, launching 6 multimodal transportation projects, including the "Shenzhen – Beijing, Tianjin and Hebei", "Shenzhen – Shanghai", "Shenzhen – Changsha", "Shenzhen – Ningbo", "Shenzhen – Suzhou" and "Shenzhen – Kashi". These routes cover key economic regions such as northern, eastern, central, southwestern and northwestern areas of the PRC. In 2024, the dispatch and arrival volume of domestic train routes reached 130,000 standard containers, while the cargo yard handled 150,000 standard containers in container throughput, representing an increase of approximately 40% as compared to the previous year.

The Group has developed a range of services including warehousing, port container yard operations and railway transportation within Pinghunan Project. The operational railway freight yard/stacking yard covers an area of approximately 170,000 square meters. Leveraging these facilities, the Group is further advancing new business initiatives such as the integration of gravel transport and trade. The Group is exploring an operational model based on its "Leasing + Value-added Services" to enhance revenue generation from existing land through leasing arrangements.

SZI Beijing Southwest Integrated Logistics Hub (Phase I) Intelligent Logistics Center ("Beijing Fangshan Project")

In December 2024, the Group successfully acquired the land parcel for the Beijing Fangshan Project, which is located in Doudian Logistics Base in Fangshan District of Beijing. This marks the Group's debut into the capital city's market and achieves a significant breakthrough in its presence in first-tier cities in the PRC. The project is expected to support the Group in promoting the collaborative development of its operations in the northern and southern areas of the PRC, strengthening its nationwide network configuration, and effectively enhancing its industry influence.

Beijing Fangshan Project is the Group's crucial initiative in Beijing. Identified as one of Beijing's top six logistics hubs, the Doudian Logistics Base is strategically important. The project covers a site area of approximately 118,000 square meters and has a planned gross floor area of approximately 143,000 square meters. It is designed to include intelligent cloud warehouse center, smart cold chain center as well as distribution center. The project is poised to become a central hub in the logistics corridors linking Beijing with Harbin and Beijing-Hong Kong-Macau. Positioning itself as a national-level logistics hub, the project will integrate high-end warehousing and cold chain logistics. It is expected to commence construction in the first half of 2025 and be completed and operational by 2026.

China-Europe (Shenzhen), Shenzhen China-Laos and China-Kyrgyzstan-Uzbekistan International Multimodal Cargo Train Routes

The Group has established a joint venture with Sinotrans Limited which is responsible for operating the China-Europe (Shenzhen), Shenzhen China-Laos and China-Kyrgyzstan-Uzbekistan International Multimodal Cargo Train Routes, principally engaging in the international cargo agency and international train operations business. This has contributed to ensuring the stability of international industry chains and supply chains as well as promoting the high-quality development of the "Belt and Road Initiative".

China-Europe (Shenzhen) Train Route is a vital link connecting Shenzhen with the international economy. Starting from Shenzhen, it is currently one of the PRC's longest train routes running between China and Europe. With 20 routes serving 44 countries, it provides stable and reliable international logistics services for more than 6,200 enterprises in Shenzhen and neighboring cities. In 2024, China-Europe (Shenzhen) Train Route made 195 trips, bringing a cumulative total of 771 trips since its launch with a trading amount of approximately US$2,500 million. In addition, train routes running between the PRC and Laos, among China, Laos and Thailand, and premium train routes between China and Europe were launched. In October 2024, the first China-Kyrgyzstan-Uzbekistan International Multimodal Cargo Train Route coordinated by the joint venture company departed from Pinghunan Project, establishing a new business model for multimodal rail and road transportation of goods exported from Shenzhen. This initiative provides a stable and convenient logistics channel for Shenzhen enterprises exporting to Central Asia, effectively reducing the logistics costs from Shenzhen to Central Asian countries. The train made 17 trips in 2024 with a dispatch volume of approximately 602 cargoes. As all routes depart from Pinghunan Project site, they help boost the cargo volume and warehouse usage efficiency of Pinghunan Project, simultaneously strengthening the synergy among the Group's logistics hubs and creating opportunities for the development of value-added services in its logistics business.

Logistics Services Business

I. Intelligent and Cold Chain Business

With the gradual maturation of technologies relating to artificial intelligence, big data and 5G, alongside the widespread adoptions of new applications including automated sorting, precise delivery and contactless distribution, the logistics industry has undergone a transformative shift evolving from a traditional, labor-intensive model into a new stage that emphasizes technological equipment and smart upgrades. Emerging sectors such as intelligent logistics and cold chain logistics have become important trends for the future development of the logistics industry. The Group continues to explore development trends in the intelligent warehouse and cold chain logistics with a goal to create a comprehensive logistics service system that integrates cold chain logistics, intelligent logistics, and logistics operation services, thereby empowering traditional warehousing businesses to open up new avenues for digital and intelligent logistics and developing into an influential and well-known cold chain logistics services provider, intelligent warehousing integrator and operator.

The Group has established cold storage and intelligent warehouses in several logistics hub projects in Shenzhen, Shanghai, Shijiazhuang and Chengdu, etc., mainly serving companies in food, pharmaceuticals, computer, communication and consumer (3C) electronics industries. As at 31 December 2024, the Group's total operating cold storage area was approximately 186,000 square meters, mainly located in the SZ Liguang Project, Shanghai Minhang Project, Shijiazhuang Zhengding Project, Chengdu Qingbaijiang Project and Tianjin Xiqing Project, respectively. Among these, the operating area of intelligent cold storage is approximately 28,000 square meters. Meanwhile, the area under construction, proposed for construction or in the planning stage for cold storage and intelligent warehouses amounts to approximately 276,000 square meters.

The Group has set up cold storage warehouses in logistics hub projects such as SZ Liguang Project and Shijiazhuang Zhengding Project, etc. The cold storage warehouse in **SZ Liguang Project** commenced full operations in early 2024, with an operating area of approximately 65,000 square meters. It has successfully attracted customers from catering and retails sectors, such as Walmart, Tyson Foods, Le Caesar and Xiaocan, etc. **Shijiazhuang Zhengding Project** features a cold storage warehouse of approximately 49,000 square meters that has been completed and put into operation with key customers such as Shanghai Pharmaceuticals and China Resources Pharmaceutical, etc. A pharmaceutical cold storage warehouse of approximately 31,000 square meters is currently under construction and is expected to be put into operation in 2025. The project aims to become the largest third-party pharmaceutical industrial park and food cold chain industrial park in Shijiazhuang.

Shanghai Minhang Project is the Group's first project transforming entire dry warehouses into cold storage warehouses. The renovated cold storage warehouse commenced operations in the first half of 2024, covering an area of approximately 52,000 square meters. The project adopts a "Rental + Self-operated" business model and has successfully attracted customers such as Sinopharm, Gain Tune Logistics and Shanghai Chengyu, etc.

Nanjing Jiangning Project is the Group's first cold storage project jointly developed with VX Logistics. With cold storage area of approximately 33,000 square meters, the project was completed and has passed inspection and acceptance procedures in December 2024. The project commenced operations in February 2025.

The Group not only expands its self-operated businesses but also seeks premium benchmark projects within intelligent warehouse and cold chain industries. By pursuing external investment opportunities through equity investment, the Group is committed to creating new engines for growth in its logistics business.

In 2020, the Group completed the strategic investment in Hubei Prolog Technology Group Co., Ltd. ("Prolog"), a leading enterprise specializing in intelligent warehouse system integration, in which the Group currently holds approximately 11.38% equity interest. The Group has been proactively enhancing post-investment synergies by collaborating with Prolog to explore the upgraded application of intelligent logistics technology within the park ecosystem, and jointly seeking the newfound value that technology brings to warehousing and logistics hubs. In 2024, the Group collaborated with Prolog in SZ Yantian Project and Shijiazhuang Zhengding Project to provide digital intelligence and automated warehousing solutions for pharmaceutical and third-party logistics customers, enhancing the operational capabilities of the existing parks and customers.

In 2021, the Group became the third-largest shareholder of China Comservice Supply Chain Company Ltd. ("China Comservice"), a subsidiary of China Communications Services Corporation Limited, which ranks first in the domestic telecommunication logistics industry by market share. China Comservice is the only integrated logistics enterprise with a "5A" qualification in the PRC's telecommunications industry. The Group has partnered with China Comservice to provide warehouse leasing and supply chain services for various projects across multiple locations including Shenzhen and Zhengzhou. Looking forward, the cooperation plans to develop high-end logistics value-added services in emerging industries such as information technology and communications, data centers, dual carbon and new energy, with the goal of achieving mutual benefits and fostering a win-win relationship.

To implement its intelligent logistics development strategy, the Group joined hands with Shenzhen Airport Co., Ltd. and Shenzhen Capital Holdings Co., Ltd. to establish the Intelligent Airport Logistics Industry Fund in 2021, focusing on investments in the intelligent logistics and airport industry chains. As one of the founders of the fund, the Group actively promotes its operation and seeks potential high-quality targets in sectors such as cold chain logistics and new energy vehicle logistics and will continuously keep abreast of their relevant developments. As at 31 December 2024, the Group has received an accumulated dividend income of approximately RMB5.51 million from the fund.

II. Marine Container Logistics Integrated Information Service

EDI Co.

Shenzhen EDI Co., Ltd. ("EDI Co."), a subsidiary of the Company, is dedicated to empowering the container transportation industry with digital technologies, and has emerged as a comprehensive cross-border logistics supply chain digital service platform with the functions of "port trucking services + logistics warehousing and distribution services + customs declaration and tax and financing services + cross-border logistics services + logistics transaction platform". EDI Co. has created the largest container transport SAAS public service platform in southern area of the PRC, and has developed and is currently operating EDI's network information exchange platform for Shenzhen Port. The market share of EDI and EIR maritime fundamental services in Shenzhen remained stable, and successfully secured the bid for the "2024 Shenzhen Port Container Transportation Document Exchange and Port External Yard Container Reservation Service Project". Besides, EDI Co. continues to undertake the operation and maintenance of the China (Shenzhen) International Trade Single Window to provide foreign trade enterprises in Shenzhen with convenient and efficient online import and export customs clearance services.

In 2024, EDI Co. was committed to advancing the development of maritime fundamental and innovative services. It has introduced a new product, "Easy-Trucking", tailored specifically for port transportation companies. This solution aims to harness the power of logistics technology to drive the digital transformation and upgrading of the industry. During the Year, EDI Co. was selected as one of the first batch of the "National Pilot Projects for Cost Reduction, Quality Improvement, and Efficiency Enhancement in Transportation and Logistics" by the Ministry of Transport of the PRC. It was also recognized as "2024 Recommended Brand for Shipping Logistics Technology in China" at the second International Port and Shipping Logistics and Multimodal Transport Exhibition.

FINANCIAL ANALYSIS

Revenue

For the year ended 31 December

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Logistics Parks in the Greater Bay Area	**572,586**	561,708	2%
Logistics Parks in Other Regions of China	**931,848**	956,902	(3%)
Sub-total of Logistics Park Business	**1,504,434**	1,518,610	(1%)
Logistics Service Business	**332,587**	319,109	4%
Total	**1,837,021**	1,837,719	–

Profit Attributable to Shareholders

For the year ended 31 December

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Logistics Parks in the Greater Bay Area	**(279,942)**	218,724	N/A
Logistics Parks in Other Regions of China	**817,497**	304,900	168%
Sub-total of Logistics Park Business	**537,555**	523,624	3%
Logistics Service Business	**(21,431)**	8,617	N/A
Total	**516,124**	532,241	(3%)

During the Year, total revenue from the logistics business amounted to approximately HK$1,837 million, maintained at a similar level with that of the previous year. Profits attributable to shareholders decreased by 3% as compared to the corresponding period of the previous year to approximately HK$516 million.

The performance of each business unit of the logistics business during the Year was as follows:

For logistics park business, revenue for the Year was approximately HK$1,504 million, maintained at a similar level with that of the previous year. The increase in depreciation and amortization expenses for newly launched projects in the Greater Bay Area, and the increase in fair value losses and assets impairment losses for several logistics hub projects, had impacted the profit growth of the logistics park business during the Year. Nevertheless, benefiting from the completion of transfer of two logistics hub projects to ChinaAMC-Shenzhen International REIT, profits attributable to shareholders increased by 3% as compared to the corresponding period of the previous year to approximately HK$538 million.

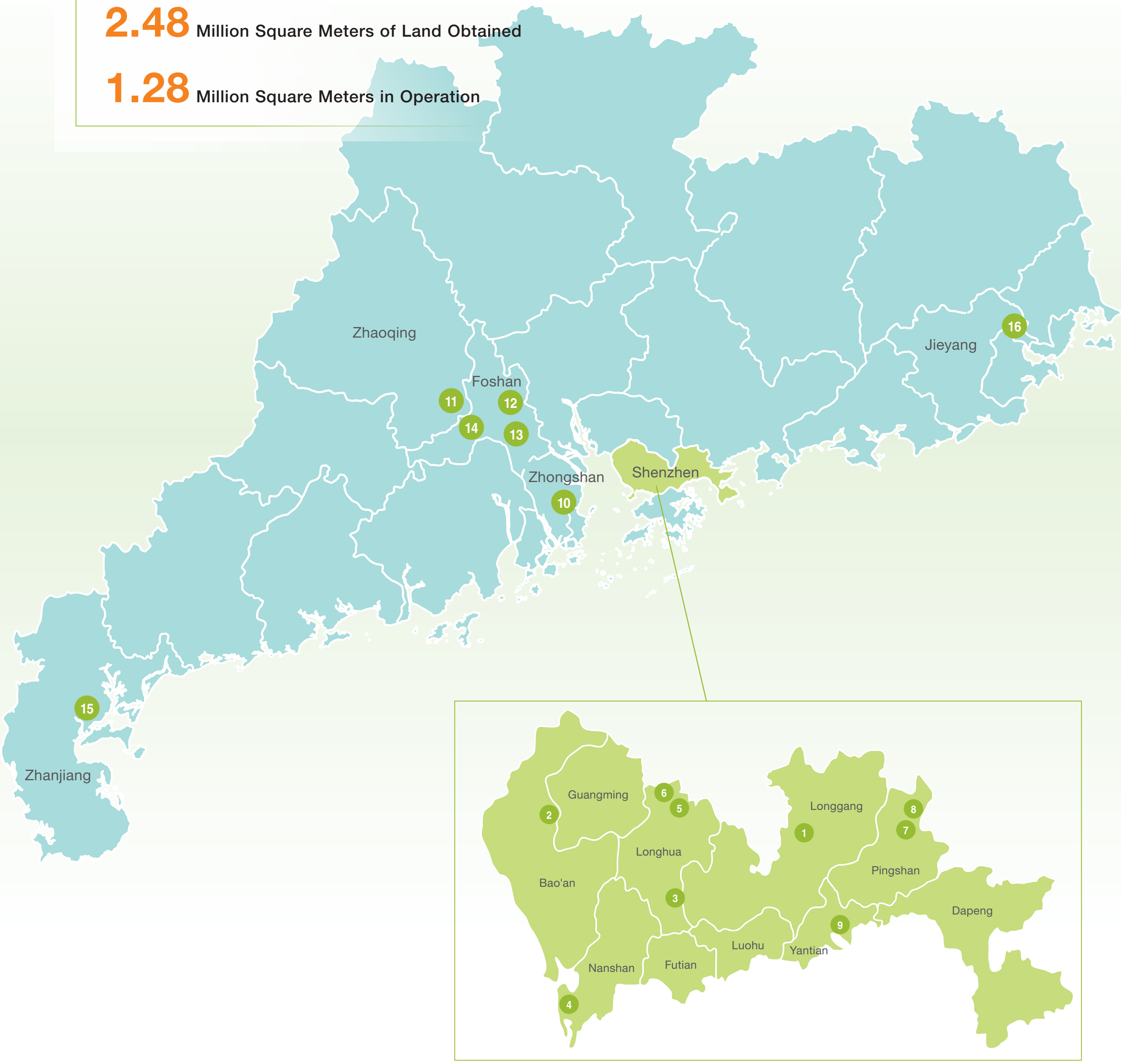
For logistics services business, revenue for the Year increased by 4% as compared to the corresponding period of the previous year to approximately HK$333 million, mainly due to the revenue contribution from several intelligent and cold chain projects for the first time. However, due to the ongoing adjustments in the Group's business structure, a loss attributable to shareholders was recorded this year of approximately HK$21.43 million.

Logistics Parks in Guangdong Province (including the Greater Bay Area)

16 Projects Deployed in Guangdong Province

2.48 Million Square Meters of Land Obtained

1.28 Million Square Meters in Operation




1 Shenzhen International Integrated Logistics Hub Center


2 SZI Western Highway Freight Logistics Hub (SZ Bao'an)#


3 SZI South China Logistics Park (Shenzhen)


4 SZI Western Logistics Park (Shenzhen)


5 SZI Kanghuai E-commerce Center (Shenzhen)


6 Shenzhen Liguang Project


7 Shenzhen Pingshan Project

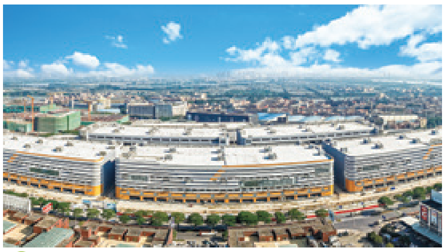

8 Shenzhen Pingshan East Project


9 Shenzhen Yantian Project


10 Zhongshan Torch Project

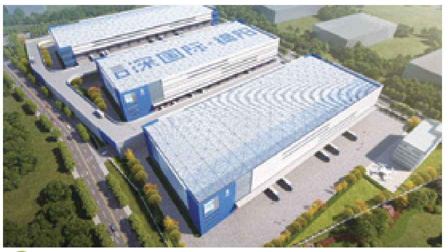

11 Zhaoqing Gaoyao Project#


12 Foshan Nanhai Project


13 Foshan Shunde Project


14 Foshan Gaoming Project#


15 Zhanjiang Project


16 Jieyang Project#

Conceptual rendering

As at 31 December 2024, details of the Group's major logistics projects in Guangdong Province (including the Greater Bay Area) are are shown as follows:

No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m.)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
1	Shenzhen International Integrated Logistics Hub Center	Hengdongling Road, Nanwan Sub-district, Longgang District, Shenzhen	90.0	90.0@ *(land use rights : 33.4)*	–	2026
2	SZI Western Highway Freight Logistics Hub (SZ Bao'an)	Bao'an District, Shenzhen	7.5	7.5	–	2025
3	SZI South China Logistics Park (Shenzhen)	Minzhi Sub-district, Longhua District, Shenzhen	23.9^	23.9^	10.0^	2003
4	SZI Western Logistics Park (Shenzhen)▲	Linhai Road, Nanshan District, Shenzhen	N/A	N/A	9.1	2003
5	SZI Kanghuai E-commerce Center (Shenzhen)▲	Ping'an Road, Guanlan Sub-district, Longhua District, Shenzhen	N/A	N/A	14.3	2018.01
	SZI Intelligent Logistics Hubs					
6	Shenzhen Liguang	Liguang Village, Guanlan Sub-district, Longhua District, Shenzhen	4.5	4.5	21.7	2023.07
7	Shenzhen Pingshan	Eastern Lanzhu Road, Longtian Sub-district, Pingshan District, Shenzhen	12.0	12.0	28.6	2024.12
8	Shenzhen Pingshan East	Jinhui Road, Kengzi Sub-district, Pingshan District, Shenzhen	26.7	26.7	9.4	2023.09
9	Shenzhen Yantian	First Phase of Yantian Comprehensive Bonded Zone, Yantian District, Shenzhen	3.2	3.2	9.1	2024.03
10	Zhongshan Torch	Zhongshan Torch Hi-Tech Industry Development Zone, Zhongshan	5.8	5.8	6.6	2019.09
11	Zhaoqing Gaoyao	Jinli Town, Gaoyao District, Zhaoqing	10.0	10.0	–	2026
12	Foshan Nanhai	Nanhai District, Foshan	7.6	7.6	9.2	2024.08
13	Foshan Shunde	Shunde District, Foshan	20.0	20.0	–	2025
14	Foshan Gaoming	Gaoming District, Foshan	15.7	15.7	–	2025
	SZI Logistics Hubs					
15	Zhanjiang	Mazhang District, Zhanjiang	20.0	11.0	10.1	2024.08
16	Jieyang	High-tech Industrial Development Zone, Jieyang	9.6	9.6	–	2026
	Total		**256.5**	**247.5**	**128.1**	

Notes:

* *Planned site areas represent the site areas as shown in the agreements establishing the projects with local governments. Actual site and gross floor areas are subject to various factors and consequential adjustment.*

** *Expected commencement dates of operation are estimates and are subject to updates according to construction progress.*

@ *The Group has obtained operation rights in respect of land with a site area of 900,000 square meters at Shenzhen International Integrated Logistics Hub Center, and has successfully secured the land use rights of approximately 334,000 square meters for the space above the overhead floor of the project in June 2023.*

^ *SZI South China Logistics Park (Shenzhen) consists of Phase I and Phase II. Phase I is currently undergoing the transformation into a digital economic park under the overall planning of the Shenzhen Municipal Government, and the logistics business has ceased operations in the first half of 2024. As at 31 December 2024, the Group has transferred approximately 356,000 square meters of land, with approximately 177,000 square meters remaining. Phase II, "SZI South China Digital Valley", covers an area of approximately 62,000 square meters. The area in operation listed here does not include the operating area of Phase II.*

▲ *Management service project*

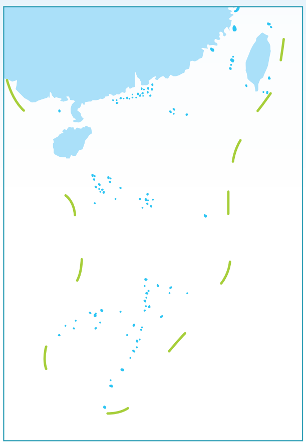
Logistics Parks in Other Regions of the PRC

36 Cities in the PRC (excluding Guangdong Province)

5.89 Million Square Meters of Land Obtained

4.51 Million Square Meters in Operation

Sketch map of coastline




1 Hangzhou Project


2 Ningbo Project


3 Jinhua Yiwu Project


4 Jinhua Jingkai Project


5 Wenzhou Project


6 Shanghai Qingpu Project


7 Shanghai Minhang Project


8 Wuxi Huishan Project


9 Wuxi Jiangyin Project


10 Wuxi Xishan Jindi Project


11 Suzhou Kunshan Project


12 Suzhou Xiangcheng Project


13 SZI Cold Chain (Nanjing Jiangning)


14 Jurong Project#


15 Xuzhou Project

16 Nantong Project

17 Huai'an Project#

18 Taizhou Project#

19 Hefei Feidong Project

20 Hefei Feixi Project

21 SZI Beijing Southwest Integrated Logistics Hub (Phase I) Intelligent Logistics Center#

22 Tianjin Binhai Project

23 Tianjin Xiqing Project

24 Shijiazhuang Zhengding Project

26 Wuhan Dongxihu Project

27 Wuhan Caidian Project

28 Wuhan Huangpi Project#

29 Nanchang Jingkai Project

30 Nanchang Changbei Project

31 Changsha Project

No project picture for No.25 (Shijiazhuang Yuanshi Project)

 # Conceptual rendering

32 Xiangtan Project

33 Yueyang Project

34 Guizhou Longli Project

35 Guiyang Xiuwen Project#

36 Chongqing Shuangfu Project

37 Chongqing Shapingba Project

38 Kunming Project

39 Chengdu Qingbaijiang Project

40 Chengdu Wenjiang Project#

41 Nanning Jingkai Project#

42 Hainan Yangpu Project

43 Hainan Chengmai Project

44 Haikou Gaoxin Project

45 Zhengzhou Erqi Project

46 Zhengzhou Xinzheng Project

47 Yantai Project

48 Xi'an Project

49 Taiyuan Project#

50 Shenyang Project

Conceptual rendering

As at 31 December 2024, details of the Group's major logistics projects in other regions of the PRC are shown as follows:

	No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m.)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
SZI Logistics Hubs		**Zhejiang Region**					
	1	Hangzhou♦	Hangzhou Dajiangdong Industrial Cluster, Hangzhou	Phase I: N/A Phase II: N/A	Phase I: N/A Phase II: N/A	Phase I: 21.3 Phase II: 24.3	2017.11
	2	Ningbo	Ningnan Trade and Logistics Park, Ningbo	19.4	9.2	5.7	2018.01
	3	Jinhua Yiwu	Yunxi Village under the jurisdiction of Choucheng Sub-district, Yiwu, Jinhua	44.0	41.7	55.9	2020.12
	4	Jinhua Jingkai	Jinhua Economic and Technological Development Zone, Jinhua	13.6	–	–	–
	5	Wenzhou	Longgang City, Wenzhou	13.9	13.9	12.7	2024.10
		Jiangsu and Anhui Region					
	6	Shanghai Qingpu	Huaxin Town, Qingpu District, Shanghai	2.3	2.3	3.0	2019.09
	7	Shanghai Minhang	Zhuanqiao Town, Minhang District, Shanghai	3.5	3.5	5.2	2021.09
	8	Wuxi Huishan	Huishan District, Wuxi	34.7	24.6	12.0	2017.01
	9	Wuxi Jiangyin	Jiangyin Lingang Economic and Technological Development Zone, Wuxi	13.3	13.3	11.3	2023.10
	10	Wuxi Xishan Jindi▲	Donggang Town, Xishan District, Wuxi	–	–	16.6	2024.07
	11	Suzhou Kunshan	Lujia Town, Kunshan, Suzhou	11.7	11.7	9.6	2016.06
	12	Suzhou Xiangcheng	International Logistics Park, Wangting Town, Xiangcheng District, Suzhou	3.3	3.3	1.9	2020.12
	13	SZI Cold Chain (Nanjing Jiangning)	Jiangning District, Nanjing	3.2	3.2	–	2025
	14	Jurong	New North Town, Jurong	40.0	13.1	–	2026
	15	Xuzhou	Xuzhou National Hi-Tech Industrial Development Zone, Xuzhou	14.0	13.3	7.2	2021.04
	16	Nantong	Haimen Industrial Park, Nantong	15.2	15.2	12.9	2021.01
	17	Huai'an	Huai'an Economic and Technology Development Zone, Huai'an	11.1	–	–	–
	18	Taizhou	Dasi Town, Gaogang District, Taizhou	8.8	8.8	–	2025
	19	Hefei Feidong♦	Anhui Hefei Commercial and Logistics Development Zone, Feidong County, Hefei	N/A	N/A	9.3	2016.01
	20	Hefei Feixi	Feixi County, Hefei	42.2	42.2	19.1	2022.05
		Beijing-Tianjin-Hebei Region					
	21	SZI Beijing Southwest Integrated Logistics Hub (Phase I) Intelligent Logistics Center	Doudian Logistics Base, Fangshan District, Beijing	11.8	11.8	–	2026
	22	Tianjin Binhai	West Wing of Tianjin Development Zone, Tianjin	6.0	6.0	3.3	2019.01
	23	Tianjin Xiqing	Yangliuqing Town, Xiqing District, Tianjin	11.6	11.6	7.8	2021.09
	24	Shijiazhuang Zhengding	Zhengding County, Shijiazhuang	46.7	31.0	7.0	2017.07
	25	Shijiazhuang Yuanshi	Yuanshi County, Shijiazhuang	14.4	–	–	–

As at 31 December 2024, details of the Group's major logistics projects in other regions of the PRC are shown as follows: *(continued)*

	No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m.)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
SZI Logistics Hubs		**Central China**					
	26	Wuhan Dongxihu	Dongxihu District, Wuhan	13.3	12.6	6.3	2016.01
	27	Wuhan Caidian	Changfu Logistics Park, Caidian District, Wuhan	26.7	12.9	11.7	2022.03
	28	Wuhan Huangpi	Huangpi District, Wuhan	6.7	6.8	–	2026
	29	Nanchang Jingkai♦	Nanchang Economic and Technological Development Zone, Nanchang	N/A	N/A	8.7	2017.06
	30	Nanchang Changbei	Nanchang Integrated Bonded Zone, Nanchang	15.7	15.6	–	2025
	31	Changsha	Jinxia Economic Development Zone, Changsha	34.7	29.8	22.7	2018.01
	32	Xiangtan	Yuetang Economic Development Zone, Xiangtan	10.2	10.0	8.5	2024.09
	33	SZI Intelligent Logistics Hub (Yueyang)▲	New Port Area, Chenglingji District, Yueyang	N/A	N/A	5.2	2020.01
		Southwestern Region					
	34	Guizhou Longli♦	Shuanglong Modern Service Industrial Cluster, Guizhou	N/A	N/A	14.2	2018.05
	35	Guiyang Xiuwen	Zhazuo Industrial Park, Xiuwen Economic Development Zone, Guiyang	20.0	20.6	–	2027
	36	Chongqing Shuangfu	Shuangfu New District, Jiangjin District, Chongqing	15.7	10.4	5.8	2019.12
	37	Chongqing Shapingba	Shapingba District, Chongqing	14.6	14.6	11.6	2021.09
	38	Kunming	Yangzonghai Scenic Area, Kunming	17.2	17.2	11.9	2020.01
	39	Chengdu Qingbaijiang	International Railway Logistics Park, Qingbaijiang District, Chengdu	12.9	12.5	12.6	2021.01
	40	Chengdu Wenjiang	Wenjiang District, Chengdu	6.7	6.7	–	2025
	41	Nanning Jingkai	Nanning Economic and Technological Development Zone, Nanning	10.0	10.0	–	2026
		Southern Region					
	42	Hainan Yangpu▲	Yangpu Economic Development Zone, Danzhou City, Hainan Province	N/A	N/A	9.4	2024.03
	43	Hainan Chengmai	Jinma Modern Logistics Center, Chengmai County, Hainan Province	6.3	6.3	6.5	2024.03
	44	Haikou Gaoxin	Haikou National High-tech Industrial Development Zone, Hainan Province	6.7	6.7	–	2025

As at 31 December 2024, details of the Group's major logistics projects in other regions of the PRC are shown as follows: *(continued)*

	No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m.)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
SZI Logistics Hubs		**Northern Region**					
	45	Zhengzhou Erqi	Mazhai Industrial Cluster, Erqi District, Zhengzhou	11.0	11.0	11.7	2022.12
	46	Zhengzhou Xinzheng	Xinzheng District, Zhengzhou	49.7	49.7	21.5	2022.05
	47	Yantai	Yantai Economic and Technological Development Zone, Yantai	6.9	6.9	2.9	2008.06
	48	Xi'an	Xi'an National Civil Aerospace Industrial Base, Xi'an	12.0	12.0	9.3	2020.08
	49	Taiyuan	Xiaohe Industrial Park, Xiaodian District, Taiyuan	12.7	12.7	–	2025
	50	Shenyang	Shenyang International Logistics Park, Yuhong District, Shenyang	70.0	24.1	24.2	2016.04
		Total		**764.4**	**588.8**	**450.8**	

Notes:

* *Planned site areas represent the site areas as shown in the agreements establishing the projects with local governments. Actual site and gross floor areas are subject to various factors and consequential adjustment.*

** *Expected commencement dates of operation are estimates and are subject to updates according to construction progress.*

◆ *Projects injected into funds:*

(i) *SZI Logistics Hub (Nanchang Jingkai), SZI Logistics Hub (Hangzhou Phase II), SZI Logistics Hub (Hefei Feidong): held by Shenshi Fund, a joint venture held by the Group as to 40% equity interest; and*

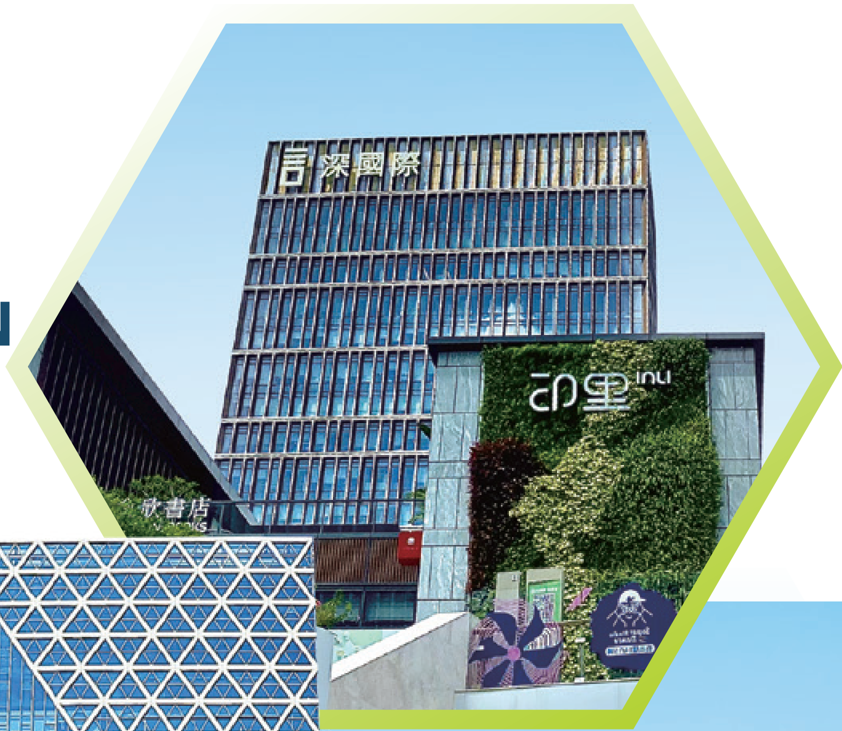
(ii) *SZI Logistics Hub (Hangzhou Phase I) and SZI Logistics Hub (Guizhou Longli): held by ChinaAMC-Shenzhen International REIT, in which the Group holds approximately 31% of the total units.*

The Group retains the rights to operate and manage the above logistics hubs, providing professional services such as operational maintenance and will continue to charge service fees.

▲ *Management service project*

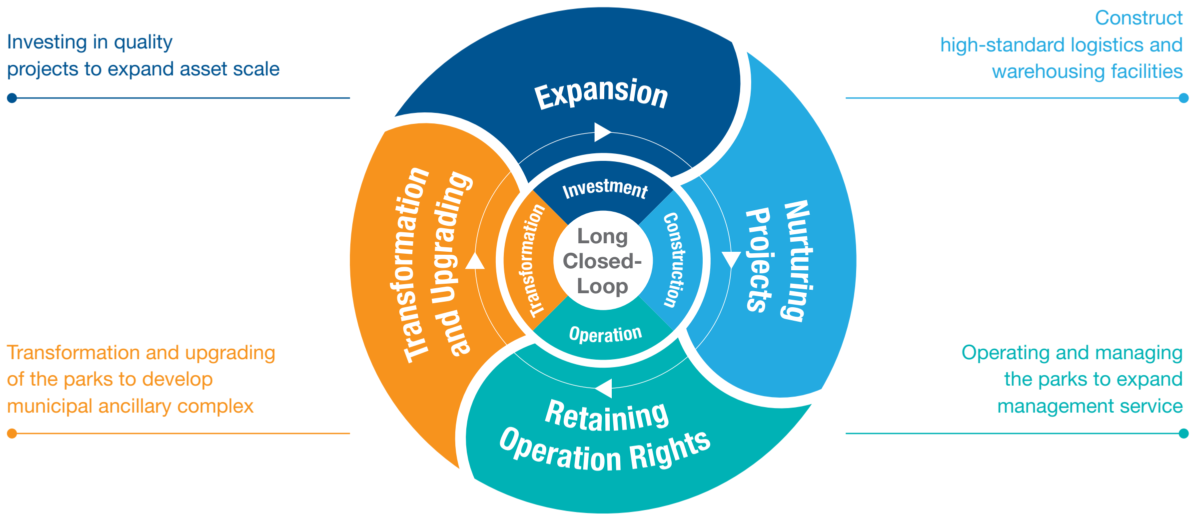
03

LOGISTICS PARK TRANSFORMATION AND UPGRADING BUSINESS



OVERVIEW

Seizing the unprecedented opportunities brought about by China's urbanization, the Group is proactively driving the transformation of its logistics park projects located in central areas of key cities such as Shenzhen. Through the upgrading, transformation, development and operation of its logistics park projects, the Group is dedicated to implementing a long closed-loop "Investment, Construction, Operation and Transformation" business model. The Group's logistics park transformation and upgrading projects maximized the value of related assets and generated strong investment returns, thus providing long-term support for the Group's business development and performance, contributing substantial returns to the shareholders of the Company.



The transformation and upgrading of the logistics parks involve certain real estate development projects, which are currently being carried out only in the core area of Shenzhen. "Shenzhen International P&M" serves as the Group's management platform for its logistics park transformation and upgrading business, and for its integrated asset development and operation.

ANALYSIS OF OPERATING PERFORMANCE

SZI Qianhai Project ("Qianhai Project")

The Qianhai Project has successfully implemented the long closed-loop "Investment, Construction, Operation and Transformation" business model. Through the land consolidation and preparation in Qianhai, the Group was compensated through a land swap from which it received a land parcel with a total site area of approximately 120,000 square meters and a total gross floor area of approximately 390,000 square meters (comprising a residential area of approximately 190,000 square meters and an apartment area of approximately 25,000 square meters), which is valued at approximately RMB8,373 million under the new land use arrangement. The appreciation of the land value signifies the initial benefit derived from the land consolidation and preparation in Qianhai. With the gradual development of the swapped land parcels and the release of completed properties to the market, the Qianhai Project generated profits before tax over seven instances at a total of approximately RMB14,448 million over the past few years, supporting the steady growth of the Group's financial performance. Furthermore, the Qianhai Project has provided the Group with valuable experience and laid a solid foundation for the seamless execution of its forthcoming transformation and upgrading initiatives.

As a Shenzhen International Qianhai Industrial-City Complex that integrates an industrial digital economy town, modern commercial spaces and complementary residential amenities, Qianhai Project contributes to Qianhai's development by promoting industrial upgrading, resource aggregation and functional integration, thereby fostering the synergy between industry and urban resources.

As at 31 December 2024, the profits generated by the Qianhai Project are as follows:

Income Category	Period	Item	Area (approx. sq.m.)	Profit before tax (RMB million)
Land Appreciation	2017-2020	Land consolidation and preparation	120,200 [(1)]	**8,373**
Development Profit	2021	Residential project in the first phase – Parkview Bay	51,000 [(2)]	724
	2022	Capital increase of the project company – Yicheng Zhenwanyue	–	2,487
	2023	Residential project in the second phase – Yicheng Qiwanli	51,000 [(3)]	2,635
	2024	Project development profit – Yicheng Zhenwanyue	–	229
				6,075
Operating Profit	From the second half of 2021	Office project in the first phase – Yidu Building	35,000 [(4)]	Rental income

Notes :

(1) Approximately 120,200 square meters of swapped land parcels in Qianhai Project.

(2) Residential project in the first phase of Qianhai Project – Parkview Bay has a gross floor area of approximately 51,000 square meters.

(3) Residential project in the second phase of Qianhai Project – Yicheng Qiwanli has a gross floor area of approximately 51,000 square meters.

(4) Office project in the first phase of Qianhai Project – Yidu Building has a gross floor area of approximately 35,000 square meters.

Residential Projects

Yicheng Qiwanli is a residential project developed and operated solely by the Group, with a plot ratio-based gross floor area of approximately 65,000 square meters, comprising a residential gross floor area of approximately 51,000 square meters and a commercial gross floor area of approximately 6,000 square meters. All units under the project were delivered in December 2023.

Yicheng Zhenwanyue is a residential project jointly developed by the Group and a renowned property developer, in which the Group holds 50% interest. Phase I of the project encompasses a residential gross floor area of approximately 40,000 square meters and a commercial gross floor area of approximately 3,500 square meters, with all residential units delivered by the end of 2024. Phase II of the project has a plot ratio-based gross floor area of approximately 80,000 square meters, comprising a residential gross floor area of approximately 50,000 square meters (inclusive of residential and talent housing), an apartment gross floor area of approximately 25,000 square meters and a commercial gross floor area of approximately 5,000 square meters. The residential units of Phase II of the project were nearly sold out in 2024 and are expected to be delivered in 2025.

Commercial and Office Projects

Regarding commercial projects, the Group and SCPG (印力集團) have leveraged their respective strengths to jointly develop a unique boutique commercial project known as "Qianhai Yinli" in the Mawan area of Qianhai. Qianhai Yinli, which commenced operations in September 2022, has a total gross floor area of approximately 25,000 square meters. As a "slow-living", courtyard-style neighborhood of a type rare in Qianhai and Shenzhen, the project integrates high-quality living, culture and arts, social interactions and a digital ecosystem. As at 31 December 2024, the overall occupancy rate of Qianhai Yinli was approximately 76%.

As for office projects, the Group jointly managed and operated "SZI Properties (Shenzhen Yidu Building)" with China Center for Information Industry Development ("CCID"), an enterprise directly controlled by the Ministry of Industry and Information Technology of the PRC. In May 2022, Yidu Building successfully obtained the LEED-CS Platinum certification from the U.S. Green Building Council, signifying its position as one of the world's top green office buildings. The total gross floor area of Yidu Building is approximately 35,000 square meters. Capitalizing on the unique geographical location and policy advantages of Qianhai in the Greater Bay Area, the project fully leverages the Group's wealth of expertise in supply chain management and the CCID's extensive information technology service capabilities. It focuses on the development of supply chain services and intelligent manufacturing services, with the goal of fostering in-depth integration of the digital and real economies in the Greater Bay Area and countries/regions that are part of the "Belt and Road Initiative". Since its launch in July 2021, Yidu Building has positioned itself as an artificial intelligence of things+ (AIoT+) ecological courtyard with industrial operation services, successfully attracting a variety of digital economy enterprises as tenants. The project has been recognized by the Qianhai Administrative Bureau of Shenzhen Municipality as an industrial carrier for fostering industry agglomeration for three consecutive years. In November 2024, Yidu Building was designated as the "Shenzhen-Singapore Qianhai Smart City Cooperation and Innovation Demonstration Park (Pilot Zone)", contributing to the expansion and strengthening of cooperation between Shenzhen and Singapore, while injecting new functions into the regional economy. As at 31 December 2024, the occupancy rate of Yidu Building was approximately 81%, with the majority of its tenants being high-potential digital economy enterprises, resulting in an industry agglomeration of approximately 92%.

In addition, the Group owns two separate land parcels in Qianhai, which are designated for office and commercial uses. These land parcels have an aggregate plot ratio-based gross floor area of approximately 92,000 square meters, comprising an office gross floor area of approximately 79,000 square meters, a commercial gross floor area of approximately 12,000 square meters and a community service center with a gross floor area of approximately 1,000 square meters. Given that the two land parcels are situated within the bonded area, the Group is currently communicating with relevant departments of the Shenzhen Municipal People's Government regarding land swap and development matters.

SZI South China Logistics Park Transformation Project

With the advancement of China's regional economic integration strategy, the collaborative development of the Greater Bay Area is experiencing closer collaboration, and metropolitan areas are stepping into a fast track of high-quality development. Against this backdrop, Shenzhen, as the core engine city of the Greater Bay Area, has taken the lead in embarking on a phase of significant transformation and upgrading. The high-quality transformation and upgrading of the SZI South China Logistics Park (located in the central axis and core node of Shenzhen) into a "South China Digital Economy Super Headquarters Base", reflects the Group's steadfast commitment to pursuing high-quality development. This represents a major attempt of the Group in exploring the long closed-loop "Investment, Construction, Operation and Transformation" business model.

In October 2023, the Group entered into a land consolidation and preparation supervision agreement ("Land Preparation Agreement") with Shenzhen Longhua City Renewal and Land Development Bureau（深圳市龍華區城市更新和土地整備局）("Longhua Development Bureau"), Longhua Administration of Planning and Natural Resources Bureau of Shenzhen Municipality（深圳市規劃和自然資源局龍華管理局） ("Longhua Administration Bureau"), and Shenzhen Longhua Minzhi Subdistrict Office（深圳市龍華區民治街道辦事處） (collectively known as "the Parties") regarding the consolidation and preparation of the land parcel for Phase I of SZI South China Logistics Park with a site area of approximately 530,000 square meters. The project would be implemented via a comprehensive approach which involves reservation of land and monetary compensation. As the original holder of the land use rights, the Group is allowed to reserve for use a land of 108,749 square meters ("Reserved Land") within the SZI South China Logistics Park. The planned capacity of the Reserved Land is 694,160 square meters, of which 28,950 square meters would be used for supporting facilities and 665,210 square meters would be reserved for use by the Group, including 577,610 square meters for residential use (with partial co-owned housing to be implemented according to relevant government policies), and 87,600 square meters for commercial, office, and hotel buildings.

In 2024, major breakthroughs were achieved in the transformation and upgrading of SZI South China Logistics Park. In October 2024, the Longhua Development Bureau announced the land consolidation and preparation unit planning, outlining the Reserved Land and its planning. In December 2024, the Longhua Administration Bureau announced that the approval of the Shenzhen Longhua District People's Government（深圳市龍華區人民政府）for the first phase of the Reserved Land had been obtained, and that the relevant works for land provision would commence. The publication of this notice signifies the Group's ownership of the development rights of the above plot of land. Meanwhile, the Parties signed a supplementary agreement based on the Land Preparation Agreement, further refining the implementation details. The first phase of the Reserved Land involves plot 02-20-04, covering an area of 21,968 square meters. In 2024, the Group achieved profits after tax of approximately HK$2,367 million from the land preparation and consolidation. Moving forward, the Group plans to accelerate the demolition and clearance of logistics buildings to swiftly transition into the development and construction phase, thereby ensuring timely sale proceed and cash flow recovery. Over the coming years, the Group will continue to expedite the obtaining and the development of the Reserved Land according to the designated land functions under the new planning, gradually realizing the gains from land value appreciation and land development.

SZI South China Digital Valley is the Phase II of SZI South China Logistics Park, covering a site area of approximately 62,000 square meters and a gross floor area of approximately 200,000 square meters. Aligning with Longhua District's "Digital Longhua" development strategy, the project is dedicated to fostering the digital economy and targets enterprises in four key areas including artificial intelligence, 5G technology, industrial internet and software and information. It aims to attract and cultivate industry-leading enterprises, promoting the integration of industry and urban development, driving regional growth through the digital economy, and injecting new momentum into local economy. In 2024, SZI South China Digital Valley has been recognized by the Industry and Information Technology Bureau of Shenzhen Municipality as the "Shenzhen HarmonyOS Native Application Characteristic Industrial Park" （深圳市鴻蒙原生應用特色產業園）, which helps to attract more artificial intelligence and related information technology companies, further boosting the industrial influence of the park. Currently, its digital economy industry agglomeration has reached about 98%, comprising state-owned enterprises, central enterprises, Fortune 500 companies, listed companies, national high-tech enterprises, and provincial-level "specialized, refined and innovative" enterprises. The annual output value of these enterprises exceeds RMB5,500 million.

SZI South China Digital Valley is developed and constructed in two stages. The first stage is in full operation, while the industrial office of the second stage has been officially put into operation since the first half of 2024, and the ancillary apartments have successfully obtained certification as Shenzhen Guaranteed Rental Housing Project, which addresses the crucial need for affordable housing faced by young professionals. As at 31 December 2024, the overall leasing commitment rate for the industrial office of SZI South China Digital Valley was approximately 55%.

FINANCIAL ANALYSIS

Revenue and Profit Attributable to Shareholders

For the year ended 31 December

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Revenue	**118,590**	5,556,326	(98%)
Profit attributable to shareholders	**2,358,409**	1,745,764	35%

During the Year, revenue from the logistics park transformation and upgrading business decreased by 98% as compared to the corresponding period of the previous year to approximately HK$119 million, primarily due to the absence of revenue contribution from the delivery of units under the Qianhai residential project (Yicheng Qiwanli), which contributed approximately HK$5,500 million in the previous year. While profit attributable to shareholders increased by 35% as compared to the corresponding period of the previous year to approximately HK$2,358 million, benefited from the recognition of profits after tax of approximately HK$2,367 million from the land preparation and consolidation of SZI South China Logistics Park.

04

PORT AND RELATED SERVICES BUSINESS

OVERVIEW

The port business is a crucial segment of the Group's "Four Growth Engines" strategic framework which encompasses "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure". In recent years, the Group has actively broadened its port business landscape. Leveraging its "Port Connection Action" strategy, the configuration of the Group's port connection has essentially taken shape.

In 2024, the full operation of Jiangsu Jingjiang Port marked a new phase in the overall production and operation of the Group's port segment. The Group has established a comprehensive port industry chain, with Nanjing Xiba Port and Jiangsu Jingjiang Port serving as key hub ports, with Henan Shenqiu Port designated as an upstream collection port, and Jiangxi Fengcheng Port functioning as a downstream distribution port. Meanwhile, the Group continued to develop its asset-light supply chain business, and promote the amalgamation of both upstream and downstream resources in the industry chain. The synergies between heavy and light assets in the port segment have yielded concrete results, further strengthening and enhancing the segment's core competitiveness.

The Group continued to deepen the promotion of its "Port Connection Action" strategy with the aim to achieve independent listing of its port segment. The Group expanded its investments in asset-heavy port projects, primarily focusing on strategic areas such as the lower reaches of the Yangtze River, the Xijiang River Basin, and the Greater Bay Area. By upholding its "Prioritizing Excellence" strategy, it explored investment opportunities for further expansion along the upstream and downstream of the "Port+" industry chain. The successful acquisition of the project land of Foshan Fuwan Port by the Group in 2024 signifies the inaugural deployment of its port segment in the Greater Bay Area, as well as the successful achievement of its port business configuration of "2 key hub ports + 3 supporting ports".

As at 31 December 2024, the Group had 22 port berths in operations, managing a shoreline of more than 3,300 meters with port throughput exceeding 100 million tonnes.

ANALYSIS OF OPERATING PERFORMANCE

Leveraging its abundant port resources, the Group continues to expand the industry chain of its port operations, strengthening the synergies and collaboration among its projects. Simultaneously, significant progress has been made in advancing the transformation and upgrading of the port segment towards modernized ports characterized by green, intelligent, efficient and safe operations through the application of modern technologies.

Although the Group's port segment is currently confronted with various short-term challenges, primary due to macroeconomic factors, ports remain a vital pillar of national economic development in the long run, possessing a certain degree of monopolistic characteristics and exhibiting a strong resilience against economic cycles. In particular, with robust support from national policies in recent years, the importance of inland waterway transportation has become increasingly evident, creating fresh opportunities for the continued growth of the Group's port segment.

Projects in Operation

SZI Port (Nanjing Xiba)

Nanjing Xiba Port, in which the Group holds 70% equity interest, is located in the New Materials Industrial Park in Jiangbei New District of Nanjing. It commenced operations in 2010 and is a key port in Nanjing, which is designed and built for sea-river inter-modal transportation and rail-water multi-modal transportation. It is also the only general bulk cargo terminal in the northern Yangtze River at Nanjing Port. With a designed annual throughput of 50 million tonnes, the Nanjing Xiba Port currently operates a general bulk cargo terminal with a tonnage of 50,000 tonnes, two general bulk cargo terminals each with a tonnage of 70,000 tonnes, and two general bulk cargo terminals each with a tonnage of 100,000 tonnes. It also has a stacking yard with an area of approximately 400,000 square meters which is connected to the port area by a rail link, and has distinct regional advantages and favorable conditions for integrated river-sea, rail-water and road-water transportation, enabling the provision of various services such as unloading, loading, lightering, train loading and unloading, and warehousing.

In 2024, faced with a market characterized by weakened end-demand and fierce homogeneous competition in the port industry, Nanjing Xiba Port encountered significant operational challenges. Nevertheless, the port persistently optimized its on-site management capabilities, enhanced its efficiency management, extensively catered to the demand of its key customers. These efforts yielded commendable advancements in business expansion and customer satisfaction. In 2024, a total of 415 seagoing vessels berthed at Nanjing Xiba Port, with a total throughput of approximately 31.56 million tonnes, of which approximately 4.77 million tonnes were transported onwards by rail, and the business volume of the Nanjing Xiba Port continued to rank first among 11 peer ports along the Yangtze River.

SZI Port (Jiangsu Jingjiang)

Jiangsu Jingjiang Port, in which the Group holds 70% equity interest, is located in the Economic Development Zone of Jingjiang. As an important river-sea intermodal transshipment port in the lower reaches of the Yangtze River, and a bulk cargo port with relatively large berths along the Yangtze River mainline, Jiangsu Jingjiang Port commenced operations in December 2023. With a designed annual throughput of 34.8 million tonnes, the port has two main berths for bulk carriers of 100,000 tonnes each (with hydraulic structure for vessels of 150,000 tonnes) along the Yangtze River and five lakeside inland berths for vessels of 1,000 tonnes each (with hydraulic structure for vessels of 3,000 tonnes) and supporting stacking yards of 380,000 square meters. The Jiangsu Jingjiang Port occupies 1,090 meters of the shoreline, and primarily handles commodities such as coal, petroleum coke, ore and construction materials, capable of accommodating 50,000-tonne-class seagoing vessels for continuous berthing and 100,000-tonne-class seagoing vessels for unloading or tidal berthing around the clock. The Group is dedicated to transforming the project into a top-notch green, intelligent, efficient and safe sea-river intermodal hub port in the PRC, serving as a modern energy storage and distribution center as well as a comprehensive trading center. In 2024, a total of 182 seagoing vessels berthed at Jiangsu Jingjiang Port, with a total throughput of approximately 15.92 million tonnes, surpassing comparable terminals in terms of business volume in the first year of its operation. The project received the "Jiangsu Province Labor Day Award" recognition.

Jiangsu Jingjiang Port is the flagship initiative for the Group's digital transformation of ports. Through the implementation of intelligent customized systems, fully-enclosed greenhouse yards, comprehensive rooftop photovoltaic systems and advanced shore power systems, Jiangsu Jingjiang Port aims to create a "nearly zero-carbon green port". In 2024, Jiangsu Jingjiang Port applied digital and intelligent technologies, successfully launching various functions. This has optimized its business processes and operational models, enhancing production efficiency and operational effectiveness, progressively achieving the goal of "digital and physical integration". The "Smart Green Port" has been recognized as a demonstration project by the Jiangsu Provincial Department of Transportation. The successful experience and models of Jiangsu Jingjiang Port will be replicated and promoted, leading the digital and intelligent transformation of the entire port segment and achieving progressive development.

SZI Port (Henan Shenqiu)

Henan Shenqiu Port, in which the Group holds 52% equity interest, is located along the Shaying River in Shenqiu County of Zhoukou. It enjoys significant waterways advantages serving as an important water transportation hub on the new sea route from the central plains of China, and is a demonstration project for "Port-industry-city Integration" that radiates regions in Henan and Anhui provinces. The whole project is planned to construct 26 berths for vessels of 1,000 tonnes each, with a designed annual throughput of 30 million tonnes, occupying approximately 1,600 meters of shoreline.

Four general-purpose berths in Phase I of the Henan Shenqiu Port, with a designed annual throughput of 4.4 million tonnes,have put into operations in March 2023. The project primarily serves Henan Angang Zhoukou Iron and Steel Co., Ltd, while also actively expanding external cargo sources to diversify its business structure. In 2024, Henan Shenqiu Port handled approximately 1.66 million tonnes of throughput.

The project has plans to construct 22 berths and supporting stacking yards at a later stage. The Group is dedicated to transforming the project to be a highly efficient, environmentally friendly and advanced bulk cargo terminal that serves as a demonstration project for "Port-industry-city Integration" that radiates regions in Henan and Anhui provinces, and to become a new hub for comprehensive water-to-land exchange between the coal-producing areas in western China and end users in the middle and lower reaches of the Yangtze River.

Jiangxi Fengcheng Port

Jiangxi Fengcheng Port, in which the Group holds 20% equity interest, serves as an important distribution node along the Gan River. It is designed to be developed in phases, featuring 10 berths for bulk carriers of 1,000 tonnes each (with hydraulic structure for bulk carriers of 3,000 tonnes).

Among which, 6 berths occupying 580 meters of the shoreline with a designed annual throughput of 6 million tonnes in Phase I of the project have officially commenced operations in July 2023. In 2024, Jiangxi Fengcheng Port and Jiangsu Jingjiang Port established "interconnected synergies" for their asset-heavy ports, jointly providing fuel transportation services by water for large power plants and have completed throughput of approximately 1.77 million tonnes.

Project under Planning

SZI Port (Foshan Fuwan)

Foshan Fuwan Port, in which the Group holds 97.1% equity interest, is located at Hecheng Sub-district, Gaoming District of Foshan. The project enjoys a prime location along the national-class golden waterway – the main navigation channel of the Xijiang River, offering evident geographical advantages with excellent hydrological conditions. The Group successfully acquired the project land of Foshan Fuwan Port in December 2024. With a designed annual throughput of 5.3 million tonnes, the project is planned to construct 4 general-purpose berths of 3,000 tonnes each (with hydraulic structure for vessels of 5,000 tonnes) in phases, occupying shoreline of approximately 542 meters.

Being the Group's first project entering the Pearl River Basin in the Greater Bay Area, the project marks an important expansion of the Group's port segment from the Yangtze-Huaihe River Basin to the Pearl River Basin, which is important for the Group's further market expansion and optimization of its strategic configuration.

Currently, the Group is fully committed to pushing forward the approval and construction procedures for Foshan Fuwan Port, striving to put it into operation by 2027. Upon completion, the project is expected to effectively address the water transportation needs for bulk materials such as sand, gravel, steel and grain in the region, and will create a water logistics pathway for the second airport in Guangzhou, along with the development of aviation economy and industry infrastructure. The Group targets to turn the project into a benchmark for bulk cargo terminal across Foshan and the entire Xijiang River Basin.

Port Supply Chain Business

Despite facing multiple challenges such as the weak macro-economic recovery, the continuous implementation of the policy to convert all coal supply contracts into long-term contracts and declining coal prices, the Group has effectively navigated these difficulties by fully leveraging its port resources and adhering to a diversified supply chain strategy. Through proactively attracting new customers, exploring new types of cargo and broadening the types of transportation in its logistics business, the Group has effectively countered the challenges of market downturns. Furthermore, it has strengthened its market competitiveness by opening up rail links and extending the coverage of its supply chain service strategy, providing customers with one-stop bulk cargo logistics and supply services. In 2024, the port supply chain business sustained a healthy growth momentum, countering the sluggish market with an increase in business volume, and achieved further growth in both revenue and profit.

In addition, the port supply chain business has secured premium upstream and downstream customer resources for the Group's newly commissioned asset-heavy port projects, effectively integrating information flow, logistics flow and business flow. During the Year, the port supply chain business not only introduced approximately 3.5 million tonnes of business volume for the synergistic operations of Jiangsu Jingjiang Port, but also successfully opened a new rail-water intermodal transportation channel on Shaying River in partnership with Henan Shenqiu Port, facilitating the launch of collaborative heavy and light coal rail-water intermodal transportation business. The port supply chain business has effectively promoted the transformation and upgrading of various asset-heavy ports from single loading/unloading transshipment ports to large-scale comprehensive service hub port platforms, while achieving synergistic development between light and heavy assets in the Group's port business, thereby supporting the Group in establishing a comprehensive logistics service system and providing its customers with comprehensive logistics services.

FINANCIAL ANALYSIS

Revenue and Profit Attributable to Shareholders

For the year ended 31 December

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Revenue	**3,585,793**	2,804,772	28%
Profit attributable to shareholders	**60,399**	87,751	(31%)

During the Year, revenue from the port and related services business increased by 28% as compared to the corresponding period of the previous year to approximately HK$3,586 million, mainly driven by the increase in revenue from the port supply chain business and the new revenue contribution following the full operation of Jiangsu Jingjiang Port. However, profit attributable to shareholders saw a decline of 31% as compared to the corresponding period of the previous year to HK$60.40 million, due to the decline in profit margin of the port business resulting from the intense competition in the domestic market, and the newly launched port project still in the nurturing stage.

Port Layout

1 Nanjing Xiba Port

2 Jiangsu Jingjiang Port

3 Henan Shenqiu Port

4 Jiangxi Fengcheng Port

5 Foshan Fuwan Port#

Conceptual rendering. The Group has acquired the project land for Foshan Fuwan Port, with operations scheduled to commence in 2027.

As at 31 December 2024, details of the Group's major port projects in operation are shown as follows:

	Port	Interests held	No. of berth in operation	Details of berth	Shoreline length (meter)	Commencement date of operation (year. month)
1	Nanjing Xiba Port	70%	5	1 general bulk cargo berth with a tonnage of 50,000 tonnes, 2 general bulk cargo berths with a tonnage of 70,000 tonnes each and 2 general bulk cargo berths with a tonnage of 100,000 tonnes each	1,330	2010.05
2	Jiangsu Jingjiang Port	70%	7	2 berths for bulk carrier with a tonnage of 100,000 tonnes each (with hydraulic structure for bulk carriers with a tonnage of 150,000 tonnes), 5 lakeside inland berths with a tonnage of 1,000 each (with hydraulic structure for bulk carriers with a tonnage of 3,000 tonnes)	1,090	2023.12
3	Henan Shenqiu Port	52%	4	4 berths for bulk carrier with a tonnage of 1,000 tonnes each	353	2023.03
4	Jiangxi Fengcheng Port	20%	6	6 berths for bulk carrier with a tonnage of 1,000 tonnes each	580	2023.07

05

TOLL ROAD BUSINESS

OVERVIEW

The Group's toll road business is managed and operated by Shenzhen Expressway, a non wholly-owned subsidiary of the Company, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively. The Group currently has invested in or operated a total of 16 expressway projects across the PRC, which are mainly located in Shenzhen, the Greater Bay Area, and other economically developed regions, with favorable geographical advantages. The total toll length of the controlling interest in the toll roads operated or invested in by the Group in Shenzhen, other regions in Guangdong Province and other provinces in the PRC were approximately 191 km, 350 km and 72 km, respectively.

ANALYSIS OF OPERATING PERFORMANCE

The operating performances of the toll roads operated or invested in by Shenzhen Expressway during the Year are as follows:

			Average daily mixed traffic volume [1]		Average daily toll revenue	
Toll roads	**Interest held**	**Toll length** (approx. km)	**2024** ('000 vehicles)	**Increase/ (decrease) as compared to the corresponding period of 2023**	**2024** (RMB'000)	**Increase/ (decrease) as compared to the corresponding period of 2023**
Shenzhen region:						
Meiguan Expressway	100%	5.4	165	0.4%	431	0.9%
Jihe East	100%	23.7	309	(2.7%)	1,830	(1.7%)
Jihe West	100%	21.8	223	2.5%	1,495	(0.2%)
Shenzhen Coastal Expressway [2] [3]	100%	36.6	205	8.6%	2,012	16.7%
Shenzhen Outer Ring Project	100%	76.8	310	1.1%	3,196	(2.3%)
Longda Expressway	89.93%	4.4	168	1.5%	434	1.8%
Shuiguan Expressway	50%	20	263	(2.5%)	1,729	(0.8%)
Shuiguan Extension	40%	6.3	59	(7.8%)	191	(11.0%)
Other regions in Guangdong Province:						
Qinglian Expressway	76.37%	216	48	(5.8%)	1,729	(7.2%)
Guangshen Expressway [4]	45%	122.8	632	(0.1%)	7,883	(0.5%)
GZ West Expressway [4]	50%	98	268	(1.0%)	3,466	(3.0%)
Yangmao Expressway	25%	79.8	56	1.1%	2,089	1.2%
Guangzhou Western Second Ring	25%	40.2	96	4.8%	1,395	2.1%
Other provinces in the PRC:						
Changsha Ring Road	51%	34.7	96	(0.8%)	717	(1.9%)
Nanjing Third Bridge	35%	15.6	36	(9.5%)	1,435	(5.0%)
Yichang Expressway [5]	40%	78.3	55	(9.8%)	1,063	(10.2%)

Notes:

(1) *Average daily mixed traffic volumes exclude toll-free traffic volumes during statutory holiday season toll-free periods. The revenue in the above table has excluded tax.*

(2) *Shenzhen Coastal Expressway refers to the Shenzhen section of Guangshen Coastal Expressway (Guangzhou to Shenzhen) which has two phases. Phase I of Shenzhen Coastal Expressway, which was completed and commenced operations at the end of 2013, includes the main line of Shenzhen Coastal Project and related facilities. Phase II of Shenzhen Coastal Expressway comprises two parts, which are the Shenzhen World Exhibition & Convention Center interchange and the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge. The two parts of the project under Phase II were completed and opened to traffic in 2019 and on 30 June 2024, respectively. Currently, the traffic volume for Phase II cannot be separated for consolidation purposes. Therefore, the traffic volume for the Shenzhen Coastal Expressway in the above table reflects only Phase I and excludes Phase II; the toll revenue for the Shenzhen Coastal Expressway includes both Phase I and Phase II.*

(3) *According to the freight compensation agreement entered into by the Transport Bureau of Shenzhen Municipality, Shenzhen Expressway and Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Company"), trucks traversing the Shenzhen Coastal Expressway were charged 50% of the standard toll rates during the period from 1 January 2021 to 31 December 2024. Such tolls waived by Coastal Company were compensated by the government in a lump sum payment in March of the following year. The agreement was fully executed as at 24:00 on 31 December 2024 and would not be extended. Trucks traversing the Shenzhen Coastal Expressway would be charged at the normal rate effective from 0:00 on 1 January 2025.*

(4) *Shenzhen Expressway indirectly holds approximately 71.83% of the shares in Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development"), which in turn is indirectly entitled to share 50% and 45% of the profits of GZ West Expressway and Guangshen Expressway, respectively.*

(5) *Shenzhen Expressway's equity interest in the Yichang Expressway has been reduced from 100% to 40% since 21 March 2024.*

During the Year, the Group's toll revenue saw a modest decline compared to the same period last year, due to the adverse weather conditions in the regions where the toll road projects are located, the increase in the number of days for free passage of small passenger vehicles during statutory holiday compared to last year, and the project company of Yichang Expressway no longer being consolidated into the consolidated financial statement of the Group since 21 March 2024. Furthermore, the operating performance of the toll road projects continued to be affected by industry policies, changes in peripheral competitive or coordinated road networks, as well as factors associated with the ongoing construction or maintenance of the projects themselves.

The performance of the Group's major toll road projects during the Year was as follows:

- Due to the rainstorms in Shenzhen and other regions of Guangdong Province, the overall operating performance of the Group's toll road projects in these regions was affected.

- The connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge under Phase II of Shenzhen Coastal Expressway was opened to traffic concurrently with the Shenzhen-Zhongshan Bridge on 30 June 2024. The Shenzhen-Zhongshan Bridge is a core transportation hub in the Greater Bay Area. The successful launch of the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge has facilitated the connectivity between Shenzhen-Zhongshan Bridge, Shenzhen Coastal Expressway, Guangshen Expressway, Shenzhen Bao'an International Airport as well as the Jihe Expressway, fostering a deep integration of Shenzhen with the eastern and western banks of the Pearl River Estuary. This would have a positive impact on the operating performance of the Shenzhen Coastal Expressway and Jihe Expressway, while leading to some traffic diversion towards Shenzhen Outer Ring Project and Longda Expressway. Overall, it has a positive impact on the Group's toll revenue.

- Both Qingyuan region and the neighboring Hunan region were affected by multiple occurrences of extreme weather including heavy rain, snow and freezing temperatures in early 2024. This led the transport authorities to impose traffic controls on the highways, resulting in certain negative impacts on the toll revenue of Qinglian Expressway. In addition, ongoing traffic diversion from the Guanglian Expressway (Guangzhou to Lianzhou), along with the opening of the entire Foqingcong Expressway (Foshan-Qingyuan-Conghua) in August 2024, have further diverted the traffic volume of Qinglian Expressway. Moreover, the road enhancement projects were undertaken in Qinglian Expressway between November and December 2024, which involved partial lane closures, thereby affecting the traffic flow. Owing to the combined impact of these factors, both the average daily traffic volume and toll revenue of Qinglian Expressway declined during the Year.

- Guangshen Expressway is an important express route between Guangzhou and Shenzhen, while GZ West Expressway is an integral part of the ring road within the Pearl River Delta, linking Guangzhou and Zhuhai. During the Year, the operating performances of Guangshen Expressway and GZ West Expressway remained essentially unchanged compared to the previous year. Nevertheless, the opening of Shenzhen-Zhongshan Bridge has shortened the travel distance through Guangshen Expressway, consequently exerting negative impact on the operating performance of Guangshen Expressway and leading to some traffic diversion towards GZ West Expressway.

- Due to the impact of heavy rain, snow, and freezing weather in Hunan and Jiangsu Provinces, along with prolonged heavy rainfall and traffic controls on highways imposed by the transport authorities, the operating performances of Yichang Expressway, Changsha Ring Road and Nanjing Third Bridge were negatively affected during the Year.

Key Business Developments

With respect to the construction of major projects, the Group is actively promoting investments in new construction, reconstruction and expansion projects, including the Phase III of Shenzhen Outer Ring Project, Jihe Expressway, the Guangzhou to Shenzhen section of the Beijing-Hong Kong-Macao Expressway ("Guangshen Expressway"), in order to continuously develop high quality expressway assets of the Group.

Shenzhen Outer Ring Project is an important transportation infrastructure in the Greater Bay Area. Once fully connected, it will establish vital connectivity with 10 expressways and 8 first-class highways in Shenzhen, serving as a crucial conduit for east-west interconnectivity in the northern part of Shenzhen. The Shenzhen Outer Ring Project is being constructed in three phases, of which Phase I covers the sections from Shajing to Guanlan and Longcheng to Pingdi, with a total length of approximately 51 km, and was completed and opened to traffic on 29 December 2020. Phase II covers the section from Pingdi to Kengzi, with a total length of approximately 9.35 km, and was completed and opened to traffic on 1 January 2022. Phase III covers the section from Kengzi to Dapeng, with a total length of approximately 16.8 km, and is currently under full-scale construction. During the Year, the Group selected construction contractors for several contract sections of Phase III of the Shenzhen Outer Ring Project through public tender, and has entered into relevant construction contracts with the respective contract fees being approximately RMB841 million, RMB884 million, RMB607 million, RMB741 million and RMB735 million. Upon the completion of Phase III, it is expected to enrich the Group's core expressway assets and optimize the economic and social benefits of the Shenzhen Outer Ring Project as a whole. It will also contribute to increased traffic flows for other toll roads operated or invested in by Shenzhen Expressway by optimizing the configuration of the road network.

Jihe Expressway is an integral part of the G15 Shenyang-Haikou National Expressway. It starts from He'ao Interchange in Longgang District, Shenzhen to the east, and ends at Hezhou Interchange in Bao'an District, Shenzhen to the west with a total length of approximately 43 km. It is a two-way six-lane expressway. Jihe Expressway is an important east-west corridor in Shenzhen's high-speed road network, and a core route for rapid connections in the eastern, central, and western part of Shenzhen. It has been in operation for over 20 years. Subsequent to fulfillment of the relevant approval procedures, Shenzhen Expressway has been approved to invest approximately RMB19,230 million in the reconstruction and expansion project of the section from He'ao to Shenzhen Airport of Shenyang-Haikou National Expressway ("Jihe Expressway R&E Project"). During the Year, the Group selected construction contractors for several sections of the Jihe Expressway R&E Project through public tender, and has entered into relevant construction contracts with the respective contract fees being approximately RMB3,019 million, RMB2,969 million, RMB2,759 million, RMB2,760 million, RMB3,178 million and RMB3,472 million. The three-dimensional composite channel model would be adopted for the Jihe Expressway R&E Project and the construction would be divided into ground-level and three-dimensional layers, both of which would be built in the standard of a two-way eight-lane expressway. At present, the core construction work of the project has fully commenced. It is expected that the completion of Jihe Expressway R&E Project will effectively enhance the existing transportation capacity of Jihe Expressway, and meet the integrated transportation demand of the Greater Bay Area and the Pearl River Delta, while the Group will also expand the scale of its expressway assets, and further consolidate its core competence in the investment, construction and operation of toll roads.

Guangshen Expressway is a main expressway connecting three major cities of Guangzhou, Dongguan and Shenzhen in the PRC, and is an important integrated section of the Beijing-Hong Kong-Macao Expressway and the Shenyang-Haikou Expressway within the national expressway network, with a total length of 122.8 km. It is a fully closed-system expressway with a total of six lanes in dual directions. Bay Area Development, in which the Group indirectly holds approximately 71.83% equity interest, is indirectly entitled to 45% of the profit-sharing interest in Guangshen Expressway. Given that the traffic flow of Guangshen Expressway is approaching saturation, the Guangdong Provincial Development and Reform Committee has approved the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Huocun section of the Guangzhou-Foshan Expressway (the "approved road section R&E project"), and the project will be invested in and constructed by Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GSZ Company"). As at the end of 2024, the construction work of the approved road section R&E project had fully commenced. To meet the funding needs of the approved road section R&E project, the shareholders of GSZ Company entered into a capital increase agreement on 24 January 2025, to contribute a total of RMB7,300 million by way of registered capital to GSZ Company. Pursuant to the said agreement, Hopewell China Development (Superhighway) Limited, a non wholly-owned subsidiary of Bay Area Development, agreed to contribute RMB3,285 million to GSZ Company, in proportion to its 45% shareholding ratio.

Furthermore, Phase II of Shenzhen Coastal Expressway mainly includes the construction of the Shenzhen World Exhibition and Convention Center interchange and the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge, of which the interchange of the Shenzhen World Exhibition and Convention Center commenced operations in 2019. On 30 June 2024, the construction of the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge was completed and opened to traffic concurrently with the Shenzhen-Zhongshan Bridge. Following the full connectivity of Phase II of Shenzhen Coastal Expressway, the interconnectivity of the primary east-west trunk road framework in Shenzhen has been further strengthened, enhancing the overall traffic capacity of Shenzhen's "Eight Horizontal and Thirteen Vertical" road network, which is crucial for fostering the economic growth in the Greater Bay Area.

On 7 March 2024, the real estate investment trust fund established by the Group with Yichang Expressway and its ancillary facilities as the underlying asset (the "E Fund Shenzhen Expressway REIT") completed its offering, and Shenzhen Expressway subscribed for 40% of the fund units. Upon completion of the transfer of interests in the project company of Yichang Expressway on 21 March 2024, the interests held by Shenzhen Expressway in Yichang Expressway has been reduced from 100% to 40%. E Fund Shenzhen Expressway REIT was successfully listed on the Shanghai Stock Exchange on 29 March 2024 (stock code: 508033). The final offering amount was 300 million units with the offer price of RMB6.825 per unit. The net proceeds of the offering were RMB1,230 million (inclusive of issuance fees). Through the issuance of the E Fund Shenzhen Expressway REIT, the Group could transfer its mature projects with stable cash flows to publicly traded REITs, which effectively revitalizes its existing expressway infrastructure assets, recovers its operating investments and realizes its returns in advance. It also further enhances the asset turnover efficiency of the Group and bolsters its rolling investment capability, thereby further expanding the financing channels and refining the business models of the Group.

The application of Shenzhen Expressway for the issuance of A shares to the specific targets, including Xin Tong Chan Development (Shenzhen) Co., Ltd. ("XTC Company"), a wholly-owned subsidiary of the Company, has been approved by the relevant regulatory authorities during the Year. In March 2025, an aggregate of 357,085,801 A shares was confirmed to be issued to the specific targets at the issue price of RMB13.17 per share (the "Issue Price"), raising a total proceeds of approximately RMB4,703 million (inclusive of issuance fees) (the "Issuance"). Among which, XTC Company subscribed 75,930,144 A shares at the Issue Price pursuant to the A Share Subscription Agreement dated 14 July 2023 entered into between Shenzhen Expressway and XTC Company.

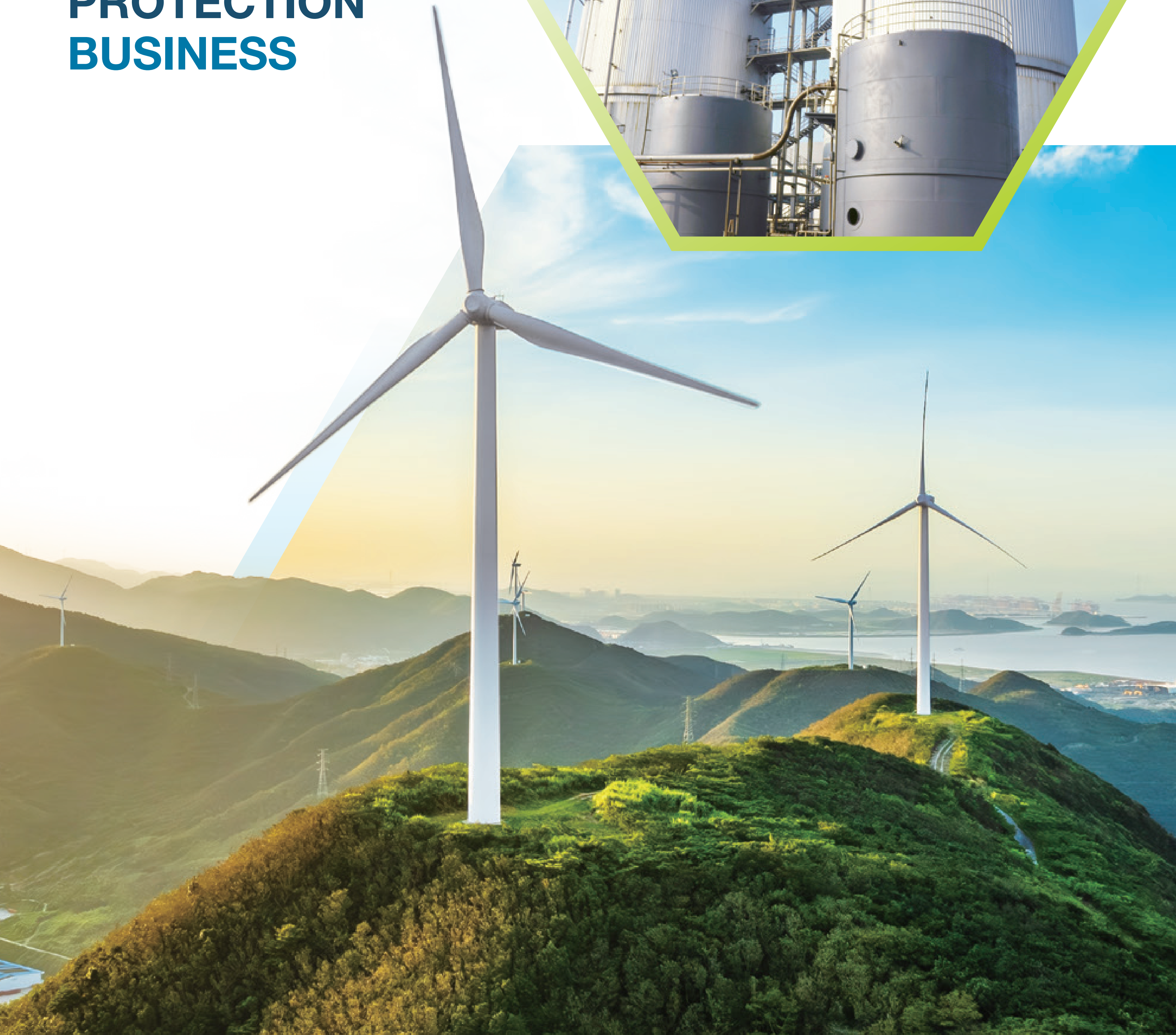
As at the date of this report, Shenzhen Expressway is currently processing the registration and custody procedures for the newly issued A shares under the Issuance at the Shanghai branch of China Securities Depository and Clearing Corporation Limited and it is expected to be completed on or before 31 March 2025. Upon completion of the relevant registration, the Company's indirect shareholding in Shenzhen Expressway would decrease from approximately 51.56% to approximately 47.30%. The Group would continue to have control over Shenzhen Expressway through controlling Shenzhen Expressway's financial and operational policies, in accordance with the existing Hong Kong Financial Reporting Standards, Shenzhen Expressway will continue to be accounted for as a subsidiary in the accounts of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

FINANCIAL ANALYSIS

During the Year, revenue and net profit from the toll road business recorded a decline of 8% and 12% as compared to the corresponding period of the previous year to approximately HK$5,482 million and HK$2,097 million, respectively. The decrease was mainly due to several factors, including the adverse weather conditions in the region where the Group's toll road projects are located, the increase in the number of days for free passage of small passenger vehicles during statutory holidays as compared to last year, and the project company of Yichang Expressway no longer being consolidated into the consolidated financial statements of the Group since 21 March 2024.

06

GENERAL-ENVIRONMENTAL PROTECTION BUSINESS



OVERVIEW

The Group's general-environmental protection business is managed and operated by Shenzhen Expressway. While consolidating and enhancing its principal toll road operations, Shenzhen Expressway has made solid waste treatment and clean energy power generation in the general-environmental protection sector as its second core business. In recent years, through investment, mergers and acquisitions, the Group has gradually focused on the solid waste treatment and clean energy power generation industries, thereby establishing a foothold in the general-environmental protection sector. As a new entrant in this field, the Group is committed to further enhancing its management and professional team building, strengthening the management and integration of acquired enterprises, thereby improving the operational quality and efficiency, continuously promoting the stable development of the general-environmental protection business, and enhancing the Group's core competence and profitability.

As at the end of 2024, the platform companies in which the Group invested in or operated the general-environmental protection business are set out below:

Name of companies*	**Interests held**
Shenzhen Expressway Environmental Co., Ltd ("Environmental Company")	100%
Shenzhen Expressway New Energy Holdings Co., Ltd ("New Energy Company")	100%
Shenzhen Expressway Infrastructure and Environmental Protection Development Co., Ltd ("Infrastructure and Environmental Protection Company")	100%
Shenzhen Water Planning & Design Institute Co., Ltd. ("Water Planning & Design Institute Company")	11.25%

* *Environmental Company, New Energy Company and Infrastructure Environmental Protection Company serve as the primary investment management platforms for general-environmental protection projects within the Group.*

ANALYSIS OF OPERATING PERFORMANCE

I. Solid Waste Management

Benefiting from the strong support from the China's national environmental protection policies for the organic waste treatment industry, the Group is committed to developing organic waste treatment as a key pillar of its general-environmental protection business, and actively building itself into a segment leader with industry-leading technology and operational scale advantages.

As at the end of 2024, the designed organic waste treatment capacity of the Group was approximately 6,700 tonnes per day, ranking among the top in the domestic industry. Among these, 17 organic waste treatment projects have commenced commercial operations. These projects were mostly under Build-Operate-Transfer (BOT) and other models that provide customers from public sectors with decontamination treatment for organic solid waste and domestic waste (including catering waste, kitchen waste and garden waste, etc.) and sell the recycled products from the treatment process to downstream customers.

Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland Environmental Company"), in which the Group holds 92.29% equity interest, is a comprehensive organic waste treatment company. As at the end of 2024, Bioland Environmental Company has a total of 19 organic waste treatment projects with designed treatment capacities of over 4,600 tonnes per day for kitchen waste, amongst which 14 projects have commenced commercial operations and 5 other projects entered trial operation phase. In 2023, the Group restructured the business model of Bioland Environmental Company and defined the business strategy to focus primarily on operations. This involved gradually scaling backed and terminating EPC engineering and equipment manufacturing operations that previously recorded heavy losses. As a result, Bioland Environmental Company recorded a growth in its operating revenue during the Year. Nevertheless, owing to the combined impact of low selling price of grease, shortfall in the oil extraction rate against anticipated levels, productivity slump from insufficient amount of garbage collected and transported in certain projects, and provision for assets impairment, Bioland Environmental Company was yet to achieve profitability in 2024. As at the end of 2024, 13 projects of Bioland Environmental Company received ISCC certification to meet customers' demand for low-carbon and circular economy products, thereby enhancing the market competitiveness of resource-based offerings. To boost its profitability, Bioland Environmental Company will focus on improving the quality and enhancing the efficiency of its projects, conducting comprehensive assessments of production and operational issues, promoting technological process improvements, accelerating the production of the recycled products, expanding collection and transportation areas and grease sales market, while strengthening the control over its costs and expenses, and standardizing management practices.

In addition, the Group invests in and manages two organic waste treatment projects in Shenzhen: the Guangming Environmental Park Project and the Lisai Environmental Project, and an organic waste treatment project in Shaoyang, Hunan Province. Among them, Guangming Environmental Park Project commenced trial operations in May 2024, collecting and processing a portion of kitchen waste in Bao'an and Guangming Districts in Shenzhen. It is currently the largest monomer kitchen waste treatment project in Shenzhen, with a processing capacity of 1,000 tonnes per day for organic waste, 100 tonnes per day for bulky waste (discarded furniture) and 100 tonnes per day for garden waste. It can simultaneously carry out decontamination treatment and resource utilization for catering waste and kitchen waste. Guangming Environmental Park Project was approved to commence commercial operations on 6 February 2025. Lisai Environmental Project has commenced commercial operations since 2017, assisting in processing a portion of kitchen waste in Futian District, with a processing capacity of 650 tonnes per day for kitchen waste.

Furthermore, the Shaoyang Project was also approved to commence commercial operations in September 2024, with a concession period of 30 years and a designed processing capacity of 200 tonnes per day for kitchen waste.

Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company"), in which the Group holds 63.33% equity interest, qualifies for scrapping retired new energy vehicles and providing integrated comprehensive utilization of retired new energy vehicles and their batteries while also scrapping and recycling combustion engine vehicles. During the Year, Qiantai Company focused on the development and application of standard battery products for low-power and engineering machinery. With 9 new patents acquired, Qiantai Company successfully obtained certifications for its new energy vehicle power battery cascade products. In addition, the Group has initiated a pilot project for battery swapping for two-wheelers in Shenzhen achieving expected operational results.

II. Clean Energy

As at the end of 2024, grid-connected wind power generation projects invested in and operated by the Group had an accumulated installed capacity of approximately 668 megawatts (MW). Affected by factors such as reduced wind resources and the increase in wind curtailment rates, power supply to the grids and revenue from wind power generation by Baotou Nanfeng Project recorded a year-on-year decrease during the Year. Despite an overall improvement in wind resources compared to the previous year, the increase in wind curtailment rates resulted in the power supply to the grids and the revenue from wind power generation by Xinjiang Mulei Project maintaining a similar level with that of the previous year.

Shengneng Qiantai Project, the Group's first self-developed distributed photovoltaic pilot project, successfully connected to the grid for power generation in July 2024 and has commenced trial operations with a total installed capacity of 3.40 MW.

Details of the performance of the Group's clean energy power generation projects for the Year are as follows:

Name of projects	Interests held	Power supply to the grids in (MWh)[1]	Revenue from wind power projects (RMB'000)[1]
Baotou Nanfeng Project [2]	100%	587,587.34	183,209.15
Xinjiang Mulei Project [3]	100%	648,160.33	296,632.95
Yongcheng Zhuneng Project [4]	100%	71,264.55	23,717.57
Zhongwei Gantang Project [5]	100%	108,343.74	27,184.62
Zhangshu Gaochuan Project [6]	100%	51,810.81	18,809.22
Shengneng Qiantai Project [7]	100%	1,650.53	788.75
Huai'an Zhongheng Project [8]	20%	194,666.90	90,259.91

Notes:

(1) *Amount of power supply to the grids are calculated based on the settlement cycles of the power grids, while part of the operating revenue includes electricity charges subsidy income based on amount of power supply fed to the grids.*
(2) *The clean energy power generation projects of Baotou Nanfeng Wind Power Technology Co., Ltd.*
(3) *The clean energy power generation projects of Changji Mulei Laojunmiao Wind Farm in Xinjiang Zhundong New Energy Base.*
(4) *The 32 MW clean energy power generation project in Yongcheng City, Shangqiu, Henan Province.*
(5) *The 49.5 MW clean energy power generation project in Gantang Town, Zhongwei, Ningxia.*
(6) *The approximate 20 MW clean energy power generation project in Zhangshu, Jiangxi Province.*
(7) *The clean energy power generation projects of Shenzhen Expressway Shengneng Technology Company Limited.*
(8) *The clean energy power generation project of Huai'an Zhongheng New Energy Co., Ltd.*

During the Year, an original shareholder of Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power Company") transferred approximately 2% of his equity interest in Nanjing Wind Power Company to Environmental Company at no cost pursuant to the merger agreement, to fulfill his obligation to compensate for the target performance commitments of Nanjing Wind Power Company. As a result, the Group's shareholding in Nanjing Wind Power Company increased from approximately 98% to 100%. At present, Nanjing Wind Power Company mainly provides subsequent operational and maintenance services to the wind farms invested in by the Group. It also cooperates with the New Energy Company to expand into the markets of wind power and photovoltaic projects. However, the operating results of Nanjing Wind Power Company for the Year were sub-optimal mainly due to several factors, including the cessation of the original wind turbine manufacturing and sale business and the provision for assets impairment and accrued liabilities. Nanjing Wind Power Company will expedite the revitalization of its assets and recoupment of capital investment, while adjusting its business structure to emphasize its wind farm operation and maintenance businesses, with a goal of enhancing its operational capabilities.

III. Other Environmental Protection Businesses

Chongqing Derun Environment Co., Ltd., in which the Group holds 20% equity interest, has two subsidiaries, namely Chongqing Water Group Co., Ltd (stock code: 601158) and Chongqing San Feng Environmental Industrial Group Co. Ltd. (stock code: 601827). Both subsidiaries are listed on the Shanghai Stock Exchange and are principally engaged in, among other things, water supply and sewage treatment, waste incineration power generation and environmental restoration.

Water Planning & Design Institute Company (stock code: 301038), in which the Group holds 11.25% equity interest, is listed on the ChiNext board of the Shenzhen Stock Exchange and is a water and environmental engineering service provider specializing in systematic solutions to water issues.

FINANCIAL ANALYSIS

During the Year, revenue from the general-environmental protection business decreased by 15% compared to the corresponding period of the previous year to approximately HK$1,529 million, mainly due to the decrease in revenue from wind power generation and kitchen waste treatment. In addition, due to the increase in the assets impairment losses and the credit impairment losses on accounts receivable for certain environmental protection projects, the general-environmental protection business recorded a net loss of approximately HK$683 million (2023: net loss of approximately HK$20 million).

07

AIR TRANSPORTATION SERVICES

Shenzhen Airlines

In 2024, the global civil aviation market continued to witness a gradual recovery, with China civil aviation market demonstrating a stable performance. During the Year, Shenzhen Airlines Company Limited ("Shenzhen Airlines") carried approximately 39.99 million passenger rides and recorded a passenger traffic of 63,846 million passenger-km, representing an increase of 20% and 23% respectively, as compared to the corresponding period of the previous year.

Shenzhen Airlines' total revenue for the Year increased by 10% as compared to the corresponding period of the previous year to RMB33,070 million (equivalent to HK$35,875 million) (2023: RMB29,988 million (equivalent to HK$33,313 million)). Passenger revenue increased by 10% to RMB30,918 million (equivalent to HK$33,541 million) (2023: RMB28,159 million (equivalent to HK$31,281 million)). Nevertheless, in the context of the complex and fluctuating operational environment, Shenzhen Airlines continued to incur operating losses in 2024, influenced by intensified competition within the domestic civil aviation market, high volatility in aviation fuel prices, rising operational costs, and foreign exchange losses. During the Year, Shenzhen Airlines recorded a net loss of RMB2,813 million (equivalent to HK$3,052 million) (2023: net loss of RMB1,735 million (equivalent to HK$1,928 million)). Based on the equity method of accounting, as the Group's share of accumulated losses in Shenzhen Airlines (an associate) has exceeded its interest in this associate, the Group would not recognize any further losses relating to Shenzhen Airlines during the Year (2023: no recognized losses).

As at 31 December 2024, Shenzhen Airlines had 235 aircrafts in its fleet, and operated 325 routes, comprising 291 domestic routes and 34 international and regional routes.

Looking ahead, Shenzhen Airlines will fully leverage its strategic location as a core engine city in the Greater Bay Area. It intends to reinforce its primary operational hub in Shenzhen while actively expanding into the Greater Bay Area and the surrounding markets, with the aim of continuously increasing market share and enhancing competitiveness. In key aspects such as safety, operations, management and services, Shenzhen Airlines will steadfastly adhere to a high-quality development paradigm by optimizing its route network, strengthening cost control, innovating marketing models, and improving service quality. It also seeks to harmonize high-quality development with high-level safety standards, further bolstering its core capabilities, strengthening its competitive edge, and optimizing its operational efficiency.

Air China Cargo

In 2021, the Group successfully acquired 1,069 million shares of Air China Cargo Co., Ltd. ("Air China Cargo") by investing approximately RMB1,565 million, securing a 10% equity interest and positioning itself as a strategic shareholder. The acquisition served as a strategic entry into the air logistics industry, which is highly monopolistic and has significant entry barriers.

On 30 December 2024, Air China Cargo successfully completed its initial public offering (IPO) of A shares and was listed on the main board of the Shenzhen Stock Exchange (stock code: 001391.SZ), with an issue price of RMB2.3 per share, raising a total of approximately RMB3,500 million. Following the listing of Air China Cargo, the Group's shareholding was adjusted accordingly and currently holds approximately 8.76% of its equity interest. The successful listing of Air China Cargo not only marks a significant milestone in the Group's strategic investment, but also further enhances the Group's asset value.

Going forward, the Group will further deepen its strategic cooperation with Air China Cargo by adhering to the principle of complementary strengths and collaborative win-win partnerships. Both the Group and Air China Cargo will proactively drive the deployment of air cargo projects in cities including Shenzhen and Beijing, collaboratively securing scarce resources, and strive to establish a comprehensive logistics system that integrates air logistics, high-standard warehousing and cold chain logistics, thereby injecting new vitality and momentum into the Group's long-term development.

OUTLOOK FOR 2025

Looking ahead to 2025, the macroeconomic environment remains complex, challenging, and uncertain, with the global economic recovery facing multiple obstacles such as geopolitical conflicts, inflationary pressures, and the restructuring of supply chains. However, the Chinese economy, supported by its vast market, comprehensive industrial system, and robust policy regulations, is expected to exhibit significant resilience and inherent vitality. While the cultivation of new quality productive forces in the country is accelerating, coupled with the deepened development paradigm of "dual circulation" and ongoing advancement in industrial upgrading, these developments are injecting growth momentum into sectors such as new consumption, high-end manufacturing, new energy, cross-border e-commerce, pharmaceuticals, and electronics. Additionally, the ongoing enhancement of a unified national market is expected to further stimulate demand for logistics infrastructure. Capitalizing on the advantages of its national logistics asset-heavy resource network, the Group can integrate into the domestic economic cycle more effectively to further enhance its value creation capabilities.

The Group will align with national development strategies, seizing opportunities for industry growth and meticulously devising work strategies. Steadfastly adhering to its core principle of "Striving for Progress while Maintaining Stability", the Group is committed to implementing "Three Stabilizations and Eight Optimizations". Specifically, this refers to the Group's commitment to maintaining solid control in three key aspects, namely, capital, safety, and investment. Concurrently, the Group will continue to optimize eight facets, including standardized management, comprehensive reforms, operational services, business promotion and coordination, construction management, cost control, responsibilities of state-owned enterprises, and brand building. This has anchored our efforts on concluding the Group's "14th Five-Year Plan" while strategizing for the upcoming "15th Five-Year Plan", boosting its core competitiveness, ultimately building itself into a distinctive first-class industrial conglomerate in the transportation and logistics arena.

Elevating Core Businesses, Pursuing Scientific Advancements

The Group is committed to strengthening and improving its core logistics business by adhering to the principle of "Prioritizing Excellence". the Group will exercise prudence in controlling the pace of investments, focusing on exploring segmental markets based on actual demand, and conducting thorough feasibility validations and analysis of each project. By capitalizing the opportunity presented by the "Shenzhen Modern Logistics Hub Configuration Optimization" initiative, the Group will accelerate to the acquisition of the land parcel for the Fumin Project and actively pursue the development rights of the intended land. The Group will also closely monitor the development potential of the land parcels in Guangming and Luohu Districts, while expediting the strategic layout in Shenzhen's low-altitude economy. The Group will further explore and deepen the implementation of the models of "Public Transportation + Logistics" and "Metro + Logistics", with the goal of establishing a replicable profit growth model. Additionally, it will advance the preliminary work on air cargo projects in Shenzhen and Shunyi in Beijing, to promote the successful implementation of the Beijing Shunyi Project. Leveraging its extensive asset-heavy resource network, the Group will further explore opportunities and strive to enhance the supply chain value of its logistics parks. It remains steadfast in implementing its comprehensive strategy of "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics" with the aim to build a multimodal transportation center that seamlessly integrates transportation with railways, highways, and waterways. Relying on logistics parks in key regions such as the Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei region, the Group will expand its intelligent cold chain business, including converting dry warehouses into cold storage warehouses.

The Group is committed to the strategic development of its core port business, with the spin-off listing as its long-term goal, the Group will persist in executing its "Port Connection" strategy, which focuses on enhancing port nodes and extending its supply chains to improve operational efficiency and expand market coverage. The Group will maintain a strong focus on strategic regions, particularly the Greater Bay Area and the Xijiang River Basin. By conducting thorough market researches and analyzing supply and demand dynamics, the Group will identify and target high-quality port investment opportunities. It will prioritize the development of Foshan Fuwan Port while striving to actively promote the development of Phase II of Henan Shenqiu Port by 2025.

The Group is dedicated to the synergistic development of its asset-light business. It will continue to adhere to the development approach of "Integration of Light and Heavy Assets" and "Balanced Emphasis of Light and Heavy Assets", while comprehensively developing the capabilities of "Asset Management + Operations". The Group is set to launch segmental operations in areas such as bonded logistics, photovoltaic power storage and charging, integrated warehousing and distribution, as well as low-altitude economic activities. By strengthening operational management and optimizing efficiency, the Group will proactively pursue its transformation from a logistics infrastructure developer and operator to a comprehensive logistics service provider.

Enhancing Core Competence of Toll Road Business while Strengthening Quality and Efficiency of Core General-Environmental Protection Business

Through Shenzhen Expressway, the Group will continue to strengthen and develop its toll road and general-environmental protection businesses. Regarding the toll road business, the Group will actively pursue growth through new construction acquisitions and resource integration, expanding its expressway investment, construction, and management and maintenance business. To sustain its competitive edge, the Group will strive to extend the concession period of its toll road projects, increase the scale of expressway assets, reduce costs and improve efficiency as well as implement lean management practices. The Group will also actively explore market-oriented projects along the upstream and downstream industry chains, with a particular emphasis on intelligent upgrades and comprehensive management and maintenance business. Regarding the general-environmental protection business, the Group aims to strengthen its position by enhancing the treatment capabilities of its organic waste projects and expanding the scale of its hazardous waste treatment projects, aspiring to become a segment leader with industry-leading scale advantages. It will further refine the management integration of its operations, cultivate a specialized talent team, effectively manage the pace of investments, improve the quality and efficiency of its existing projects, and pursue high-quality opportunities through careful analysis and evaluation, pursuing to enhance the operational quality and profitability of the general-environmental protection business.

Optimizing Dual Closed-loop Business Models, Supporting Core Business Advancements

In respect of the long closed-loop "Investment, Construction, Operation and Transformation" business model, the Group will continue to actively advance all related work regarding the transformation of SZI South China Logistics Park. The Group will accelerate the construction and sales of the first phase of the reserved land to quickly recoup the investment and thereby expand investments in its core logistics business. Additionally, the Group will also aim to realize the gain from land value appreciation from the second phase of the reserved land by 2025. Regarding the short closed-loop "Investment, Construction, Financing and Operation" business model, the Group will ensure the long-term and stable operation of its underlying assets, coordinate the post-listing management of ChinaAMC-Shenzhen International REIT and timely initiate the preparation works for its expansion. Meanwhile, the Group will proactively facilitate the establishment of new private equity funds, completing all necessary approval mechanisms, along with advance planning and arrangements.

Elevating Business Promotion Operations, Fostering New Growth Drivers

The Group will further strengthen its business promotions, closely monitor the dynamic changes of customer needs in business development and warehousing, and proactively plan ahead for effective business promotions for existing projects and business expansion. The Group will proactively optimize and adjust the customer mix in line with the industry development trends by examining the emerging industries, such as the export of the "New Three Types", food chain operations and pharmaceuticals, while forging deeply engagement with the leading "Four E-commerce Tigers" in cross-border e-commerce sector. The Group will further enhance the relationship maintenance and management of the existing customers, deepen the "headquarters-to-headquarters" engagement, and leverage its nationwide business resources to strengthen resources coordination and customized services. With these initiatives, the Group will empower its strategic customers comprehensively, thereby further improving customer loyalty and continuously elevating project management standards. Furthermore, the Group will focus its resources on key projects, continuously optimizing its operations, addressing customer needs, increase occupancy rates and incremental revenue, while ensuring stable cash flow and earnings, and devising measures to enhance its operational effectiveness.

Propelling In-Depth Reforms, Strengthening Performance Management

Upholding its momentum and determination for reform, the Group will advance a new round of in-depth reforms to state-owned enterprises, accelerate its efforts to build a world-class value creating enterprise, and vigorously implement "Double-Hundred Action". In its pursuit of high-quality sustainable development, the Group will meticulously execute various reforms measures, focusing on shoring up any weaknesses, leveraging strengths, and solidifying its business foundations. Simultaneously, the Group will enhance its management efficiency and core competitiveness through a series of initiatives, including refining its financial management capabilities, strengthening its risk control and management, optimizing its market capitalization and reinforcing its brand influence.

Building Value, Sharing Future

In 2025, the Group will uphold to adhere to a stable dividend policy, balancing the long-term corporate development with shareholders' returns. Guided by the business philosophy of "Building Value, Sharing Future", and anchored in high-quality development goal, the Group will earnestly promote the enhancement of its operational efficiency, thereby creating greater value and returns for all shareholders.

FINANCIAL POSITION

	31 December 2024 HK$ million	31 December 2023 HK$ million	Increase/ (Decrease)
Total Assets	**135,998**	130,495	4%
Total Liabilities	**81,475**	75,519	8%
Total Equity	**54,523**	54,976	(1%)
Net Asset Value attributable to shareholders	**32,500**	31,582	3%
Net Asset Value per share attributable to shareholders (HK dollar)	**13.5**	13.2	2%
Cash	**9,670**	9,805	(1%)
Bank borrowings	**35,505**	33,082	7%
Other borrowings	**–**	117	(100%)
Notes and bonds	**24,944**	22,140	13%
Total Borrowings	**60,449**	55,339	9%
Net Borrowings	**50,779**	45,534	12%
Debt-asset Ratio (Total Liabilities/Total Assets)	**60%**	58%	2#
Ratio of Total Borrowings to Total Assets	**44%**	42%	2#
Ratio of Net Borrowings to Total Equity	**93%**	83%	10#
Ratio of Total Borrowings to Total Equity	**111%**	101%	10#

\# *Change in percentage points*

KEY FINANCIAL INDICATORS

As at 31 December 2024, the Group's total assets and total equity amounted to approximately HK$135,998 million and HK$54,523 million, respectively, while net asset value attributable to shareholders was approximately HK$32,500 million. Net asset value per share was HK$13.5, reporting an increase of 2% as compared to the end of last year, mainly due to the increase in profits attributable to shareholders for the year. The debt-to-asset ratio was 60%, an increase of 2 percentage points as compared to the end of last year. The gearing ratio (calculated on the basis of net borrowings to total equity) was 93%, representing an increase of 10 percentage points as compared with that at the end of last year. Such increase was primarily due to the additional borrowings incurred as a result of increased investment activities during the Year.

CASH FLOW AND FINANCIAL RATIOS

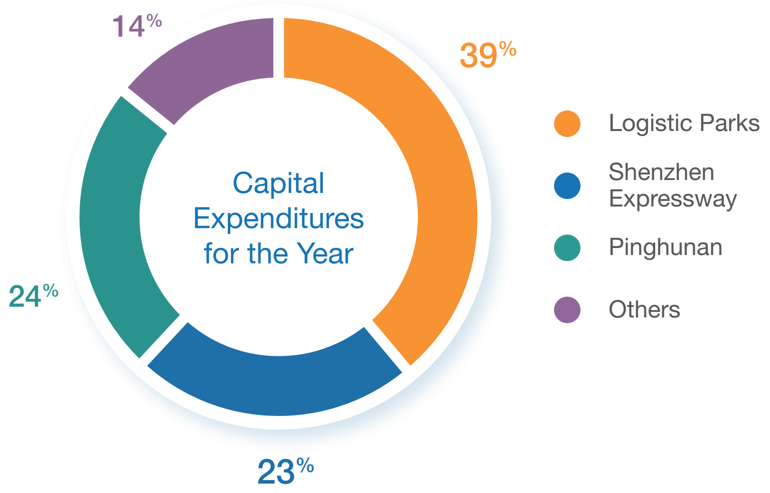
During the Year, net cash generated from operating activities amounted to approximately HK$4,380 million. Net cash used in investing activities amounted to approximately HK$5,642 million. Net cash generated from financing activities amounted to approximately HK$2,711 million. The Group's core businesses continued to generate a stable cash inflow. The Group closely monitors changes in total borrowings with a view to maintaining its financial ratios at a stable and healthy level.

CASH BALANCE

As at 31 December 2024, cash held by the Group amounted to approximately HK$9,670 million (31 December 2023: HK$9,805 million), representing a decrease of 1% as compared to the end of last year. To facilitate the Group's operation and development in the PRC, cash held by the Group is mainly denominated in RMB. The Group maintains an effective treasury policy to manage its cash on hand that centralizes the allocation of funds with the aim of reducing idle funds and achieving higher return on its cash portfolio in order to provide strong support for the development of its business.

CAPITAL EXPENDITURES

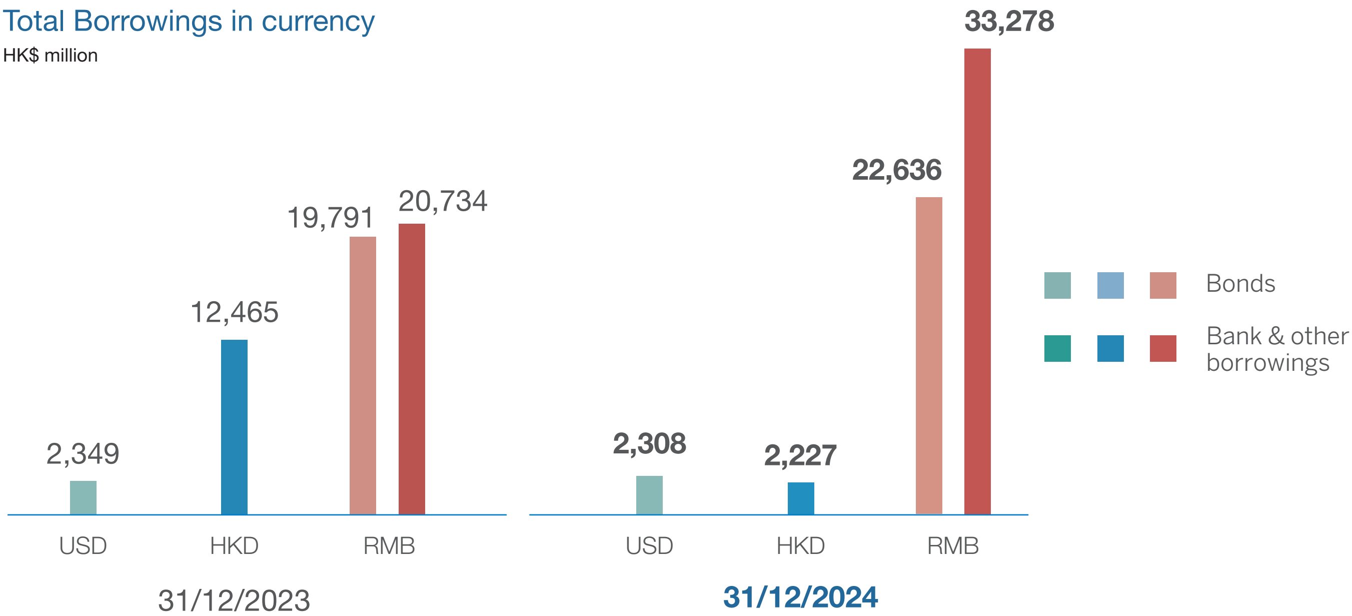
The Group's capital expenditures for the Year amounted to approximately RMB8,300 million (equivalent to HK$8,800 million), primarily comprising investments of approximately RMB3,200 million in the logistics hubs projects, investments of approximately RMB1,900 million in Shenzhen Expressway's projects and investments of approximately RMB1,960 million in the Pinghunan Project. The Group expects that the capital expenditures for 2025 will amount to approximately RMB13,100 million (equivalent to HK$13,900 million), including approximately RMB3,000 million for logistics parks projects, approximately RMB5,300 million for Shenzhen Expressway's projects, approximately RMB2,500 million for the Pinghunan Project and approximately RMB1,000 million for SZI South China Logistics Park transformation and upgrading projects.



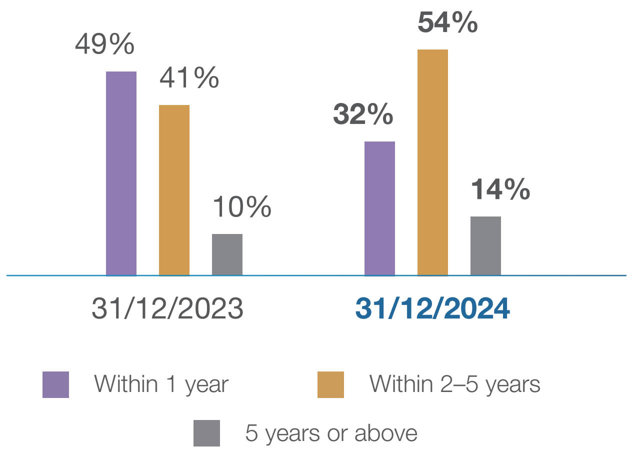
BORROWINGS

Total Borrowings in currency

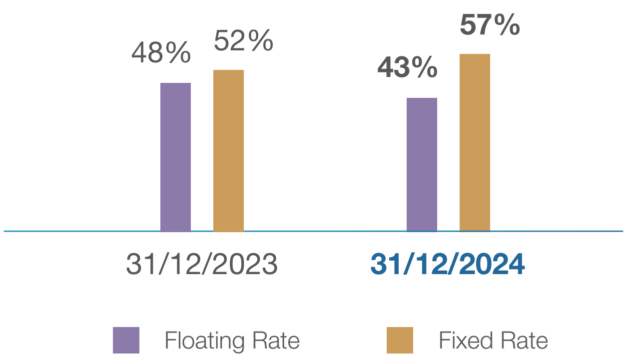
HK$ million



Total Borrowings – Repayment Period



Total Borrowings – Analysis of Floating rate / Fixed rate



As at 31 December 2024, the Group's total borrowings amounted to approximately HK$60,449 million, representing an increase of 9% as compared with the end of last year. During the Year, the Company issued the first tranche of medium-term notes of RMB4,000 million, and Shenzhen Expressway, a subsidiary of the Group, issued corporate bonds totalling RMB2,500 million. 32%, 54% and 14% of the Group's total borrowings are due for repayment within 1 year, within 2 to 5 years and after 5 years or later, respectively.

The Group maintained close business relationships with financial institutions in the PRC and Hong Kong China. It seized favorable opportunities in both the PRC and Hong Kong China markets by conducting several financing activities to capitalize on the differences in costs. It further optimized its debt portfolio and struck a balance between its interest rate and foreign exchange risks. The Group closely monitored its overall borrowing structure and effectively maintained funds with high cost efficiency in order to meet its overall capital needs.

THE GROUP'S FINANCIAL POLICY

Interest Rate Risk Management

The Group's interest rate risks arise primarily from floating-rate bank borrowings. The management manages interest rate risks and limits such risks to a reasonable level by closely tracking changes in the macro-economic environment and monitoring changes in current and projected interest rates on a regular basis, taking into account conditions in the domestic and international markets. The management also regularly reviews the ratio of fixed-rate to floating rate borrowings and seeks to manage and control the Group's interest rate risks by entering into fixed-rate borrowings or interest rate swap contracts for hedging purposes in a timely manner according to the size and maturities of its borrowings.

Exchange Rate Risk

The cash flows, cash on hand and assets of the businesses operated by the Group are mainly denominated in RMB, whereas loans are mainly denominated in RMB, HK$ and US$. During the Year, as affected by geopolitical factors and that global economic growth was subject to a great deal of uncertainty, RMB/US$ exchange rates fluctuated relatively dramatically. The Group will continue to monitor the foreign exchange market, adjust the currency structure of its borrowings and utilize hedging instruments as appropriate to manage its exchange rate risk. As at 31 December 2024, the ratio between the Group's borrowings in RMB and other currencies was around 92%:8%.

Liquidity Risk Management

As at 31 December 2024, the Group had cash on hand and standby banking facilities of approximately HK$120,400 million. The Group maintained adequate funds and credit facilities and optimized its capital structure continuously to ensure that it is capable of operating as a going concern while expanding its business, and to mitigate liquidity risk.

CREDIT RATINGS

During the Year, three leading international credit rating agencies, namely Moody's, Standard & Poor's and Fitch Ratings, maintained their investment-grade credit ratings of the Company of Baa2, BBB and BBB, respectively. China Lianhe Credit Rating Co., Ltd, a domestic credit rating agency, assigned an "AAA" credit rating to the Company. These ratings reflected favorable capital market recognition of the Group's financial soundness and solvency, and demonstrated confidence in the Group's ability to realize sustainable and quality growth.

PLEDGE OF ASSETS, GUARANTEES AND CONTINGENCIES

For details of the Group's pledge of assets, guarantees and contingencies as at 31 December 2024, please refer to notes 10, 22 and 38, respectively, of the consolidated financial statements.

HUMAN RESOURCES

HUMAN RESOURCES PHILOSOPHY

Guided by the philosophy of "Embracing the Dedicated as the Foundation", the Group adheres to its enterprise spirit of "Logistics with Ethics, for a Better World", regards human resources strategic planning as the core of its overall strategic framework, and is committed to "providing a platform for honest and virtuous elites to work, and helping diligent and hardworking employees succeed". In recent years, the Group has pursued its core values of "Dedication, Openness, Pragmatism and Collaboration", fostering a team spirit of "Honesty, Tolerance, Mutual assistance and improvement". It has selected and appointed operational and management staff based on the qualities of "selflessness, integrity, capability, motivation and proven performance" in order to build a human resources management platform led by the principles of scientific and rational rigor, thereby creating a fair and harmonious working environment and securing a sustainable supply of talents for the Group's business development.

The Group continued to promote its in-depth reforms to state-owned enterprises and "Double-Hundred Action", expediting the establishment of its value proposition as a world-class enterprise. The Group has earned the "Double-Hundred Benchmark Enterprise" honor for three consecutive years, highly recognized by the State-owned Assets Supervision and Administration Commission of the State Council, the Guangdong State-owned Assets Supervision and Administration Commission, as well as the Shenzhen State-owned Assets Supervision and Administration Commission, demonstrating the Group's outstanding image as a forerunner in the reform of state-owned enterprises across the nation.

EMPLOYEES AND POLICIES ON REMUNERATION AND BENEFITS

As at 31 December 2024, the Group had a total of 8,960 (2023: 8,653) employees. During the Year, staff benefit expenses (including directors' remuneration) were approximately HK$1,753 million (2023: approximately HK$1,724 million).

In terms of employee recruitment and policies on remuneration and benefits, the Group implemented a series of innovative improvement measures, established a remuneration management system, a long-term incentive and discipline program, as well as a performance management system, all of which are continuously optimized. Employee remuneration is determined based on the value of their position, capabilities and work performance, while also considering market benchmarks.

During the Year, the Group formulated the "Employment Terms and Contract Management for Employees from Managerial Level" in order to establish a position management model characterized by "defined authorities and responsibilities, clear rewards and penalties, precise performance targets and orderly position deployment" with strict tenure management and performance targets appraisal, thereby building an all-rounded market-oriented professional team of operation and management.

In addition, the Group revised and improved its "Remuneration Management Policy for the Headquarters" during the Year with the aims of further optimizing its remuneration structure. Through deepening the reform of its internal distribution system, the Group has established a remuneration distribution mechanism based on performance and contribution, enhancing the awareness of responsibilities and diligence among employees at the headquarters, establishing a remuneration distribution system that is competitive and aligns with the market, and ensuring internal fairness and external competitiveness of the remuneration distribution at its headquarters.

EMPLOYEE PERFORMANCE APPRAISAL AND PROTECTION

During the Year, the Group revised its "Performance Appraisal Guidelines for Departments and Employees at Headquarters", vigorously implementing adjustments for the low performers and facilitate the exit of underperforming employees. It has adopted a group-wide performance appraisal mechanism that regularly evaluates the employees' work performance and closely links the evaluation results with salary adjustments, promotions and other measures, and implemented a system under which employees in the bottom ranks in appraisals would be asked to make improvements, in order to stimulate employee motivation and performance. Meanwhile, the Group offers its employees with a comprehensive and competitive welfare system, covering benefits such as health checks, mandatory provident funds, medical insurance and education allowances in order to attract and retain outstanding talents, providing solid talent support for the continuous development of the Group.

EMPLOYEE DEVELOPMENT AND TRAINING PROGRAMS

The Group is fully aware that talent is the core asset of corporate development, it attaches great emphasis on attracting and nurturing talent, continuously improves its talent recruitment and selection processes, while constantly expanding the channel for talent acquisition. During the Year, the Group continued to recruit outstanding managerial talent and professionals in the logistics, port, cold chain and environmental protection sectors through market-based recruitment and campus recruitment. In 2024, the Group recruited 42 fresh graduates, infusing "new blood" which will significantly contribute to its future growth and development.

In the selection and development of managerial talent, the Group has further refines its mechanisms by implementing open competitions and adopting a dual-track selection approach that combine examination and daily performance assessment, and integrating interviews and testing. This has enabled a large number of outstanding young talents to emerge.

The Group provides comprehensive training and internal promotion opportunities to its employees and persistently promotes its "Elite Cadre Development Program". With the focus on four aspects, namely, selection, nurturing, deployment and management, the Group optimizes its talent reserve across four fields, including investment and operation, development and construction, scientific and technological innovation as well as modern management. During the Year, the Group further advanced its "Elite Cadre Development Program" by collaborating with Beijing Jiaotong University to conduct specialized training in the fields of logistics and supply chain, coordinating multi-disciplinary external training across 17 departments at its headquarters and conducting dedicated training for 2024 graduates. Meanwhile, the Group has conducted the "Three Simultaneous Training Program" for four consecutive years, selecting 15 young staff for practical assignments during the Year. It also held seven rounds of cross-departmental rotations, dispatching 18 employees to enhance their practical business skills. Through improving the talent framework and training, the Group secures human resources that are in line with its development strategy and business needs.

SAFETY AND HEALTH

The Group is committed to providing its employees with a safe, efficient and comfortable work environment. It firmly believes that a good working environment not only safeguard the health and safety of the staff but also improve work efficiency and team morale. In recent years, the Group has organized employee sports day and interest group activities to enrich their leisure time and strengthen team cohesion. It has arranged annual health checks, established sick bays, maintained health benefits for its employees, and monitored the health conditions of its employees in a timely manner. Orientation programs have also been organized for new staff to help them quickly integrate into the Group's corporate culture, alongside staff birthday parties and face-to-face gatherings with management, fostering care and enhancing the sense of belonging. The Group has continued to organize work safety training programs, fire safety drills, and occupational health education to enhance employees' ability to prevent safety risks and respond to emergencies.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MEMBERS OF THE BOARD

Executive Directors

Mr. Li Haitao
Chairman of the Board

Mr. Li Haitao, aged 58, was appointed in June 2016 as an Executive Director and the Chief Executive Officer of the Company, and has been re-designated from the Chief Executive Officer to the Chairman of the board of directors of the Company since 6 May 2020. Mr. Li is currently a director of a subsidiary of the Company. Mr. Li is responsible for devising the Group's overall development strategy and important systems, as well as supervising the implementation of resolutions of the general meetings and the board. Mr. Li studied at Peking University HSBC Business School and previously held positions in Government departments in relation to administration for industry and commerce, personnel and labor as well as public works. Mr. Li has comprehensive and in-depth understanding of Chinese social governance and practices in governmental operations after having served government departments at township, county, district and municipal levels and undertaken leadership positions with various specialised authorities over a span of more than 30 years. Mr. Li has hands-on knowledge in economic management, land development, construction works, industrial and commercial administration and personnel management, as well as extensive exposures to various social sectors and experiences in economic management. Since becoming the Company's Chairman, Mr. Li has performed his duties with diligence with dual focus on building up the Group's capabilities and its high-quality corporate development. He has strengthened board development, established a number of foundational measures systems relating to the Company's long-term development, and has implemented eight major reforms in respect of investment decisions, project management and other matters, as well as the "Eight Abilities" human resource management system. As a result, the Company's corporate governance standard, management and operational capability as well as core competitiveness have been substantially enhanced. The Company received several awards, including being recognized as the "Double-Hundred Benchmark Enterprise" in the state-owned enterprise reform by the State-owned Assets Supervision and Administration Commission of the State Council and the benchmark enterprise in Guangdong Province's Key State-Owned Enterprise Management Improvement Action for three consecutive years. Furthermore, the Group's core businesses, including the logistics, ports, toll roads, and general environmental protection-related segments have seen marked improvements which are conducive to the strengthening of the Company's market positioning and brand influence.

Mr. Liu Zhengyu
Chief Executive Officer,
Chairman of the
Sustainability Committee

Mr. Liu Zhengyu, aged 54, was appointed in September 2021 as an Executive Director and the Chief Executive Officer of the Company. He is also the Chairman of the Sustainability Committee of the Company. Mr. Liu is currently a director of certain subsidiaries of the Company. Mr. Liu holds a Bachelor's degree in Economics and a Master's degree in Business Administration. He has obtained the qualification as a Senior Accountant. Mr. Liu had successively worked as a chief accountant and a deputy general manager of Shenzhen Investment Holdings Company Limited. Mr. Liu was the chairman of the board of directors and a director of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd., a director of Shenzhen Cereals Holdings Co., Ltd. and Telling Telecommunication Holding Co., Ltd, a non-executive director and the chairman of the board of directors of Shenzhen Investment Holdings Bay Area Development Company Limited (a subsidiary of the Company) and a director of China State-owned Venture Capital Fund Co., Ltd. Mr. Liu has extensive experience in serving as senior management and director of largescale enterprises for years and working on corporate management, strategic management, investment and mergers and acquisitions, capital operation matters.

Executive Directors *(continued)*

Mr. Wang Peihang
Member of the Nomination Committee and Sustainability Committee

Mr. Wang Peihang, aged 57, was appointed in September 2020 as an Executive Director of the Company. He is also a member of each of the Nomination Committee and Sustainability Committee of the Company. Mr. Wang is currently a director of certain subsidiaries of the Company. Mr. Wang holds an Executive Master's degree in Business Administration from Tianjin University. He has held various leadership positions in Shenzhen Institute of Education and Organization Department of Shenzhen Municipal Committee. Mr. Wang was a director of Shenzhen Yantian Port Group Co., Ltd. and a supervisor of Shenzhen Yantian Port Holdings Co., Ltd. Mr. Wang took part in the management of human resources for years and has extensive experience in economic management and port business.

Non-Executive Director

Mr. Cai Xiaoping
Member of the Remuneration and Appraisal Committee

Mr. Cai Xiaoping, aged 51, was appointed in July 2024 as a Non-Executive Director of the Company. He is also a member of the Remuneration and Appraisal Committee. Mr. Cai holds a Bachelor's degree in Business Administration from Shenzhen University. Mr. Cai is currently a director of Shenzhen Special Economic Zone Construction Group Co., Ltd., Shenzhen Environmental Water Affairs Group Co., Ltd. and Shenzhen Water Affairs (Group) Co., Ltd. Mr. Cai was the deputy director, researcher and director of the division of personnel appraisal and allocation of the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government, as well as a director of Shenzhen United Property Rights Exchange Co., Ltd., Shenzhen Talent Housing Group Co., Ltd., Shenzhen Investment Holdings Co., Ltd., Shenzhen Major Industry Investment Group Co., Ltd. and Shenzhen Trading Group Co., Ltd. Mr. Cai has extensive experience in corporate operation and management, performance appraisal and incentives, and corporate governance.

Independent Non-Executive Directors

Mr. Pan Chaojin
Chairman of the Nomination Committee and Remuneration and Appraisal Committee, Member of the Audit Committee

Mr. Pan Chaojin, aged 60, was appointed in June 2020 as an Independent Non-Executive Director of the Company. He is also the Chairman of each of the Nomination Committee and the Remuneration and Appraisal Committee, and a member of the Audit Committee of the Company. Mr. Pan holds a Master's degree in Industrial Economics from Nanjing University and is currently the president of China-USA Benchmark Group, Ltd., a special researcher at the Enterprise Restructuring Institute of the Renmin University of China, a distinguished professor at the China Business Executives Academy, Dalian and a consultant of Beijing Dacheng Law Offices, LLP ("Beijing Dacheng"). He was awarded "Outstanding Individual for Development of Leading Management and Consultation Industry" in 2013. Mr. Pan was the director of investment of Shanghai Fosun Industry Investment Co., Ltd. and the head of the State-owned Enterprise Restructuring Department of Beijing Dacheng. Mr. Pan participated in the planning and implementation of the first general offer of listed company in China, supervised and participated in, among other projects, the restructuring of various major provincial and municipal state-owned enterprises, organized and participated in the business consolidation, merger and acquisition, strategic consultation and management improvement of various enterprises, and participated in the researches on, among other subjects, state-owned enterprises in transition and overseas enterprise restructuring by the State-owned Assets Supervision and Administration Commission of the State Council. With extensive involvement in the management and restructuring of state-owned enterprises, Mr. Pan has extensive experience in corporate governance, group management, strategic transformation and capital operation.

Dr. Zeng Zhi
Chairman of the Audit Committee, Member of the Sustainability Committee

Dr. Zeng Zhi, aged 53, was appointed in February 2022 as an Independent Non-Executive Director of the Company. He is also the Chairman of the Audit Committee and a member of the Sustainability Committee of the Company. Dr. Zeng holds a Master's degree in Finance from Zhongnan University of Economics and Law, a Master's degree of Applied Business Research and a degree of Doctor of Business Administration from SBS Swiss Business School. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has also been awarded the professional qualification certificate in accountancy by the Ministry of Finance of China. Dr. Zeng is currently a chief financial officer of a financial technology company in Hong Kong and a member of the Advisory Board on Accountancy of Lingnan University in Hong Kong. Dr. Zeng was an executive director and chief financial officer of Haike Chemical Group Ltd., an independent non-executive director of GTS Chemical Holdings Plc, and acted as chief financial officer, company secretary and/or qualified accountant of several companies in China, Hong Kong and Singapore. Dr. Zeng has extensive experience in corporate governance, strategic planning, financial controlling and capital operation.

Independent Non-Executive Directors *(continued)*

Dr. Wang Guowen
Member of the Audit Committee and the Remuneration and Appraisal Committee

Dr. Wang Guowen, aged 59, was appointed in September 2022 as an Independent Non-Executive Director of the Company. He is also a member of each of the Audit Committee and Remuneration and Appraisal Committee of the Company. Dr. Wang holds a Doctoral degree in World Economics from Nankai University and completed post-doctoral research in supply chain management in Peking University. He is a senior research fellow in economics, the director of the China Development Institute in Shenzhen ("CDI"), which is one of the national high-end think tanks in China, and the founding director, research director, and academic leader of the Center for Logistics and Supply Chain Management at CDI. He is also the vice president of China Society of Logistics, chief representative of the China Round-table of the Council of Supply Chain Management Professionals, the chairman of the Expert Committee on Blockchain Application in Logistics and Supply Chain under the China Federation of Logistics & Purchasing ("CFLP"), and the chairman of the CFLP Green Logistics Expert Committee, as well as a visiting professor of Nankai University, Beijing Jiaotong University and The Hong Kong Polytechnic University. Dr. Wang is an independent non-executive director of Henan Xinning Modern Logistics Co., Ltd. (the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 300013)). Dr. Wang was an independent non-executive director of Shenzhen Feima International Supply Chain Co Ltd. Dr. Wang previously served as an expert to World Bank and the Asian Infrastructure Investment Bank, and the Chinese industry convener of APEC Asia-Pacific Supply Chain Consortium (A2C2). Dr. Wang has extensive experience in regional economy, industrial development planning, logistics and supply chain management.

Professor Ding Chunyan
Member of the Nomination Committee and the Sustainability Committee

Professor Ding Chunyan, aged 47, was appointed in March 2024 as an Independent Non-Executive Director of the Company. She is also a member of each of the Nomination Committee and the Sustainability Committee of the Company. Professor Ding holds a Bachelor of Laws degree and a Master of Laws degree from Peking University, a Master of Laws degree from University College London and a Doctor of Philosophy in Law from the University of Hong Kong. She has been qualified as a PRC lawyer since 2001 and was granted the Legal Professional Qualification Certificate issued by the Ministry of Justice of the PRC in 2002. Professor Ding was a Fulbright research fellow at Harvard Law School, where she conducted research on comparative health and tort law, and an elected visiting scholar at the Max Planck Institute for Comparative and International Private Law in Germany. Professor Ding is currently an associate dean and professor at the Law School of the City University of Hong Kong. Professor Ding has extensive experience in law and administration.

SENIOR MANAGEMENT

Mr. Ge Fei
Vice President

Mr. Ge Fei, aged 56, was appointed as a Vice President of the Company in May 2017. Mr. Ge is currently a director of certain subsidiaries of the Company. He graduated from Beijing Jiaotong University School of Civil Engineering with a Bachelor's degree. Mr. Ge joined the fifth engineering bureau of the Ministry of Railways in August 1990. He joined Xing Tong Chan Development (Shenzhen) Co., Ltd. (formerly Shenzhen Freeway Development Company Limited, which became a subsidiary of the Group in October 2001) in January 1994. He joined Shenzhen Expressway Corporation Limited in October 1998 and had worked successively as deputy general manager and general manager of various expressway projects. He was the executive director of Shenzhen Guangshen Coastal Expressway Investment Company Limited, a vice president of Shenzhen Expressway Corporation Limited and a chairman of Shenzhen International Logistics Development Company Limited. Mr. Ge has extensive experience in construction project management, land development, logistics development and operation, corporate management and investment.

Mr. Fan Zhiyong
Vice President

Mr. Fan Zhiyong, aged 51, was appointed as a Vice President of the Company in August 2020. He graduated from Tongji University School of Materials Science. He holds an Executive Master's degree in Business Administration from Xiamen University. Mr. Fan had worked in Shenzhen Nanyou (Holdings) Co., Ltd. He joined the Group in May 2003 and is currently a director of certain subsidiaries of the Company. Mr. Fan has more than 20 years of extensive experiences in engineering management and corporate management.

SENIOR MANAGEMENT *(continued)*

Mr. Hou Shenghai, aged 52, was appointed as a Vice President of the Company in March 2021. Mr. Hou is currently a director of certain subsidiaries of the Company. Mr. Hou holds a Master's degree in Architecture and Civil Engineering. Mr. Hou was a director and vice chairman of Shenzhen Airlines Company Limited and previously held several management positions at various levels in the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal. He joined the Company in February 2016 and successively served as the general manager of the administration department and chief administrative officer. Mr. Hou has extensive experience in project and construction management, corporate management and administration.

Mr. Hou Shenghai
Vice President

Mr. Du Peng, aged 52, was appointed as a Vice President of the Company in April 2022. Mr. Du is currently a director of certain subsidiaries of the Company. Mr. Du hold a Master's degree in Education. Mr. Du had served in various departments of the government for many years, and had successively worked as senior management in various state-owned enterprises such as Shenzhen Agricultural Products Group Co., Ltd. and Shenzhen Talent Group Co., Ltd. Mr. Du has extensive experience in administrative management and corporate management.

Mr. Du Peng
Vice President

Mr. Zhou Zhiwei, aged 47, was appointed as a Vice President of the Company in January 2024. Mr. Zhou holds a Doctor of Philosophy. Mr. Zhou is a director and vice chairman of Shenzhen Airlines Company Limited. Mr. Zhou was a non-executive director of the Company and has served in various departments of the Shenzhen Municipal Government. He is familiar with the operation of the Chinese government and corporate management and has extensive experience in economic management.

Mr. Zhou Zhiwei
Vice President

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") hereby present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "Year").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in logistics, toll road, port and general environmental protection businesses. Through investment, mergers and acquisitions, restructuring and consolidation, the Group focuses on the investment, construction and operation of logistics infrastructure in the four major areas of "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure" (including inland ports, urban integrated logistics parks, air cargo terminals and railway logistics terminals) and toll roads. The Group provides its customers with value-added logistics services including intelligent warehouse and integrated cold chain warehousing, and also expanded its business segments to include the comprehensive development of land related to the "logistics + commerce" industries as well as the investment in and operation of general-environmental protection business. Particulars of the principal activities of the Company's principal subsidiaries are set out in note 42 to the consolidated financial statements.

Particulars of a discussion and analysis on the matters specified in Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the Group's business, the performance during the Year, a discussion on the principal risks and uncertainties facing the Group, important events that have occurred after the balance sheet date (if any), an indication of likely future development in the Group's business, an analysis using financial key performance indicators, are set out in this "REPORT OF THE DIRECTORS" and the "FINANCIAL HIGHLIGHTS", "CHAIRMAN'S STATEMENT", "MANAGEMENT DISCUSSION AND ANALYSIS" and "CORPORATE GOVERNANCE REPORT" in this annual report.

In addition, a discussion on the Group's environmental policies and performance and an account of the Group's key relationships with its stakeholders are set out in the 2024 Environmental, Social and Governance Report of the Company (the "ESG Report").

The above sections in the annual report and the ESG Report form an integral part of this report.

RESULTS OF THE GROUP

The Group's results for the year ended 31 December 2024 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 120 to 228.

DIVIDEND POLICY

The Company has adopted a dividend policy aimed at delivering a steady and sustainable returns to its shareholders of the Company (the "Shareholders"). This policy is based on the principle of sharing the Group's profits with the Shareholders while supporting the sustainable development of the Group. The payout ratio, based on contributions from the Group's core business, is normally not less than 30% per year. For any one-off gain, the payout ratio would be determined according to the Company's operating performance, cash flow and market value, etc. In the absence of exceptional circumstances, the Company's annual dividend should remain stable and consistent with previous years.

The Board approves the distribution of interim dividends, while the distribution of final dividends will be subject to the Shareholders' approval. Dividends may be paid in cash or in scrip in accordance with applicable laws, regulations and the bye-laws of the Company (the "Bye-Laws").

DIVIDENDS

The Board recommended a final dividend of HK$0.598 per share for the Year (2023: HK$0.40 per share), which amounted to approximately HK$1,441 million (2023: HK$957 million) in aggregate.

The Board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to: (1) the approval of the proposed final dividend at the forthcoming annual general meeting; and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the scrip shares to be issued pursuant thereto. Details of the Scrip Dividend Scheme and the election form will be sent to Shareholders in late May 2025. It is expected that the dividend warrants and certificates for scrip shares allotted under the Scrip Dividend Scheme will be dispatched to Shareholders in late June 2025.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on pages 5 to 7 of this annual report.

SHARES AND EQUITY-LINKED AGREEMENTS

Details of the movements in the issued shares and share options of the Company during the Year, together with the reasons thereof, are set out in note 20 to the consolidated financial statements.

Save as disclosed in the section headed "SHARE OPTION SCHEME" below, no equity-linked agreement was entered into by the Company, or subsisted during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws or the Companies Act of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 29 October 2021, the Company issued the corporate bonds (First tranche 2021) in the amount of RMB4,000 million with an initial coupon rate of 3.29% and a term of 6 years (with a bondholder sell-back option and an issuer coupon rate adjustment option at the end of the third year), which was listed on the Shenzhen Stock Exchange. As the bondholders exercised the sell-back option, the Company repurchased the corporate bonds in full at par on 29 October 2024, and paid the interests as required. For details of the above repurchase, please refer to the relevant overseas regulatory announcement of the Company dated 28 October 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to Shareholders, comprising contributed surplus, retained earnings and other distributable reserves, amounted to approximately HK$2,930,060,000 (2023: HK$1,766,253,000). The share premium of the Company may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Both the revenue attributable to the largest five customers combined and the purchases attributable to the largest five suppliers combined of the Group accounted for less than 30% of the Group's total revenue and purchases respectively for the Year.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group is committed to continuously enhancing its customer service capabilities and standards. By aligning its business features with the market trends, the Group have clearly defined customer positioning and service strategies. A customer management system has been established, leveraging a diverse array of channels and tools, including information technology and face-to-face visits, to timely and accurately capture customer dynamics and evolving needs. By strengthening the business collaborations and integrations, the Group aims to improve its service quality, enhance customer service awareness and capabilities, thereby strengthening the core competitiveness of the Group.

The Group is committed to aligning its interest with our suppliers. We have cultivated strategic cooperative relationships with numerous high-caliber partners fostering relationships that are harmonious, mutually trusting and beneficial. The Group has also established supplier management and evaluation mechanisms to safeguard the its business as well as to promote joint development of both the suppliers and the Company. Additionally, in respect of operating the Group's logistic parks, ports, logistic services, toll roads and other businesses, the Group strictly adheres to adopting a fair, impartial and transparent tender method for procurement, selecting the best options and performing contracts conscientiously in accordance with applicable laws, thereby ensuring the achievement of the collective goals.

DIRECTORS

The directors of the Company (the "Directors") during the Year and up to the date of this report were:

Executive Directors:
Mr. Li Haitao *(Chairman)*
Mr. Liu Zhengyu *(Chief Executive Officer)*
Mr. Wang Peihang
Dr. Dai Jingming *(resigned on 24 January 2025)*

Non-Executive Directors:
Mr. Zhou Zhiwei *(resigned on 16 January 2024)*
Mr. Cai Xiaoping *(appointed on 26 July 2024)*

Independent Non-Executive Directors:
Mr. Pan Chaojin
Dr. Zeng Zhi
Dr. Wang Guowen
Professor Ding Chunyan *(appointed on 13 March 2024)*

Mr. Cai Xiaoping was appointed as a non-executive Director with effect from 26 July 2024. In accordance with Bye-Law 100 of the Bye-Laws, he will offer himself for re-election by the Shareholders at the annual general meeting to be held on 9 May 2025.

In accordance with Bye-Law 109(A) of the Bye-Laws, Mr. Li Haitao, Mr. Liu Zhengyu and Dr. Wang Guowen will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election as Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

None of the Directors or entities connected to any of them had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries, the holding company of the Company or any of its subsidiaries was a party subsisting during or at the end of the Year.

DIRECTORS' INTERESTS IN SECURITIES

The interests in securities of the Directors are separately disclosed in the section headed "DISCLOSURE OF INTERESTS"on pages 118 to 119 of this annual report. In addition, the interests of the Directors in the share options of the Company are disclosed in the section headed "SHARE OPTION SCHEME" below.

Save as disclosed in the section headed "DISCLOSURE OF INTERESTS" on pages 118 to 119 of this annual report and the section headed "SHARE OPTION SCHEME" below, at no time during the Year was the Company, any of its subsidiaries, the holding company of the Company or any of its subsidiaries a party to any arrangement to enable the Directors, chief executives, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

On 16 May 2014, the Company adopted a share option scheme (the "2014 Share Option Scheme"). The 2014 Share Option Scheme aims to reward, encourage and motivate the eligible participants who made contributions to the Group. Eligible participants of the Scheme include (a) any full-time employee(s) of the Group, (b) any director(s) (including executive, non-executive or independent non-executive director(s) of the Group and associate and joint ventures of the Group or (c) any substantial shareholder(s) of the Company.

The 2014 Share Option Scheme was valid for a period of 10 years commencing from 16 May 2014 and has expired on 15 May 2024. However, all outstanding options granted under the Scheme but yet to be exercised remain valid and exercisable.

Details of the share options granted, exercised, cancelled/lapsed, and outstanding under the 2014 Share Option Scheme during the Year are as follows:

				Number of share options						*Share Price of the Company (Note 2)*	
Name	*Date of grant (Note 1)*	*Exercise period*	*Exercise price*	*As at 1 January 2024*	*Granted during the Year*	*Adjusted during the Year*	*Exercised during the Year*	*Cancelled/ lapsed during the Year*	*As at 31 December 2024 (Approximate % of issued shares of the Company)*	*Immediately before the date of grant*	*Immediately before the date of exercise*
			HK$							*HK$*	*HK$*
Directors											
Mr. Li Haitao	1 November 2023	1 November 2025 to 31 October 2028	5.370	1,844,000	–	–	–	–	1,844,000 (0.077%)	5.150	N/A
Mr. Liu Zhengyu	1 November 2023	1 November 2025 to 31 October 2028	5.370	1,752,000	–	–	–	–	1,752,000 (0.073%)	5.150	N/A
Mr. Wang Peihang	1 November 2023	1 November 2025 to 31 October 2028	5.370	1,567,000	–	–	–	–	1,567,000 (0.065%)	5.150	N/A
				5,163,000	–	–	–	–	5,163,000		
Other employees in aggregate	1 November 2023	1 November 2025 to 31 October 2028	5.370	50,291,000	–	–	–	–	50,291,000	5.150	N/A
				55,454,000	**-**	**-**	**-**	**-**	**55,454,000**		

Notes:

(1) The first 40%, the second 30% and the remaining 30% of these granted share options will be vested on the second, the third and the fourth anniversary from the date of grant respectively. The vesting of these share options is also subject to performance targets that comprise a mixture of attaining satisfactory key performance indicators components (including the business performance and financial performance of the Group and individual performance based on the annual performance assessment results).

(2) The share price of the Company immediately before the date of the grant of the share options disclosed herein was the closing price quoted by the Stock Exchange on the trading day immediately prior to the date of the grant of the share options. The share price of the Company immediately before the date of exercise of the share options disclosed herein was the weighted average of the closing price(s) of the shares on the day(s) immediately before the date(s) on which the share options within the disclosure category were exercised.

The total number of shares of the Company available for issue under the 2014 Share Option Scheme mandate limit is 165,905,769 shares, which represent approximately 6.89% of the issued shares of the Company as at the date of this report. As at 1 January 2024 and 31 December 2024, the number of options available for grant under the 2014 Share Option Scheme was 89,168,586 shares and nil respectively. Given no share options granted under the Scheme were vested, no shares may be issued in respect of such options during the year ended 31 December 2024. During the Year, no options under the 2014 Share Option Scheme were granted, exercised, lapsed or cancelled.

Under the 2014 Share Option Scheme, the total number of shares of the Company issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the shares of the Company in issue. Further, where any further grant of share options to an eligible participant would result in the shares of the Company issued and to be issued upon exercise of all share options granted and to be granted to such eligible participant (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the Shareholders in general meeting.

Under the 2014 Share Option Scheme, an offer of a grant of share options may be accepted within 7 days from the respective date of the grant with a cash consideration of HK$1 payable by the grantee to the Company. There is no prescribed vesting period under the 2014 Share Option Scheme. The period for the exercise of a share option granted under the scheme is determined by the Board, but in any event such period shall not go beyond 5 years from the date of grant.

Under the 2014 Share Option Scheme, the exercise price is solely determined by the Board and shall be at least the higher of: (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant.

ISSUANCE OF MEDIUM-TERM NOTES

On 24 October 2024, the Company issued the 2024 Medium-term Notes Tranche 1 in the amount of RMB4,000 million in the PRC with a coupon rate of 2.21% and a term of 3 years. The net proceeds from the issuance have been used to repay the principal and interest in the Company's existing bonds and to replenish the Company's working capital. For details of the Medium-term Notes, please refer to note 22 to the consolidated financial statements in this annual report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

The interests in shares of the Company held by substantial shareholders of the Company are separately disclosed in the section headed "DISCLOSURE OF INTERESTS" on pages 118 to 119 of this annual report.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Bye-Laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him or her in the execution of the duties of his or her office or in relation thereto. The directors' and officers' liability insurance undertaken by the Company during the Year has covered all Directors and the directors of its subsidiaries (excluding Shenzhen Expressway and its subsidiaries). The relevant provisions in the Bye-Laws and the directors' and officers' liability insurance were in force during the Year and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

RELATED PARTY TRANSACTIONS, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

(1) Related party transactions

Details of significant related party transactions of the Group (which do not constitute connected transactions and continuing connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) are set out in note 41 to the consolidated financial statements. The Directors confirm that the Company has complied with the disclosure requirements (if any) in accordance with Chapter 14A of the Listing Rules.

(2) Connected transactions

(i) On 16 January 2024, CMF Global Quantitative Multi-Asset Segregated Portfolio Company ("CMF Company"), CMF Global Quantitative Stable Segregated Portfolio ("CMF Fund"), Shenzhen Investment Holdings Company Limited ("SIHCL"), Shenzhen Investment International Capital Holdings Co., Ltd. (the "Vendor"), Shenzhen Expressway and Mei Wah Industrial (Hong Kong) Limited ("Mei Wah Company") entered into (i) the Supplemental Payment Obligation Agreement, (ii) the Supplemental Shortfall Makeup Agreement and (iii) the Renewal Income Makeup Agreement (collectively, the "Renewal Agreements"), pursuant to which the parties reached a consensus on the series of arrangement in relation to the postponement of the sale of the 291,207,411 shares in Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development") by CMF Fund, which include, among others, that upon the expiry of the Original Agreed Period, the Shortfall Makeup Obligation owed by SIHCL and the Vendor to CMF Company and CMF Fund under the Shortfall Makeup Agreement and the payment obligation owed by Shenzhen Expressway and Mei Wah Company to SIHCL and the Vendor under the Payment Obligation Agreement shall be renewed; and Shenzhen Expressway and Mei Wah Company shall pay income to CMF Company and CMF Fund accordingly.

As SIHCL is a controlling shareholder of the Company and the Vendor is an associate of SIHCL, SIHCL and the Vendor are connected persons of the Company for the purposes of Chapter 14A of the Listing Rules. Besides, as the Renewal Agreements are related to each other, the transactions contemplated under the Renewal Agreements constituted connected transactions of the Company under the Listing Rules. For further details, please refer to the joint announcement of the Company and Shenzhen Expressway dated 16 January 2024.

(ii) On 7 June 2024, Shenzhen International Bay Area Investment Development Co., Ltd. ("Bay Area Investment"), a wholly-owned subsidiary of the Company, and Shenzhen JDI Inc. ("Pingshen International"), a connected subsidiary of the Company, entered into a debt-to-equity swap agreement, pursuant to which Bay Area Investment agreed to convert the debt owed to it by Pingshen International in the aggregate principal amount of RMB300 million into an equity investment in Pingshen International. After the completion, the equity interest in Pingshen International held by Bay Area Investment increased from 70% to approximately 80.92%.

Shenzhen Electronics Group Co., Ltd ("SEG"), an associate of the Company's controlling shareholder SIHCL, is a connected person of the Company under the Listing Rules. As SEG controls over 10% voting power in Pingshen International, Pingshen International is a connected subsidiary of the Company for the purposes of Chapter 14A of the Listing Rules, and the transactions contemplated under a debt-to-equity swap agreement constituted a connected transaction of the Company under the Listing Rules. The transaction was completed on 14 June 2024. For further details, please refer to the announcements of the Company dated 7 June 2024 and 27 June 2024 respectively.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group regularly monitors and gathers information on amendments to laws, regulations and rules relevant to the Group's business, strengthens the legal training of its staff, continues to reinforce the mechanisms for the prevention of legal risks and promotes an in-depth integration of legal management and operation management to ensure the Group's adherence to those applicable laws, rules and regulations and in particular those which may have a material impact on the Group and to timely prevent and control legal risks.

During the Year, the Group commenced and progressed various business projects in strict accordance with laws and regulations. The Group's logistic business and toll road business are conducted in compliance with regulations including Land Administration Law (《土地管理法》), Urban and Rural Planning Law (《城鄉規劃法》), Urban Real Estate Administration Law (《城市房地產管理法》) and Regulations on Administration of Toll Roads (《收費公路管理條例》). The Group's logistic financing business also obtained the licence from the government and its operations also strictly complies with Company Law, Contract Law, Administrative Measures for the Supervision of Financial Leasing Enterprises (《融資租賃企業監督管理辦法》), Interim Measures for the Supervision and Administration of Privately Offered Investment Funds (《私募投資基金監督管理暫行辦法》) and other relevant state laws and regulations.

POST BALANCE SHEET EVENTS

Details of events after the balance sheet date of the Group are set out in note 43 to the consolidated financial statements.

DONATIONS

During the Year, the Group made charitable and other donations amounted to approximately HK$111,738.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float of at least 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the "CORPORATE GOVERNANCE REPORT" on pages 89 to 117 of this annual report.

AUDITOR

There have been no changes of the auditors of the Company during the past four years. Deloitte Touche Tohmatsu will retire and a resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Li Haitao
Chairman

26 March 2025

The Company believes that sound corporate governance goes beyond merely meeting the basic requirements of the regulatory authorities for listed companies. More importantly, sound corporate governance can facilitate the Company in achieving its development needs. In formulating and implementing its corporate governance practices, the Company has applied the principles in the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Over the years, the Company has established several governance guidelines and procedures to clearly define the duties, scope of authority and standards of conduct of all parties. This enhances the Company's corporate governance standards which are continuously reviewed and improved through implementation.

During the year ended 31 December 2024 (the "Year"), the Company has complied with the code provisions set out in "Corporate Governance Code", Appendix C1 of the Listing Rules.

The Company consistently strives to enhance its corporate governance practices, thereby promoting the Company's sustainable development and enhancing value for the shareholders of the Company (the "Shareholders").

Governance Highlights

Board Structure

- More than one-third of the Board are independent non-executive Directors. As at the date of this report, 4 out of 8 Directors are independent non-executive Directors, exceeding the requirements as stipulated in the Listing Rules
- The Board has a diverse composition. During the Year, the Company appointed a female independent non-executive Director with legal background and a non-executive Director with human resources management experience. This not only achieved gender diversity in the Board composition but also further enhanced and improved the diversity of professional knowledge and experience among its members
- The Sustainability Committee was established with clearly defined terms of reference to provide recommendations to the Board on sustainability matters and to oversee the Group's implementation of sustainable development

Board Meeting and Governance Procedure

- The Board convened 11 physical meetings during the Year, significantly exceeding the requirements as stipulated in the Listing Rules
- Directors remained actively engaged in the Company's affairs and made contributions. During the Year, the overall attendance rate at the Board meetings reached 96%
- Directors are committed to continuously enhancing their skills and keeping abreast of the times. During the Year, in addition to arranging professional trainings for Directors, the Company also regularly provided them with reports, including updates on the progress of the Group's key initiatives, financial reporting, disclosure of information and updates to the Listing Rules

CORPORATE CULTURE

The Company has set out the following values to provide guidance on employees' conduct and behaviors as well as the business activities, and to ensure these values are embedded in the Company's policies and business strategies:

Corporate Mission	:	to boost the real economy and to fully assume the role of a state-owned municipal ancillary service developer and operator to serve cities, industries and people's livelihood
Corporate Vision	:	continues to grow stronger, better and larger to become a first-class industrial group
Corporate Character	:	the integration of knowledge and action for driving steady and far-reaching development
Core Values	:	hard work, open-mindedness, pragmatism and coordination
Enterprise Spirit	:	logistics with ethics, for a better world
Business Philosophy	:	building value, sharing future

The Company has always attached great importance to corporate culture building. The Board plays a leading role in setting the Company's mission and strategic direction, as well as shaping and fostering the corporate culture to ensure that all business activities are aligned. In addition, the Company is committed to continuously instilling its corporate culture and values to employees at all levels. During the Year, the Company further deepened corporate culture building and enhanced employee cohesion and sense of belonging through organising a series of activities. Following the successful hosting of the second Corporate Culture Family Day themed "United in Heart, Harmony in Action", the Company organized the "Yoga for a Better Life" Health Culture Month. These activities not only enriched the spiritual and cultural lives of employees and created a positive, harmonious working atmosphere, but also allowed employees and their families to deeply experience the warmth and care of the "Shenzhen International Big Family". These efforts have further reinforced the Company's mission and core values, laying a solid foundation for the Company's high-quality development.

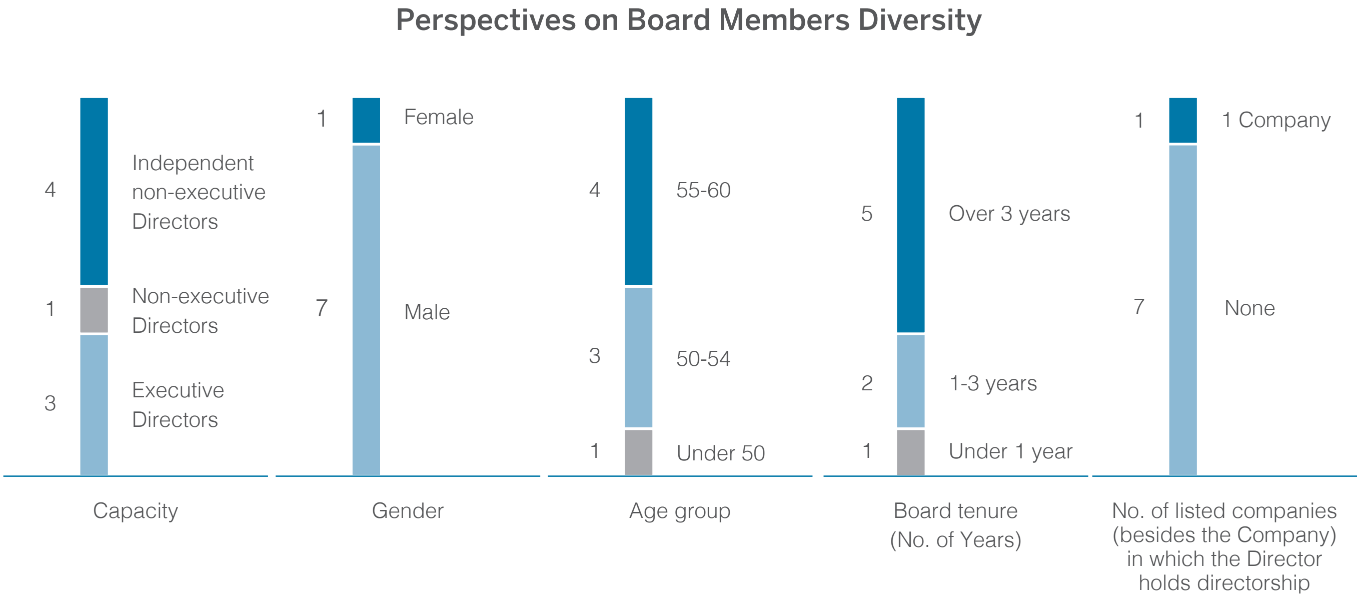
THE BOARD

Composition and Diversity of the Board

As at the date of this report, the Board consists of eight Directors, including three executive Directors: Messrs. Li Haitao, Liu Zhengyu and Wang Peihang; one non-executive Director, Mr. Cai Xiaoping and four independent non-executive Directors: Mr. Pan Chaojin, Dr. Zeng Zhi, Dr. Wang Guowen and Professor Ding Chunyan. More than one-third of the members of the Board are independent non-executive Directors, exceeding the requirements of the Listing Rules.

In determining the composition of the Board, the Company takes into account board diversity. All Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of Board diversity. The Board comprises Directors with professional background and/or extensive expertise in the Group's business and rich experience in corporate management. They complement each other with regard to their expertise. Biographies of the Directors (including their skills and experience) are set out in the section headed "Biographies of Directors and Senior Management" on pages 76 to 81 of this report.

The following table illustrates the diversity of the Board members as at the date of this report:



During the Year, the Company appointed a female independent non-executive Director with legal background and a non-executive Director with human resources management experience to the Board. This not only fulfills the regulatory requirements for gender diversity as stipulated in the Listing Rules, but also significantly enhances the Board's structure by enriching the collective experience and professional expertise of its members. A diverse Board structure will effectively facilitate the exchange and integration of diverse perspectives, maximize the synergies among Board members, and thereby enhance the quality of Board decision-making and overall corporate governance standards.

The Chairman and the Chief Executive Officer

The Chairman and the Chief Executive Officer of the Company are two distinct and separate positions, and not held by the same individual. The Chairman is responsible for the effective functioning of the Board whereas the Chief Executive Officer is responsible for day-to-day operations of the Group's business. Their respective responsibilities have been clearly established and set out in writing as "The Roles of the Chairman and Chief Executive Officer" of the Company. During the Year, Mr. Li Haitao and Mr. Liu Zhengyu serves as the Chairman and the Chief Executive Officer, respectively.

Independent non-executive Directors

The four independent non-executive Directors are all professionals with extensive experience including finance, accounting, logistics, corporate management, law and corporate governance. They can evaluate the holistic development of the Group objectively when making decisions and perform monitoring functions.

The Company has received the annual written confirmation from each independent non-executive Directors of his/her independence. The Nomination Committee has reviewed the independence of each independent non-executive Directors during the Year and considered that all the independent non-executive Directors have maintained their independence throughout the Year.

Changes of Board members

Changes of Board members during the Year and up to the date of this report are as follows:

Effective Date	*Name of Directors*	*Changes*
16 January 2024	Mr. Zhou Zhiwei	Resigned as a non-executive Director
13 March 2024	Professor Ding Chunyan	Appointed as an independent non-executive Director
26 July 2024	Mr. Cai Xiaoping	Appointed as a non-executive Director
24 January 2025	Dr. Dai Jingming	Resigned as an executive Director

Professor Ding Chunyan and Mr. Cai Xiaoping have obtained the legal advice regarding the obligations of newly appointed Directors under Rule 3.09D of the Listing Rules on 9 February 2024 and 26 June 2024 respectively. Each of them has confirmed that he/she understood his/her obligations of being a director of a listed issuer.

Nomination and appointment of Directors

Each Director (including the non-executive Director and the independent non-executive Directors) has entered into a service contract with the Company for a term of three years. In accordance with the Company's Bye-laws ("Bye-laws"), each Director is subject to retirement by rotation at least once every three years. A retiring Director is eligible for re-election at the annual general meeting. None of the Directors proposed for re-election at the forthcoming annual general meeting 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.

The Bye-Laws have specified that all new Directors appointed during the year to fill a casual vacancy or as an addition to the Board are subject to re-election by Shareholders at the first annual general meeting after appointments. Mr. Cai Xiaoping was appointed as a non-executive Director on 26 July 2024 and his term of office will expire at the annual general meeting to be held on 9 May 2025, at which he will retire from office. He will stand for re-election at the meeting.

Details of the Directors standing for re-election will be set out in the circular of 2025 annual general meeting to the Shareholders.

In determining director appointments, the Company has taken into account board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company has adopted the Nomination Policy, thereby establishing a formal and transparent procedure for the nomination, recommendation and appointment of directors. In accordance with the terms of reference, the Nomination Committee will convene a meeting to consider the proposed appointments, and after due consideration of the existing composition of the Board and other pertinent factors, to make recommendations to the Board. Upon receipt of the recommendations, the Board will consider and, if it deems the candidates to be suitable, will approve such appointments.

Role and responsibilities of the Board

The Board is responsible for leading the Group's development, establishing the Group's strategic goals, and ensuring that the necessary financial and other resources are in place for the Group to meet its objectives. The principal duties of the Board are to manage and decide on the Group's development strategies, management structures, investment and funding, financial control, human resources, and so forth. Significant matters of the Group are required to be approved by the Board, including (but not limited to) the following:

- formulating the Group's development plans;
- determining the Group's operational and management strategies;
- preparing financial statements;
- approving notifiable transactions and connected transactions of the Group as required under the Listing Rules; and
- reviewing the dividends proposal.

BOARD MEETINGS PROCEDURES

The Board meets regularly and holds at least four meetings a year and at least one meeting each quarter. If any Director has conflict of interest in a matter to be considered by the Board which the Board deems material, the matter will be addressed through a physical Board meeting instead of a written resolution. That Director will abstain from voting on the relevant Board resolution and will not be counted in the quorum present at the meeting.

During the Year, a total of eleven physical Board meetings were held, which significantly exceeded the minimum number of board meetings required under the Corporate Governance Code. Notice of at least fourteen (14) days were given to all Directors for regular Board meetings and notice of at least seven (7) days were given for non-regular Board meetings. To ensure all Directors are given opportunities to make suggestions on agenda items to be discussed at the Board meetings, all draft agendas for regular Board meetings are provided to all Directors for their comment prior to the meetings.

The Chairman met with the independent non-executive Directors at least once a year without the presence of other Directors. The meeting was held in November 2024.

To assist the Directors in planning their schedule in advance, the timetable and the proposed agenda items for the annual regular Board meetings are provided to them at the beginning of each year for review and feedback.

The following sets out the major work performed by the Board in 2024:

(1) approving the 2023 annual results and the proposal of payment of final dividend;

(2) approving the 2023 environmental, social and governance report;

(3) approving the 2024 interim results;

(4) reviewing the results and business operations of the first and third quarters of 2024;

(5) approving the 2024 annual budget;

(6) approving the recommendation on the re-appointment of the external auditor (the "Auditor") for 2024;

(7) approving the change of the Hong Kong branch share registrar and transfer office;

(8) approving the amendments to the terms of reference of the Board's specialized committees and the various policies and systems of the Company;

(9) approving the Group's internal audit plan for 2024;

(10) approving notifiable transactions and connected transactions of the Group as defined under the Listing Rules; and

(11) approving the changes in the composition of the Board, the Nomination Committee, the Remuneration and Appraisal Committee, and the Sustainability Committee

TRAINING AND DEVELOPMENT OF DIRECTORS

The Company has prepared "An Induction for Newly Appointed Directors" for every newly appointed Director to provide them with relevant materials and documents to ensure his/her proper understanding of Director's duties and responsibilities and operations of the Company. The joint company secretaries are responsible for updating all Directors in relation to the latest information on the Listing Rules and other statutory requirements.

During the Year, all Directors have participated in continuous professional development. They have enhanced their knowledge and skills by attending seminars related to the following topics or by reading professional materials. Some Directors also served as presenters, sharing their experience and insights. All Directors have provided training records to the Company.

	Topics on training covered		
Directors	***Corporate Governance and Compliance***	***Board Financial and Decision Support***	***Industry Dynamics and Trends***
Mr. Li Haitao	✓	✓	✓
Mr. Liu Zhengyu	✓	✓	✓
Mr. Wang Peihang	✓	✓	✓
Dr. Dai Jingming	✓	✓	✓
Mr. Cai Xiaoping	✓	✓	✓
Mr. Pan Chaojin	✓	✓	✓
Dr. Zeng Zhi	✓	✓	✓
Dr. Wang Guowen	✓	✓	✓
Professor Ding Chunyan	✓	✓	✓

* Mr. Zhou Zhiwei resigned as a non-executive Director on 16 January 2024

During the Year, the Company arranged for the non-executive Director and independent non-executive Directors to conduct site visits to various projects of the Group, including the SZ Yantian Project, Kunming Project, Guizhou Longli Project, Zhengzhou Xinzheng Project, and Shijiazhuang Zhengding Project. Through these site visits, the Directors could have a deeper understanding of the Group's business model and operating conditions.

SPECIALIZED COMMITTEES OF THE BOARD AND OTHER COMMITTEES

To support the Board in discharging its duties and promote effective operations, the Board has established an Executive Committee to manage and oversee the day-to-day business operations of the Group. Additionally, four specialized committees have been set up, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Sustainability Committee.

Each committee has its own designated responsibilities and terms of reference, and is responsible for reviewing and monitoring specific areas of the Company's operations and making recommendations to the Board. During the Year, the Board approved the amendments to the terms of reference of the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Sustainability Committee respectively, and also adopted the terms of reference for the Executive Committee.

Where necessary, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee may seek independent professional advice to properly discharge their responsibilities. The costs associated with such advice shall be borne by the Company.

A summary of the responsibilities and work performed by the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Sustainability Committee and the Executive Committee during the Year is set out below:

Audit Committee (established in 1995)

The Audit Committee consists of three independent non-executive Directors, currently including Dr. Zeng Zhi (Chairman), Mr. Pan Chaojin and Dr. Wang Guowen.

Responsibilities and work performed in 2024

Under the "Terms of Reference of the Audit Committee", the main duties of the Audit Committee include the following:

- to discuss and make recommendations to the Board on the appointment, re-appointment, replacement and removal of the Auditor of the Company, and to approve the remuneration and terms of engagement of the Auditor, and to deal with any matters in connection with the resignation or dismissal of the Auditor;

- to monitor the integrity of financial statements, interim reports, annual reports and accounts of the Company and to review significant financial judgments contained therein;

- to review the Group's financial control, risk management and internal control systems and compliance management system, and the Group's statement on risk management and internal control systems contained in the annual report;

- to discuss with the senior management on the development of Group's risk management and internal control systems and the compliance management system to ensure that the senior management has performed its duty to establish effective systems; and this discussion should include the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Group's accounting and financial reporting function; and

- to review arrangements for employees of the Group and external third parties who deal with the Group (such as customers and suppliers) to raise concerns, in confidence and anonymity about possible improprieties in financial reporting, internal control or other matters; and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The Audit Committee held 3 meetings in 2024. The work performed during the Year included the following:

- reviewing the annual results for 2023, the interim results for 2024 and the relevant financial statements, and confirmed the related disclosures in the financial statements were complete, accurate and fair and recommended the same to the Board for approval;
- considering the recommendation on the re-appointment of the Auditor for 2024;
- approving the annual authorisation of the Auditor's remuneration for 2023, the auditor's policy on non-audit services and the related fees;
- reviewing the adequacy of resources, qualifications and experience of staff of the Group's accounting, financial reporting, risk management and internal audit functions and their training programme and related budget for 2023;
- reviewing with the management and relevant departments the effectiveness of the Group's internal control system and risk management, compliance management system for 2023;
- considering the 2024 internal audit plan of the Group; and
- considering the amendments to the Company's "Compliance Management Policy".

During the Year, the Audit Committee members met with the Auditor twice without the presence of the senior management.

Nomination Committee (established in December 2003)

The Nomination Committee consists of two independent non-executive Directors and one executive Director, namely Mr. Pan Chaojin (Chairman), Professor Ding Chunyan and Mr. Wang Peihang.

Responsibilities and work performed in 2024

Under the "Terms of Reference of the Nomination Committee", the main duties of the Nomination Committee include the following:

- to identify and recommend to the Board individuals eligible for the appointment of a Director;
- to assess and review factors such as the qualification and experience of candidates for Directors and advise the Board thereon;
- to assess the qualification and experience of the Directors who are subject to retirement by rotation and re-election at each annual general meeting and advise the Board thereon;
- to assess the independence and qualification of independent non-executive directors;
- to review annually the structure, size and composition (including the skills, knowledge and experience) of the Board;
- to draw up the "Board Diversity Policy" and make recommendations to the Board. Review the implementation and effectiveness of such policy on an annual basis and report to the Board; and
- to consider and supervise the implementation of the "Nomination Policy", to review and make recommendations on amendments to the Board where appropriate.

The Nomination Committee held 2 meetings in 2024. The work performed during the Year included the following:

- evaluating and making recommendation to the Board on the performance of the Directors who were subject to retirement or retirement by rotation and re-election at the 2024 annual general meeting;
- reviewing the independence of each independent non-executive Director;
- reviewing the structure, size, composition and diversity of the Board, and the time devoted by the Directors on performing his duties;
- reviewing the implementation and effectiveness of the relevant mechanisms to ensure that the independent views and opinions are made available to the Board;
- reviewing the implementation and effectiveness of the "Board Diversity Policy";
- assessing candidates for one non-executive Director and one independent non-executive Director, and making recommendations to the Board; and
- reviewing the change of composition of the Nomination Committee.

To ensure independent views and opinions are made available to the Board and protect the Shareholders' rights, the Company has in place the following corporate governance mechanisms, and the Nomination Committee shall review its implementation and effectiveness annually:

- to ensure the Board has sufficient independent non -executive Directors, meeting the requirements of the Listing Rules that at least one-third of the Board be independent non-executive Directors.
- to ensure that independent non-executive Directors have extensive experience and professional knowledge, enabling them to objectively assess the Group's overall development during the decision-making process and play a supervisory role. In addition, the independent non-executive Directors can seek independent professional advice in order to perform their duties where necessary;
- to arrange site visits for independent non-executive Directors from time to time to enhance their understanding of the Company's business and operations;
- the Chairman of the Board will meet with the independent non-executive Directors at least once annually without the presence of the other Directors to listen independent views on various issues concerning the Group; and
- a Director (including independent non-executive Directors) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

Board Diversity Policy

The Board Diversity Policy was adopted by the Board upon the recommendation of the Nomination Committee in September 2013. It sets out various perspectives on diversity and measurable objectives for the selection of Board members, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also periodically consider various factors based on its own business model and specific needs, and ultimately make decisions based on the strengths of the candidates and their potential contributions to the Board. The Company remains committed to promoting Board diversity and will take gender diversity into account when reviewing the composition of the Board, thereby providing solid support for the Company's long-term sustainable development.

Diversity of all staff

In respect of the Group's workforce, the ratio of men to women (including senior management, but excluding the Directors) as at 31 December 2024 was approximately 62:38. The gender ratio of the Group's workforce is primarily influenced by the availability of human resources within the industry in which the Group operates. Given the current circumstances, the Group believes that the gender mix of its workforce has achieved a reasonable level of diversity, and therefore has not set quantitative targets to adjust the gender ratio. The Group will continue to focus on gender diversity in recruitment and aims to build a diverse and inclusive team.

Nomination Policy

The Nomination Policy of the Company was adopted by the Board. It outlines the selection criteria that the Nomination Committee will use to select suitable Directors, the nomination procedures, the processes and measures that the committee will adopt to implement this policy. The Nomination Committee will take into account the candidate's reputation, professional achievements, experience and time available to the Board in assessing the suitability of the candidate as a Director. The procedures for the nomination of Directors are set out on page 92 of this report.

Remuneration and Appraisal Committee (established in December 2003)

The Remuneration and Appraisal Committee consists of two independent non-executive Directors and one non-executive Director, namely Mr. Pan Chaojin (Chairman), Dr. Wang Guowen and Mr. Cai Xiaoping.

Responsibilities and work performed in 2024

Under the "Terms of Reference of the Remuneration and Appraisal Committee", the main duties of the Remuneration and Appraisal Committee include the following:

- to review and consider the level, policy and structure of remuneration of Directors and senior management of the Company, to establish a formal and transparent procedure for developing remuneration policy, and make recommendations to the Board;
- to consider the remuneration proposals for Directors and senior management, and to ensure that no Director or senior management or any of their associates is involved in the determination and decision of his or her own remuneration;
- to consider the remuneration packages of executive Directors and senior management, including benefits in kind and pension entitlements etc.; and make recommendations to the Board on the remuneration of non-executive directors;
- to make recommendations to the Board on the directors' and senior management's participation in the incentive remuneration scheme and the share scheme, including benefits obtained from bonuses, share options, share awards or other similar schemes and the operation and supervision of these schemes; and
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration and Appraisal Committee held 2 meetings in 2024. The work performed during the Year included the following:

- reviewing the assessment results for 2023 of the senior management;
- reviewing the revised remuneration management policy for the employees;
- reviewing the remuneration budgets for 2024;
- reviewing the change of composition of the Remuneration and Appraisal Committee; and
- reviewing the service contract between the Company and one non-executive Director and one independent non-executive Director, as well as the renewal of the service contract with one executive Director.

Remuneration of Directors and Senior Management

The emoluments payable to executive Directors are determined by reference to their experience and duties with the Company and the fees payable to non-executive Directors are determined by reference to the estimated amount of time spent by them on the Company's matters. The Remuneration and Appraisal Committee considered, and would make recommendations to the Board on, the remuneration packages of executive Directors and senior management, including benefits in kind and pension entitlements. The Remuneration and Appraisal Committee may consult the Chairman of the Board and/or the Chief Executive Officer about proposals relating to the remuneration for other executive Directors and seek professional advice, if necessary.

Pursuant to paragraph E.1.5 of the Corporate Governance Code, the remuneration of the senior management members for the Year, categorized by band, is set out below:

*Remuneration band**	*Number of Individuals*
HK$0 – HK$1,000,000	0
HK$1,000,001 – HK$2,000,000	5

* Due to the change of senior management during the year, the above disclosure is based on the remuneration of the senior management during their term of service during or throughout the Year (as the case may be).

Details of the Directors' fee and other emoluments of the Directors are set out in note 31 to the financial statements.

Sustainability Committee (established in November 2021)

The Sustainability Committee consists of two executive Directors and two independent non-executive Directors, namely Mr. Liu Zhengyu (Chairman), Mr. Wang Peihang, Dr. Zeng Zhi, and Professor Ding Chunyan.

Responsibilities and work performed in 2024

Under the "Terms of reference of the Sustainability Committee", the main duties of the Sustainability Committee include the following:

- to make recommendations to the Board on the Group's sustainability matters (including management policies, strategies, priorities and objectives);
- to monitor, review and evaluate the priorities and objectives adopted by the Group to implement sustainability;
- to monitor and review emerging sustainability issues and trends that may affect the Group's business operations and performance;
- to monitor the Group's implementation of sustainability and the progress of its objectives, review and assess the potential impact of environmental, social and governance ("ESG") work on the Group's business model and related risks and opportunities, and listen to internal and external feedback on the ESG work, and put forward improvement suggestions for the next step of ESG work;
- to monitor the Company's effort to strengthen communication with investors, regulatory bodies and other stakeholders, evaluate the Company's ESG governance effect and impact, and promote the establishment of a sustainability culture; and
- to review the disclosures of the Company's ESG report.

The Sustainability Committee held 1 meeting in 2024. The work performed during the Year included the following:

- considering the ESG Report for 2023; and
- reviewing the change of composition of the Sustainability Committee.

Executive Committee (established in March 2024)

With effect from 13 March 2024, the Executive Board Committee has been abolished and replaced by a new Executive Committee. The authority previously held by the Executive Board Committee has been transferred to the Executive Committee within the confines of the Terms of Reference for the Executive Committee. The Executive Committee consists of three executive Directors and one non-executive Director, namely Mr. Li Haitao, Mr. Liu Zhengyu, Mr. Wang Peihang, and Mr. Cai Xiaoping.

Responsibilities and work performed in 2024

Under the "Terms of Reference of the Executive Committee", the main duties of the Executive Committee include the following:

- to oversee the daily operations of the Group's businesses;
- to deal with the operations of all the Group's businesses and to delegate authority for relevant business matters;
- to consider the notifiable transactions and connected transactions of the Group as defined under the Listing Rules and advise the Board thereon;
- to review the Group's strategic plan, business plan, investment plan, and annual financial budget, and submit the them for the Board's approval;
- to consider and review the Company's policies on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of the Directors and senior management of the Company; and
- to prepare periodic reports in accordance with the requirements under the Listing Rules, and submit the same for the Board's approval.

The Executive Committee reports its decisions and recommendations to the Board in a timely manner, and the minutes of the committee meetings in relation to material matters and decisions are circulated to the Board members within a reasonable time after the meetings.

The work performed by the Executive Committee during the Year included considering the Company's 2023 annual results and dividend proposal, 2024 interim results and business development, budgets for the year 2024, notifiable transactions, connected transactions, the Company's policies amendments and adoptions, capital operation projects, and approving the business development plans, capital expenditures, debt financing instruments and loans, and changes in the senior management of the Company's subsidiaries etc.

The attendance records of the Board meetings, specialized committee meetings and general meetings of the Company held in 2024

Details of the Directors' attendance at the Board meetings, specialized committee meetings and general meetings of the Company held in 2024 are set out in the following table:

	Number of Physical Meetings Attended/ *Number of Physical Meetings Held during the Director's Term of Office in 2024*						
Directors	***Board***	***Audit Committee***	***Nomination Committee***	***Remuneration and Appraisal Committee***	***Sustainability Committee***	***Annual General Meeting***	***Special General Meeting***
Executive Directors							
Mr. Li Haitao[(1)]	**11**/11	N/A	N/A	**1**/1	N/A	**1**/1	**1**/1
Mr. Liu Zhengyu	**10**/11	N/A	N/A	N/A	**1**/1	**1**/1	**1**/1
Mr. Wang Peihang	**11**/11	N/A	**2**/2	N/A	**1**/1	**1**/1	**1**/1
Dr. Dai Jingming[(2)]	**10**/11	N/A	N/A	N/A	N/A	**1**/1	**0**/1
Non-executive Directors							
Mr. Zhou Zhiwei[(3)]	**1**/1	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Cai Xiaoping[(4)]	**4**/4	N/A	N/A	**1**/1	N/A	**0**/0	**1**/1
Independent non-executive Directors							
Mr. Pan Chaojin	**10**/11	**3**/3	**2**/2	**2**/2	N/A	**1**/1	**1**/1
Dr. Zeng Zhi[(5)]	**11**/11	**3**/3	**2**/2	N/A	**1**/1	**1**/1	**1**/1
Dr. Wang Guowen	**11**/11	**3**/3	N/A	**2**/2	N/A	**1**/1	**1**/1
Professor Ding Chunyan[(6)]	**7**/8	N/A	**0**/0	N/A	**1**/1	**1**/1	**1**/1

Notes:

(1) Mr. Li Haitao ceased to be a member of the Remuneration and Appraisal Committee on 26 July 2024.

(2) Dr. Dai Jingming resigned as an executive Director, financial controller, and a member of the Executive Committee on 24 January 2025.

(3) Mr. Zhou Zhiwei resigned as a non-executive Director on 16 January 2024.

(4) Mr. Cai Xiaoping was appointed as a non-executive Director, a member of the Remuneration and Appraisal Committee, and a member of the Executive Committee on 26 July 2024.

(5) Dr. Zeng Zhi ceased to be a member of the Nomination Committee on 26 July 2024.

(6) Professor Ding Chunyan was appointed as an independent non-executive Director and a member of the Sustainability Committee on 13 March 2024, and was appointed as a member of the Nomination Committee on 26 July 2024.

Directors are expected to devote sufficient time and attention to performing their duties and discharging their responsibilities towards the Group. During the Year, the high attendance rate at the Board meetings and those of its specialized committee meetings fully demonstrated the Directors' strong sense of responsibility and commitment to the Company, and their dedication of sufficient time and attention while fulfilling their duties.

SUPPLY OF AND ACCESS TO INFORMATION

Agendas of all Board meetings and the accompanying Board papers are sent to all Directors in a timely manner, and are typically provided to each Director seven days before the scheduled date of the meeting.

The management of the Company provides the Board and its specialized committees with adequate, complete and reliable information in a timely manner to enable Directors to make informed decisions. The Board and each Director have separate and independent access to the Company's senior management.

The Board is provided with the Group's monthly management report which gives a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to keep the Board informed of the Group's affairs and facilitate Directors to discharge their duties under the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board adopted a code of conduct (the "Code of Conduct") in respect of securities transactions of the Company by Directors and insiders who have access to inside information of the Group on terms more stringent than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Listing Rules. Insiders who have access to inside information include any employees of the Company or directors or employees of subsidiaries of the Company who, as a result of their office or employment, are likely to be in possession of inside information in relation to the Group.

The Company, having made specific enquiry to all Directors, confirms that all Directors have complied with the standards set out in the Model Code and the Code of Conduct at all times throughout the Year.

INDEMNITY OF DIRECTORS

Pursuant to the Bye-Laws, every Director or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him or her in the execution of the duties of his or her office or in relation thereto. During the Year, the Company has arranged for liability insurance cover to indemnify the Directors and senior officers of the Company

DIVISION OF AUTHORITY BETWEEN THE BOARD AND THE MANAGEMENT

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group and the Board delegates its management and administration functions to the management. The Board established the Executive Committee to manage and monitor, on behalf of the Board, the day-to-day operations of the Group and to implement all decisions made by the Board as well as to oversee corporate governance matters of the Group.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing financial statements that give a true and fair view of the financial position, results and cash flow of the Group. In preparing the financial statements for the year ended 31 December 2024, the Board has selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and has prepared the financial statements on a going concern basis. For details of the basis of preparation of the financial statements, please refer to note 2 to the consolidated financial statements in this annual report.

The reporting responsibilities of the Directors and the Auditor are further set out in the Independent Auditor's Report in this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

It is the Board's duties to ensure the Company establishes and maintains appropriate and effective risk management and internal control systems, and reviewing their effectiveness at least annually through the Audit Committee. The management is responsible for designing and implementing such risk management and internal control systems. These systems are designed to identify and manage risks that may adversely affect the Group's ability to achieve business objectives, but they do not provide absolute assurance against material misstatements, errors, losses, frauds or non-compliance.

By working out an overall strategy on corporate development, the Company leads and supports its subsidiaries to achieve corporate development in accordance with the Group's strategic plans. The Company achieves sustainable development through good and regulated management by adjusting, improving and enhancing the internal management model of its subsidiaries.

As a holding company, the Company has been implementing effective governance over its subsidiaries. The Company has adopted and optimized the "White Paper on the Management and Control of Shenzhen International Holdings Limited" as the basis of its management and control over subsidiaries. In line with the Group's business development and expansion, the Company issued a document on optimizing the Group's management and control in 2018 to clarify that the core functions of its headquarters are "setting strategies, building teams, constructing systems, taking decisions, making assessments, controlling risks and ensuring protection" while the core functions of the subsidiaries are "executing strategies and generating profits". It also set up eight committees to carry out the integration of business segments, implement differentiated management and control, draw up white papers on the management and control over different types of subsidiaries, and improve corporate management.

According to the 14th Five-Year Plan of the Group, the Group focuses on developing four major segments, namely logistics, port, toll road and general-environmental protection businesses. Since the setting of the strategic development directions for the urban integrated logistics hub business in 2012, the Group has explored and gradually formulated the short closed-loop "investment, construction, financing and operation" and the long closed-loop "investment, construction, operation and transformation" development models to examine and realize the value of its asset-heavy projects throughout their life cycles. With the commencement of the construction of urban integrated logistics hubs, ports and toll roads as well as the gradual development of new businesses, the Group audited the entire process of its construction projects and implemented specialized risk prevention and control over the new businesses and newly-incorporated companies in 2017. In 2019, the Group put greater emphasis on the financial business and the logistics and supply chain development business and regulated high-risk processes and areas of these businesses in order to prevent operational, compliance and other risks. In 2022, the Group continued to optimize and update the investment business risk accountability systems of certain specific operations in order to refine the assessment criteria, stimulate investment and, in turn, achieve effective investment risk prevention and control. In 2024, the Group published the "Notice on Strengthening Major Contract Management" "Guidelines for Further Strengthening the Management of Construction Litigation", reinforcing the Group's management of major contracts and guiding its subsidiaries to effectively enhance their levels of project management, audit, and litigation management, thereby mitigating legal risks associated with litigation.

Corporate Internal Risk Management and Control Model

In order to further strengthen its risk control and enhance the level of independence of its internal audit function, the Group adjusted the functions of the risk management department in early 2017 by incorporating the investment review and intermediary agency management functions into the risk management department. The risk management department is responsible for establishing and improving the Group's comprehensive risk management system and internal legal and compliance management system, assessing the performance of the internal control system, as well as considering and reviewing investment projects and merger and acquisition projects. Meanwhile, the Company separated the audit function and post-investment evaluation tracking of investment projects from the original risk management department. The audit department, which is responsible for establishing and improving the Group's internal audit system, independently audited the Group and its subsidiaries, and supervised the implementation of audit reforms. In 2018, in order to optimize its management and control, the Group established the Risk Control Committee to coordinate, organize and synchronize the Group's risk prevention and control efforts and provide reference for the management to make decisions on risk management and control. As such, the Group has gradually established and has continued to refine its three-tier risk prevention and control system comprised mainly of the risk management departments of its subsidiaries, the Risk Control Committee at the management level and the Board, and its three lines of defense, which consist primarily of the relevant functional departments of the risk management, audit and supervisory departments at the subsidiary and headquarter levels.

Function Positioning of Headquarters of the Group

To fulfill its overall role as a "state-owned municipal service developer and operator" while realizing both economic and social benefits as well as commercial profits and social welfare, the Group has set forth the core functions of its headquarters as its center for investment, financing, decision-making and back-office support based on the characteristics of the industries, the maturity levels of the businesses and the stages of the corporate development of its subsidiaries.

Basic Management Control

Based on the needs of its strategic management control model, the Group makes sure its subsidiaries have carried out material operating activities in accordance with the Group's strategic plans and objectives by controlling, supporting and guiding important economic activities of its subsidiaries such as budget management, performance appraisal, investment and financial management, capital management, construction management, procurement management, remuneration management, assets and equity structure, human resources and information management, thereby ensuring the effective implementation of the Group's strategic plans.

Systems Build-up

In accordance with the basic management control model, the Group has supplemented and improved its existing systems, and established clearly defined regulations and procedures. Under such systems, the Group has set up a strict authorization system and a rational operation workflow to ensure that all operating activities are properly authorized, to safeguard the Company's assets and the interests of the Shareholders and to continuously enhance performance through an established system modification and improvement regime.

Risk Management

The Company constantly improves its internal control and risk management systems, and has set up and effectively implemented a comprehensive risk management system that focuses on risk identification, risk assessment and risk prevention based on the control environment, financial control, operational control, compliance control and risk management. The organizational structure of the Company's risk management comprises the Board, the Audit Committee, the management of the Company, the Risk Control Committee, the risk management department, the audit department and risk coordinators at other departments. The Group's top-level risk management and internal control structure is formalized in the "Comprehensive Risk Management Regulations (2021 Revised Edition)" and the "Internal Control System (2021 Revised Edition)". In 2024, the Group strengthened the construction of its compliance management system in a comprehensive manner. The compilation of the "Three Lists" for compliance management at the headquarters of SZI was completed. The Compliance Management Committee was established, formulating the "Procedural Guidelines for the Compliance Management Committee" while revising the "Compliance Management Regulations" of the Group. The "Compliance Management Manual" of SZI was also compiled and published, effectively strengthening corporate compliance management from the aspects of organizational structure, system construction, and cultural promotion.

The Company conducts quarterly and annual risk assessments and prepares risk management reports in accordance with the established "Comprehensive Risk Management Regulations". To address potential risks, procedures for major risk management are formulated by comprehensively identifying and carefully evaluating risks and devising corresponding strategies. The risk management department oversees material risks on an ongoing basis. It prepares annual internal control and risk management system assessment reports for the Company.

The Board requires the management to review internal control and risk management performance at the end of each year. Through annual assessments of the Company and its subsidiaries by the risk management department on an ongoing basis, the management determines whether the internal control and risk management systems are able to meet the expected objectives, and will make recommendations for rectifying any control deficiency in the systems and monitor such rectification efforts.

The Company believes that the implementation of such internal control and risk management measures and achieving sound governance can effectively manage any material risks that the Group may face and mitigate the impact of risk events on the Group, thereby effectively and reasonably protecting the Shareholders' investment and the Company's assets and attaining the long-term strategic objectives of the Company.

The Company strictly complies with the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, along with other relevant laws and regulations. Policies on anti-bribery and anti-corruption including "Guidelines for Ani-Fraud Management", "Guidelines for Risk Prevention in Integrity Practices" and "Regulations on Confidential Management in Disciplinary Inspection and Monitoring" have been formulated, outlining principles to combat bribery and corruption, safeguard whistleblowers, as well as identify and assess fraud risks.

To enhance the processing of internal and external whistleblower reports, the Company has a whistle-blowing policy and system in place for the employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company.

In addition, to identify, process and announce inside information, the Group has also implemented relevant procedures, including pre-approval for transactions of the Group's securities by specific management members, informing the relevant Directors and employees of the relevant conventional blackout period and restrictions on securities transactions, and identifying projects with code names to prevent possible mishandling of the Group's inside information.

Effectiveness of Risk Management and Internal Control Systems

The Board has conducted a comprehensive review of the Group's internal control and risk management systems (and their effectiveness) for 2024 through the Audit Committee and found that their performances were sound and that there were no significant control failures or weaknesses. The Board considers that the relevant systems are effective and sufficient to provide reasonable assurance that the Group can achieve its operational and governance objectives. The Board will continue to urge the management of the Company to enhance the internal control and risk management systems in order to ensure their effective operation.

The Board has also conducted annual review on the adequacy of resources on accounting, internal audit, financial reporting functions, as well as those relating to the ESG performance and reporting through the Audit Committee and the Sustainability Committee respectively. The Board is of the view that the Group has adequacy resources, staff qualifications and experience in the above aspects, and that the staff training programme and related budget were also adequate.

Functions of Risk Management Department

The risk management department of the Company has the following main functions:

- internal control and risk management
- reviewing investment projects
- overseeing asset valuation
- managing of legal affairs
- compliance management

Staff of the risk management department are scheduled to participate in various training courses every year in accordance with the Company's needs to enhance their theoretical and practical knowledge. Such training courses include, among others, internal control and risk prevention and management training, compliance management training, investment training, professional training on legal matters, and equity management and asset evaluation training.

The risk management department reviews and analyses the Group's potential risks and formulates corresponding measures. Set out below are some of the examples of the work done by the risk management department during the Year.

Risk	***Description***	***Corresponding measures***
Policy risks	• The amendment to the "Regulations on the Administration of Toll Roads" has not yet been finalized. Toll revenue may be affected by such policy adjustment.	• Keep monitoring the status of the amendment to the "Regulations on the Administration of Toll Roads".
	• Local governments have intensified their efforts in attracting investment, resulting in an overall increase in the land supply for logistics purposes. However, the terms for high-quality resource projects in core cities remain stringent, with special requirements for average investment intensity and tax contributions per acre. Additionally, some cities have introduced penalties including the deduction of deposits, tax revenue deficit compensation, and land retrieval, creating challenges for the expansion of the logistics core business.	• Closely monitor policy trends within the logistics industry, with a focus on key regions such as the Greater Bay Area, the Yangtze River Delta, and the Beijing-Tianjin-Hebei area. Meticulously select high-quality projects and continuously improve investment attraction and operational capabilities. Additionally, the Group will explore opportunities for derivative businesses within logistics parks, taking steps to research on new business models such as the integration of "photovoltaic, storage and charging" and "low-altitude + logistics", while proactively aligning with national policy directions.
	• The formation of provincial port groups in a number of regions in China and the further promotion of capital-based operational integration on the basis of completing the integration of port resources within the provinces have led to a severe competitive situation in the port industry. The coal supply chain business has been affected by policies such as "dual carbon", leading to a decrease in procurement volumes among power companies and intensified market competition.	• Maintain close communication with the local governments of the ports, actively tapping the potential and expanding the market, closely tracking the customers' coal consumption for production and the planning dynamics of sea vessels, and striving for customers with room for incremental growth on a vessel-by-vessel basis, in order to protect and enhance the market position; optimising the business structure, enriching the types of cargoes operated, and dispersing the effect of a single type of cargoes on the operating efficiency.
	• Projects of environmental protection industry are significantly influenced by government policies. In recent years, the government has been promoting the implementation of a new mechanism for public-private partnerships (PPP), emphasizing the priority of involving private enterprises in franchise models. As a result, it may become more challenging for state-owned environmental companies to secure projects in the future.	• Keep abreast of policy changes in the environmental protection industry, study the impact of such policy changes and consider countermeasures.

Risk	*Description*	*Corresponding measures*
Risks related to investment, mergers and acquisitions	• Insufficient preliminary scrutiny and investigation of the investment, incautious due diligence, incomplete risk identification and inadequate risk control may result in underperformance. • The increasing complexity of the types of investments and the variety of investment approaches may increase the risk of poor decision-making due to insufficient forward-looking market judgement. • Pre-investment and acquisition projects may result in the risk of less-than-expected profitability or development due to the highly competitive market environment, changes in government policies or poor internal integration and management.	• Adhere to the principle of "Stable Investment" and anchore in the high-quality development goal, timely adjust investment strategies, appropriately control the pace of investment in new projects, and prioritizing the implementation of key projects that are under construction, have secured land or have signed agreements. • Conduct comprehensive due diligence review and sufficient risk exposure and risk probability analysis for all kinds of investment options, mitigate, avert and control risks by means of contractual terms, and formulate risk response strategies in advance. • Strengthen research and study of the industry and market to timely grasp the industry development trends; fully implement the interest alignment mechanism by aligning the interests of the implementation team with the project interests to achieve risk sharing. • Establish and strengthen the post-investment management mechanism for different types of projects, such as controlling stakes and equity participation, and steadily promote the integration and management of the target company to reduce operational risks.
Risks related to trade receivables	• The Group's supply chain business may face increased risks of bad debt due to fluctuations in the prices of commodities such as coal and petroleum coke and the increased risk of credit defaults by enterprises in the supply chain. • Due to the slowdown in macroeconomic growth and fierce market competition, there has been an increase in rent arrears and lease termination by tenants at the Group's logistics hubs from time to time, which may give rise to the risk of delayed or non-payment of trade receivables.	• Strengthen the supervision and management of asset-light businesses such as the supply chain business, strictly approve new business models, and regularly monitor the operations and trade receivables of these asset-light businesses. Pay close attention to the financial capabilities and creditworthiness of counterparts, and take timely action in the event of major changes. • Enhance dynamic monitoring and trade receivables management of existing businesses, and timely adopt measures such as scale control, business exit and overall divestment to terminate businesses with risk-return mismatches. • For enterprises facing receivable risks, adopt a case-by-case approach with clear accountability, and promptly develop risk response measures.

Risk	Description	Corresponding measures
Risks related to construction projects	• The Group has undertaken more construction projects in recent years, which entail certain construction safety risks due to the extensive scope of construction, the complexity of the construction techniques and the construction environment, and the significant challenges in traffic management. • Due to the long construction period of heavy-asset projects, the risk of delays may arise from unexpected circumstances during construction, extended long project settlement cycles, and increased management complexity. • Unstable materials prices have resulted in construction costs not being effectively controlled, which may have a significant impact on the future production, operation and efficiency of the projects.	• Strengthen the supervision over the safety management of construction projects, ensuring that workers are qualified and machineries are in good conditions, and provide safety training and emergency drills for workers. • Enhance the quality of project design and carry out thorough project assessments; fully justify the feasibility of design options, and analyze the strengths and weaknesses of different plans, ensuring that long-term considerations and advanced planning are integral to the design process, persistently strengthening all management procedures and tightening overall control over project quality and progress. • Ensure effective control of project costs by emphasizing cost management across the project, closely monitoring the price fluctuations of key materials, and leveraging project goal management evaluations and incentive mechanisms. Track and audit the whole process of the project lifecycle, spanning from tendering, bidding, contracting, design changes, inspection, delivery acceptance and completion settlement to commencement of operation.

Risk	Description	Corresponding measures
Legal and compliance risks	• The determination of contractual terms and the performance of contracts may be subject to risks. • Affected by the external situation, some enterprises in business operations are facing an economic crisis or even an existential crisis, leading to an increase in the number of default cases such as rent arrears and unilateral termination of contracts. • During the settlement of engineering projects, various changes throughout the process may lead to disputes between the project contractor and the Company, which may lead to potentially escalating into litigation risks in serious cases. • Tightening internet and information security management imposed by the central government may result in higher information security compliance requirements.	• Actively advance the construction of its compliance system, refine the organizational structure and system mechanisms for compliance management, and further strengthen its legal compliance review and filing of contracts. Enhance the rigor, predictability and enforceability of contract documents, improve contract enforcement and strengthen the evaluation of contract execution. • Always pay attention to the operating conditions of our customers, conduct in-depth research on the creditworthiness of our customers in our subsequent investment promotion work, and continue to monitor the counterparty's ability to fulfil the contracts during the course of contractual performance, and take timely and appropriate measures. • In response to the rising trend in settlement disputes of construction projects, a dedicated research study will be initiated to address these issues. This study will focus on reviewing and analyzing lessons learned from previous litigation cases, providing targeted guidance on construction management, settlement auditing, and litigation prevention to mitigate potential risks. • Improve the legal risk prevention mechanism and conduct statistical analysis on the Group's cases by thoroughly summarizing the causes of occurrences, major characteristics, development trends, response measures, and strategies for improvement. Continuously enhance management systems to address and eliminate any management loopholes. • Study and abide by internet and information security laws and regulations, and enhance the Group's compliance management of data and information security.

Risk	*Description*	*Corresponding measures*
Human resources management	• Whether the Group's internal management capabilities, such as human resources, match the demands of new business and management requirements will significantly impact the successful implementation of the Group's strategic plans. • Rigorous and compliant recruitment and dismissal processes are required to mitigate the Group's employment-related risks.	• Establish a standardized human resources system by setting qualification criteria for all levels of positions. Align these criteria with the Group's strategic planning and business development needs to outline the requirements for different job categories and levels, thereby establishing a scientific qualification standard system that supports employees' career development. • Develop a platform for enhancing talent capabilities, update and improve the talent pool, strengthen multi-directional job training, and refine the cadre development mechanism to ensure adequate talent reserves for the Group's high-quality development. • Strictly enforce the procedures and mechanisms for staff selection and appointment, and request timely rectification when irregularities are detected.
ESG risks	• In the environmental aspect, the Group's sustainable development may be affected by ineffective resource management, insufficient understanding of the impact of climate change on business operations, and inaccurate or incomplete collection and supervision of environmental data. • In the social aspect, the Group's sustainable development may be affected by disputes with its staff, suppliers, consumers, media and other stakeholders. • In the corporate governance aspect, the Group's sustainable development may be affected by issues related to its governance structure, transparency, independence, board diversity and Shareholders' right.	• Integrate the concept of sustainable development into business and development strategies, focusing on the coordinated development of economic and social benefits. • Establish a Group-wide ESG indicator and management system, strengthen the collection data related to environmental, social and corporate governance aspects, ensure the accuracy and completeness of such data, and continuously improve relevant monitoring and management measures based on the actual circumstances. • Enhance information disclosure and cooperation and exchanges, disclose ESG-related information in a timely, accurate and complete manner, draw on international best practices and advanced technologies, and improve ESG management and risk prevention and control standards.
Exchange rate risks	• Influenced by the domestic economic situation, a depreciation in Renminbi exchange rate may lead to certain exchange losses, resulting in an increase in the Company's finance costs.	• In response to changing circumstances, the Group will convert all debt in foreign currencies into Renminbi, thereby effectively managing exchange rate risk. • Continuously monitor changes in the foreign exchange market, enhance market researches, and flexibly adjust its financing structure in line with market trends.

EXTERNAL AUDITOR

During the Year, the fees payable by the Group to the Auditor, Deloitte Touche Tohmatsu ("Deloitte") in respect of audit services and non-audit services are set out below:

Services rendered	***Fee paid/payable (HK$'000)***
Audit services	8,418
Non-audit services	
– Interim results review	1,465
– Review of project circulars	2,538
– Due diligence and internal control review	264
– Quarterly results review	217
– Other	596
Total	**13,498**

The Audit Committee has reviewed the audit services, non-audit services and the related fees, procedures and effectiveness, independence and objectivity of Deloitte, and recommend the Board to re-appoint Deloitte to be the Auditor for the year 2025 at the forthcoming annual general meeting.

COMPANY SECRETARY

The Company has appointed the joint company secretaries to be responsible for providing secretarial services to the Board and ensuring operations of the Company are in compliance with Hong Kong listed companies' regulatory requirements as well as enhancing its corporate governance standards.

Directors have access to the advice and services of the joint company secretaries, with a view to ensure that Board procedures and all applicable rules and regulations are followed. Minutes of Board meetings and meetings of all specialized committees under the Board are kept by the joint company secretaries and are available for inspection by the Directors at all times.

Minutes of Board meetings and meetings of all specialized committees under the Board are taken by the joint company secretaries and the secretary of each of the specialized committees should record in sufficient details the matters considered by all Directors and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft minutes of Board meetings and meetings of all specialized committees under the Board are provided to relevant Directors for their comments and the final version of the same are given to relevant Directors for their records within a reasonable time.

Mr. Liu Wangxin together with Ms. Lam Yuen Ling Eva are the joint company secretaries, and Mr. Liu Wangxin is also the principal contact person for the Company's corporate secretarial matters.

During the Year, both joint company secretaries undertook not less than 15 hours of professional training, respectively, to update their skills and knowledge.

GENERAL MEETINGS

Each annual general meeting/special general meeting of the Company provides a channel of direct communication between the Board and the Shareholders. Therefore, the Company has high regard for general meetings, and all Directors and senior management make their best efforts to attend. In respect of each matter (including re-election of Directors) at the general meetings of the Company, separate resolutions are proposed by the Chairman of that meeting. At general meetings, all Shareholders are entitled to make recommendations or enquiries with Directors and senior management of the Company regarding issues about the Group's business and operating activities. Directors and senior management of the Company shall explain and elaborate in response to Shareholders' enquiries and recommendations.

The chairman of the Board and the chairmen of each of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee attended the annual general meeting of the Company held in 2024 to answer questions raised by the Shareholders. During the Year, the Company held 2 general meetings.

Voting by poll on Shareholders' resolutions

All resolutions at a general meeting of the Company shall be decided by poll so as to allow Shareholders to have one vote for every share held.

Before commencement of a general meeting, the chairman of the general meeting shall explain clearly to the Shareholders present the detailed procedures for conducting a poll and answer questions from Shareholders regarding the poll. The Company shall announce the poll results on the websites of the Stock Exchange and the Company on the date of the general meetings.

CONSTITUTIONAL DOCUMENTS

During the Year and up to the date of this report, there has been no change in the Company's constitutional documents.

SHAREHOLDERS' COMMUNICATION POLICY

In order to ensure the Shareholders are provided with comprehensive, equal and timely access to balanced and understandable information about the Company to enable the Shareholders to exercise their rights in an informed manner, and to allow active Shareholders' engagement with the Company, the Company has adopted the shareholders' communication policy (which has been made available at the Company's website) and annually reviews the policy to ensure its effectiveness.

During the Year, the Company has reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the various existing channels of communication and Shareholders' participation including without limitation: (a) AGMs and SGMs (if any) which provide a forum for the Shareholders to make comments and exchange views with the Board; (b) publication of announcements, annual reports, ESG report, interim reports and key corporate governance policies on the websites of the Stock Exchange and the Company in a timely manner; and (c) the availability of latest corporate information (including contact information such as telephone, fax number and email address) on the Company's website for effective communication between Shareholders and the Company, the Company considers that the shareholders' communication policy has been properly implemented and effective during the Year.

SHAREHOLDERS' RIGHTS

Convening special general meeting on requisition of shareholders

In accordance with the Companies Act 1981 of Bermuda (the "Companies Act"), registered Shareholder(s) holding not less than one-tenth (10%) of the paid-up capital of the Company as at the date of the deposit of the requisition shall have the right to submit a written requisition requiring a special general meeting to be convened by the Board.

The written requisition (i) must state the purposes(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for the attention of the joint company secretaries of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified by the Company's share registrar and upon its confirmation that the requisition is proper and in order, the joint company secretaries will make arrangements in accordance with the relevant laws and regulations for the Board to convene a special general meeting by serving sufficient notice to all Shareholders.

Procedures for putting forward proposals at general meetings

In accordance with Sections 79 and 80 of the Companies Act, the registered Shareholders are entitled to put forward a proposal at a general meeting if:

(a) they represent not less than one-twentieth (5%) of the total voting rights of the Company as at the date of the deposit of the requisition; or

(b) there are not less than 100 registered Shareholders

The written requisition stating the resolutions is duly signed by the registered Shareholder(s) concerned, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with must be deposited at the registered office of the Company. Upon receipt of a valid written requisition, the Company shall take appropriate actions and make necessary arrangements, and the Shareholders concerned shall be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act.

The Board highly appreciates the insights and feedback from Shareholders and remains open to receiving their perspectives at all times. The Board also welcomes any questions and concerns raised by the Shareholders in relation to the management and governance of the Group. Shareholders may at any time send their enquiries and concerns to the Board in writing through the joint company secretaries at Rooms 2206-2208, 22nd Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.

Procedures for proposing a person for election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the "Corporate Governance" section of the Company's website (www.szihl.com).

Information Disclosure

Information disclosure is not merely an ongoing responsibility and obligation that a listed company must fulfill. Credible information disclosure can effectively build a bridge of communication and understanding between the Company and investors, regulatory authorities and the general public. This can facilitate a broader and more thorough understanding of the Company's values. To regulate information disclosure of the Company and protect the legal interests of the Company and its Shareholders, creditors and other stakeholders, the Company adopted the "Rules Governing Information Disclosure" by reference to the Listing Rules and the circumstances of the Company

INVESTOR RELATIONS

The Group values the support of its investors over the years and is committed to maintaining and developing close relations with them. It is pleased to share the fruits of its business development, corporate strategies and prospects with its investors. The Group also welcomes investors to access information about us and engage in dialogue.

Adhering to its well-established and transparent investor relations management principles, the Group has actively strengthened the interactive communication platform with the capital market in 2024 by proactively presenting its results and development while understanding investors' concern and market opinion through various channels, such as meetings with institutional investors, roadshows (or reverse roadshows) and investor conferences during the Year.

The Group rigorously maintained close communication with the investors and Shareholders through a diverse range of channels. By hosting results presentations via the formats of both in-person meetings and teleconferences while holding more non-deal roadshows, reverse roadshow, project site inspection, online meetings and large-scale strategy presentations at home and abroad, the Group conducted over 163 interactive activities and communicated with a total of over 500 investors in the domestic and international capital markets during the Year. Such interactive communication channels have enhanced the investors' understanding of the Group's business operation, long-term development strategies and investment potential.

The Group also places great emphasis on the investment community. The Group's investor relations team keeps track of the feedback of the capital market on the Company and reports the opinions, suggestions and expectations of the capital market to the Company's management in a timely manner for the management team to formulate operation, management and development strategies that are beneficial to the Company's sustainable development and value accretion. During the Year, various reputable securities dealers at home and abroad issued 17 research reports on the Group. Most of these reports assigned positive ratings such as "buy", "outperform" or "overweight" to the Group.

Attributable to such consistent efforts, the Group has won market recognition for its work on investor relations and corporate governance, and also achieved notable success in its ESG (Environmental, Social, and Governance) initiatives. During the Year, the Group received a number of prestigious awards, including the "Listed Company with Best Investment Value", at the Golden Bauhinia Awards presented by Hong Kong Ta Kung Wen Wei Media Group, and the "Listed Company Awards of Excellence" presented by Hong Kong Economic Journal. It was recognized as one of the "Top 50 Hong Kong Stock Connect Companies" at the 11th Hong Kong Stocks Top 100 Awards Ceremony organized by the Top 100 Hong Kong Listed Companies Research Centre. Additionally, the Group garnered five other distinguished awards including the "Greater Bay Area Prestigious ESG Accomplishment of the Year," the "Outstanding ESG Environmental Performance Award," the "Outstanding ESG Social Performance Award", the "Outstanding ESG Corporate Governance Award" and the "ESG Commendation Certificate" at the "Outstanding ESG Enterprises Recognition Scheme 2024" jointly organized by Sing Tao News Corporation, the Center for Economic Sustainability and Entrepreneurial Finance (CESEF) under the School of Accounting and Finance, and the Policy Research Centre for Innovation and Technology (PReCIT) of The Hong Kong Polytechnic University. Furthermore, the Group received the "Excellence in ESG Sustainable Development Enterprise" award at the 2024 Jinge Awards held by Guru Club, further boosting the brand influence of Shenzhen International.

The Group attaches great importance to communication with the capital market practitioners, and the management actively participates in the Group's investor promotional activities, including results presentations, local and overseas roadshows as well as conferences or seminars in the capital market. Details of the major promotional activities held during the Year are as follows:

2024	***Major Events***
January	• Conducted a non-deal roadshow in Beijing
	• Participated in Sinolink Securities' Spring Strategy Conference 2024
March	• Held Shenzhen International 2023 annual results presentations
April	• Held Shenzhen International 2023 post-annual results non-deal roadshows (Hong Kong, Beijing, Shanghai, Shenzhen and Guangzhou)
May	• Organized Shenzhen International reverse roadshows
	• Participated in China Industrial Securities' Strategy Conference
	• Participated in Guohai Securities' Listed Company Strategy Conference
	• Participated in Citi's 2024 Macro & Pan-Asia Regional Conference and held a non-deal roadshow in Singapore
June	• Participated in Huatai Securities' Strategy Conference
	• Participated in CITIC Securities' Strategy Conference
	• Participated in CICC' Strategy Conference
	• Participated in Guohai Securities Summer Key Listed Companies Strategy Conference
	• Participated in Sinolink Securities' Listed Company Strategy Conference
	• Held non-deal roadshows in Beijing and Shanghai
July	• Participated in China Industrial Securities' Mid-term Strategy Conference
	• Attended Huayuan Securities' Strategy Conference
	• Organised Shenzhen International reverse roadshows
August	• Held Shenzhen International 2024 interim results presentation
	• Held a Shenzhen International 2024 post-interim results non-deal roadshow (Hong Kong)
September	• Participated in Citi's 2024 China Industrial, SMID, Transport Conference
	• Participated in Guohai Securities' Strategy Conference
	• Participated in Huatai Securities' Strategy Conference
	• Held Shenzhen International post-interim results non-deal roadshows (Shanghai, Beijing and Shenzhen)
November	• Participated in Guohai Securities' 2024 Fall Key Industry Strategy Conference
	• Participated in Huayuan Securities' 2025 Investment Summit
	• Participated in Huatai Securities' Listed Company Strategy Conference
	• Participated in CITIC Securities' 2024 Annual Strategy Conference
	• Participated in CICC's 2024 Annual Investment Strategy Conference
	• Participated in Guohai Securities' Listed Company Strategy Conference
	• Participated in Hong Kong Listed Companies Development Summit and the 11th "Top 100 Hong Kong Stocks" Awards Presentation Ceremony
	• Participated in the "Outstanding ESG Enterprises Recognition Scheme 2024" Award Presentation Ceremony
December	• Participated in Sinolink Securities' Annual Strategy Conference
	• Participated in Huayuan Securities' Shenzhen Strategy Conference
	• Participated in the "Listed Company Awards of Excellence" 2024 Ceremony by Hong Kong Economic Journal
	• Participated in the 14th Hong Kong International Financial Forum and the China Securities' "Golden Bauhinia Awards" Presentation Ceremony

The Group strives to achieve high quality disclosure and transparency standards. To enhance investors' understanding of its business, the Group explains its business operation to the investors through, among other things, extraordinary and annual general meetings, annual reports, interim reports and its official website.

The Group's website (www.szihl.com) is the official access to the latest information on the Group. Public notices, circulars, press releases, results announcements and other announcements are uploaded to the website on a regular basis. Investors can also access general information on the Group, biographies of the Directors and senior management, as well as business, financial and other information, on the official website.

The Group is committed to further enhancing the transparency and exchange of information by actively organizing investor relations activities. It aims to deepen investors' understanding of and trust in the Group's businesses, establish confidence in the Group's future development and gain recognition and support from the market, so as to fully demonstrate its business potential and intrinsic value. In addition, the Group also collects extensive feedback from the market through these activities for the purpose of improving its governance, operational and management standards.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2024, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are set out as follows and in the section headed "SHARE OPTION SCHEME" as set out in the Report of the Directors on pages 85 to 86 of this annual report:

Long position in the ordinary shares of the Company

Name of Director	***Number of shares held***	***Capacity***	***Nature of interest***	***Approximate % of the issued shares of the Company*** *(Note 1)*
Li Haitao	44,751	beneficial owner	personal	0.001%
Liu Zhengyu *(Note 2)*	758,038	beneficial owner and interest of spouse	personal and spouse	0.031%

Notes:

(1) The percentage was calculated based on the total number of shares of the Company in issue as at 31 December 2024 (i.e. 2,409,639,050 shares).

(2) Mr. Liu Zhengyu is deemed to be interested in the long position of 275,728 shares of the Company, which are held by his spouse.

Save as disclosed above and in the section headed "SHARE OPTION SCHEME" as set out in the Report of the Directors on pages 85 to 86 of this annual report, as at 31 December 2024, none of the Directors or chief executives of the Company had any other 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), as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES" above and the section headed "SHARE OPTION SCHEME" as set out in the Report of the Directors on pages 85 to 86 of this annual report, at no time during the year ended 31 December 2024 was the Company, any of its subsidiaries, the holding company of the Company or any of its subsidiaries a party to any arrangement which enabled the Directors, chief executives, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 31 December 2024, the interests and short positions of the substantial shareholders of the Company and other persons (other than the Directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO are set out below:

Long position in the ordinary shares of the Company

Name of shareholder	***Number of shares held***	***Capacity***	***Approximate % of the issued shares of the Company*** *(Note 1)*
Shenzhen Investment Holdings Company Limited ("SIHCL") *(Note 2)*	364,500	beneficial owner	0.01%
	1,058,717,983	interest of controlled corporation	43.94%
Ultrarich International Limited ("Ultrarich") *(Note 2)*	1,058,717,983	beneficial owner	43.94%
UBS Group AG *(Note 3)*	164,879,008	interest of controlled corporation	6.84%
Lian Life Insurance Company Limited	120,535,500	beneficial owner	5.00%

Notes:

(1) The percentage was calculated based on the total number of shares of the Company in issue as at 31 December 2024 (i.e. 2,409,639,050 shares).

(2) Ultrarich was a wholly-owned subsidiary of SIHCL and held 1,058,717,983 shares of the Company. Accordingly, SIHCL was deemed to be interested in the long position of these shares of the Company held by Ultrarich.

(3) UBS Asset Management (Americas) LLC, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Singapore) Ltd, UBS Fund Management (Luxembourg) S.A., UBS Fund Management (Switzerland) AG, UBS Asset Management Life Limited, UBS Financial Services Inc., UBS AG and UBS Switzerland AG are wholly-owned by UBS Group AG. Accordingly, UBS Group AG was deemed to be interested in the long position of an aggregate of 164,879,008 shares of the Company held by these companies.

Save as disclosed above, as at 31 December 2024, the Company was not aware of any other substantial shareholders of the Company or any other persons (other than the Directors or chief executives of the Company) which had any interests or short positions in the shares and underlying shares of the Company which as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 124 to 228, which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

KEY AUDIT MATTER *(continued)*

Key audit matter	*How our audit addressed the key audit matter*
Amortisation of concession intangible assets for the operating rights of the toll road business	***Audit response***
As shown in note 10(i), as at 31 December 2024, the carrying amounts of the toll road operating rights of the Group was HKD21,503,125,000, and related amortisation for the year ended 31 December 2024 was HKD1,639,055,000. The toll road operating rights of the Group are amortised on a units-of-usage basis, whereby amortisation is provided to write off the cost of the toll road operating rights based on the proportion of actual traffic volume for each reporting period over the total projected traffic volume for the operating period of each toll road, with reference to traffic volume forecast reports (the "TVF Reports") issued by independent professional traffic consultant. Further as shown in note 4.1(a), during the year ended 31 December 2024, the total projected traffic volume in the remaining operating period of certain expressways was reassessed with independent professional traffic consultant. Thus, the Group has adjusted the amortisation units-of-usage, resulting in increase in profit of HKD2,256,000. The total projected traffic volume over the remaining operating period are significant accounting estimates of the management. These estimates and judgements may be affected by unexpected changes in future market and economic conditions. Therefore, we identify the amortisation accuracy of the toll road operating rights of the Group as a key audit matter.	We have performed the following audit procedures in response to the aforementioned key audit matter: • Understanding and evaluating the design, implementation and operating effectiveness of the relevant internal controls related to the amortisation of toll road operation rights; • Assessing the independence and professional capability of the traffic consultants engaged by the Group to issue the TVF Reports; • Assessing the reasonableness of the actual traffic volume units applied in the calculation of amortisation; • Comparing the actual traffic volume in the current year with the traffic volume forecasted in the TVF Reports, to evaluate the accuracy and reliability of the forecasted traffic volume and understanding the causes of any significant variances; and • Re-calculating the amortisation of the toll road operating rights to verify the accuracy of its amount in the consolidated financial statements.

OTHER INFORMATION

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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.

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chu Yim Yan, Sonia.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong

26 March 2025

CONSOLIDATED BALANCE SHEET

At 31 December 2024

(For reference only) *31.12.2024* *RMB'000*		NOTES	*2024* *HKD'000*	*2023* *HKD'000*
	ASSETS			
	Non-current assets			
17,408,456	Investment properties	6	**18,519,634**	15,080,718
19,168,367	Property, plant and equipment	7	**20,391,880**	19,780,766
3,813,067	Land use rights	8	**4,056,454**	4,231,866
3,205,976	Construction in progress	9	**3,410,613**	3,104,279
24,616,610	Intangible assets	10	**26,187,883**	29,280,325
484,191	Goodwill	11	**515,097**	543,515
17,901,084	Interests in associates	12	**19,043,706**	17,493,560
9,866,932	Interests in joint ventures	13	**10,496,736**	10,870,097
1,136,830	Other investments	14	**1,209,394**	1,155,711
562,309	Deferred tax assets	23	**598,201**	638,506
7,352,534	Other non-current assets	15	**7,821,845**	7,871,665
105,516,356			**112,251,443**	110,051,008
	Current assets			
4,312,549	Inventories and other contract costs	16	**4,587,818**	4,815,542
370,628	Contract assets	17	**394,285**	434,637
599,679	Other investments	14	**637,956**	1,065,663
4,496,579	Trade and other receivables	18	**4,783,595**	4,159,636
3,322,550	Other asset	29(a)	**3,534,628**	–
129,824	Derivative financial instruments		**138,110**	163,350
836,597	Restricted bank deposits	19	**329,644**	1,088,617
583,500	Deposits in banks with original maturities over three months	19	**620,745**	1,118,292
7,669,444	Cash and cash equivalents	19	**8,719,336**	7,597,796
22,321,350			**23,746,117**	20,443,533
127,837,706	**Total assets**		**135,997,560**	130,494,541

(For reference only) *31.12.2024* *RMB'000*		NOTES	*2024* *HKD'000*	*2023* *HKD'000*
	EQUITY AND LIABILITIES			
	Equity attributable to ordinary shareholders of the Company			
12,586,583	Share capital and share premium	20	**13,389,982**	13,257,983
17,963,171	Other reserves and retained earnings	21	**19,109,757**	18,324,223
30,549,754	**Equity attributable to ordinary shareholders of the Company**		**32,499,739**	31,582,206
20,702,014	**Non-controlling interests**		**22,023,419**	23,393,455
51,251,768	**Total equity**		**54,523,158**	54,975,661
	Non-current liabilities			
38,594,295	Borrowings	22	**41,057,761**	28,360,733
819,901	Lease liabilities	27	**872,235**	947,532
2,293,127	Deferred tax liabilities	23	**2,439,497**	2,647,398
1,528,811	Other non-current liabilities	24	**1,626,394**	1,554,144
43,236,134			**45,995,887**	33,509,807
	Current liabilities			
12,906,459	Trade and other payables	25	**13,730,276**	12,722,051
235,389	Contract liabilities	26	**250,414**	165,640
1,925,035	Income tax payable		**2,047,910**	2,078,714
18,227,658	Borrowings	22	**19,391,125**	26,977,953
55,263	Lease liabilities	27	**58,790**	64,715
33,349,804			**35,478,515**	42,009,073
76,585,938	**Total liabilities**		**81,474,402**	75,518,880
127,837,706	**Total equity and liabilities**		**135,997,560**	130,494,541

The consolidated financial statements on pages 124 to 228 were approved and authorised for issue by the board of directors on 26 March 2025 and are signed on its behalf by:

Li Haitao
DIRECTOR

Liu Zhengyu
DIRECTOR

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

(For reference only) *2024* *RMB'000*		NOTES	*2024* *HKD'000*	*2023* *HKD'000*
14,352,993	**Revenue**	28	**15,570,615**	20,523,798
(11,073,268)	Cost of sales and services		**(12,012,658)**	(12,978,497)
3,279,725	**Gross profit**		**3,557,957**	7,545,301
157,878	Other income		**171,271**	187,527
2,952,079	Other gains – net	29	**3,202,516**	283,047
(111,200)	Distribution costs		**(120,633)**	(155,244)
(1,244,405)	Administrative expenses		**(1,349,973)**	(1,269,717)
(221,090)	Impairment loss on trade and other receivables and contract assets	36(a)(iv)	**(239,846)**	(116,996)
4,812,987	**Operating profit**		**5,221,292**	6,473,918
331,907	Share of results of joint ventures	13	**360,064**	418,457
1,035,766	Share of results of associates	12	**1,123,634**	678,271
6,180,660	**Profit before finance costs and income tax**		**6,704,990**	7,570,646
160,021	Finance income	32	**173,596**	241,296
(1,625,614)	Finance cost	32	**(1,763,521)**	(2,617,813)
(1,465,593)	Finance costs – net		**(1,589,925)**	(2,376,517)
4,715,067	**Profit before income tax**		**5,115,065**	5,194,129
(1,316,387)	Income tax expense	33	**(1,428,061)**	(2,289,221)
3,398,680	**Profit for the year**	30	**3,687,004**	2,904,908
	Attributable to:			
2,647,822	Ordinary shareholders of the Company		**2,872,448**	1,901,643
750,858	Non-controlling interests		**814,556**	1,003,265
3,398,680			**3,687,004**	2,904,908
	Earnings per share attributable to ordinary shareholders of the Company (expressed in HK dollars per share)			
	Basic	34(a)	**1.20**	0.80
	Diluted	34(b)	**1.19**	0.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTE	*2024* *HKD'000*	*2023* *HKD'000*
Profit for the year		**3,687,004**	2,904,908
Other comprehensive income (expense):			
Items that may be reclassified to profit or loss:			
Share of other comprehensive income of associates and joint ventures	12 & 13	**40,173**	31,933
Exchange difference arising on translation of foreign operations		**(299,439)**	(149,181)
		(259,266)	(117,248)
Items that will not be reclassified to profit or loss:			
Exchange difference arising from translation of functional currency to presentation currency		**(1,915,575)**	(1,328,862)
Gain on revaluation of properties previously occupied by the Group		**240,523**	–
Deferred taxation relating to revaluation of properties		**(60,131)**	–
Fair value loss on equity security designated at fair value through other comprehensive income		**(348)**	(417)
Deferred taxation relating to revaluation of equity security		**87**	(139)
		(1,735,444)	(1,329,418)
Other comprehensive expense for the year		**(1,994,710)**	(1,446,666)
Total comprehensive income for the year		**1,692,294**	1,458,242
Total comprehensive income (expense) attributable to:			
Ordinary shareholders of the Company		**1,741,094**	902,706
Non-controlling interests		**(48,800)**	555,536
		1,692,294	1,458,242

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to ordinary shareholders of the Company					
	Share capital and share premium HKD'000 (note 20)	*Other reserves HKD'000 (note 21)*	*Retained earnings HKD'000 (note 21)*	*Sub-total HKD'000*	*Non-controlling interests HKD'000*	*Total HKD'000*
At 1 January 2024	13,257,983	767,241	17,556,982	31,582,206	23,393,455	54,975,661
Profit for the year	–	–	2,872,448	2,872,448	814,556	3,687,004
Other comprehensive income (expense)						
Share of other comprehensive income of associates and joint ventures	–	20,898	–	20,898	19,275	40,173
Fair value loss on equity securities designated at fair value through other comprehensive income	–	(348)	–	(348)	–	(348)
Deferred taxation relating to revaluation of equity securities	–	87	–	87	–	87
Fair value gain on properties previously occupied by the Group	–	228,406	–	228,406	12,117	240,523
Deferred taxation relating to revaluation of properties	–	(57,102)	–	(57,102)	(3,029)	(60,131)
Exchange difference arising on translation of foreign operations	–	(143,712)	–	(143,712)	(155,727)	(299,439)
Exchange difference arising from translation of functional currency to presentation currency	–	(1,179,583)	–	(1,179,583)	(735,992)	(1,915,575)
Total other comprehensive expense	–	(1,131,354)	–	(1,131,354)	(863,356)	(1,994,710)
Total comprehensive (expense) income for the year	–	(1,131,354)	2,872,448	1,741,094	(48,800)	1,692,294
Transactions with owners in their capacity as owners						
Transfer to reserve	–	161,504	(161,504)	–	–	–
Dividend relating to 2023 (note 35)	–	–	(957,260)	(957,260)	–	(957,260)
Issue of scrip shares as dividend (note 35)	109,033	–	–	109,033	–	109,033
Share of associates' reserves movement	–	3,910	–	3,910	(256)	3,654
Employee share option – recognition share-based payments (note 20)	22,966	–	–	22,966	–	22,966
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(1,299,657)	(1,299,657)
Capital injections by non-controlling interests	–	–	–	–	24,409	24,409
Capital reductions by non-controlling interests	–	–	–	–	(43,417)	(43,417)
Others	–	(2,210)	–	(2,210)	(2,315)	(4,525)
Total transactions with owners in their capacity as owners	131,999	163,204	(1,118,764)	(823,561)	(1,321,236)	(2,144,797)
At 31 December 2024	13,389,982	(200,909)	19,310,666	32,499,739	22,023,419	54,523,158

	Attributable to ordinary shareholders of the Company					
	Share capital and share premium HKD'000 (note 20)	*Other reserves HKD'000 (note 21)*	*Retained earnings HKD'000 (note 21)*	*Sub-total HKD'000*	*Non-controlling interests HKD'000*	*Total HKD'000*
At 1 January 2023	13,218,304	1,694,949	16,334,611	31,247,864	23,951,310	55,199,174
Profit for the year	–	–	1,901,643	1,901,643	1,003,265	2,904,908
Other comprehensive income (expense)						
Share of other comprehensive income of associates and joint ventures	–	31,933	–	31,933	–	31,933
Fair value loss on equity securities designated at fair value through other comprehensive income	–	(417)	–	(417)	–	(417)
Deferred taxation relating to revaluation of equity securities	–	(139)	–	(139)	–	(139)
Exchange difference arising on translation of foreign operations	–	(76,919)	–	(76,919)	(72,262)	(149,181)
Exchange difference arising from translation of functional currency to presentation currency	–	(953,395)	–	(953,395)	(375,467)	(1,328,862)
Total other comprehensive expense	–	(998,937)	–	(998,937)	(447,729)	(1,446,666)
Total comprehensive (expense) income for the year	–	(998,937)	1,901,643	902,706	555,536	1,458,242
Transactions with owners in their capacity as owners						
Transfer to reserve	–	65,605	(65,605)	–	–	–
Dividend relating to 2022 (note 35)	–	–	(613,667)	(613,667)	–	(613,667)
Issue of scrip shares as dividend (note 35)	35,851	–	–	35,851	–	35,851
Share of associates' reserves movement	–	5,624	–	5,624	–	5,624
Employee share option – recognition share-based payments (note 20)	3,828	–	–	3,828	–	3,828
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(1,117,637)	(1,117,637)
Acquisition of a subsidiary	–	–	–	–	47,989	47,989
Others	–	–	–	–	(43,743)	(43,743)
Total transactions with owners in their capacity as owners	39,679	71,229	(679,272)	(568,364)	(1,113,391)	(1,681,755)
At 31 December 2023	13,257,983	767,241	17,556,982	31,582,206	23,393,455	54,975,661

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	*2024* *HKD'000*	*2023* *HKD'000*
Cash flows from operating activities			
Cash generated from operations	37	**5,598,942**	6,516,091
Income tax paid		**(1,219,074)**	(963,729)
Net cash generated from operating activities		**4,379,868**	5,552,362
Cash flows from investing activities			
Acquisition of subsidiaries		**5,785**	(703,606)
Settlement of advances to subsidiaries disposed		**401,118**	–
Disposal of subsidiaries and debt receivables		**3,256,802**	56,588
Purchases of investment properties, property, plant and equipment, land use rights, construction in progress, intangible assets and other non-current assets		**(9,792,780)**	(10,038,786)
Repayments from associates and a joint venture		**–**	1,146,328
Advances and loan to associates and a joint venture		**(4,427)**	–
Increase in interests in associates and joint ventures		**(1,397,230)**	(43,866)
Proceeds from disposal of property, plant and equipment, land use rights, construction in progress, intangible assets and other non-current assets		**146,233**	973,613
Purchase of other investments		**(50,285)**	(24,725)
Proceeds from disposal of other investments		**–**	29,199
Proceeds from disposal of an associate		**–**	29,451
Purchase of structured deposits		**(1,638,099)**	(2,766,052)
Redemption of structured deposits		**2,046,341**	4,491,035
Withdrawal of deposits in banks with original maturities over three months		**626,036**	402,299
Placement of deposits in banks with original maturities over three months		**(156,759)**	(1,146,058)
Interest received		**131,415**	221,882
Dividends received		**783,430**	899,992
Net cash used in investing activities		**(5,642,420)**	(6,472,706)
Cash flows from financing activities			
Interest paid		**(1,939,666)**	(2,570,457)
Proceeds from borrowings	37(b)	**45,378,686**	36,856,971
Repayments of borrowings	37(b)	**(38,282,545)**	(34,161,677)
Capital element of lease rentals paid	37(b)	**(58,136)**	(59,312)
Interest element of lease rentals paid	37(b)	**(26,195)**	(47,356)
Advance from an associate	37(b)	**164,625**	2,021,524
Repayment to an associate	37(b)	**(454,399)**	–
Repayment of loan to a related company	37(b)	**–**	(2,338,416)
Dividends paid to the Company's and subsidiaries' shareholders		**(2,051,993)**	(1,755,685)
Capital reductions by non-controlling interests		**(43,417)**	–
Capital contributions by non-controlling interests		**24,409**	–
Net cash generated from (used in) financing activities		**2,711,369**	(2,054,408)
Net increase (decrease) in cash and cash equivalents		**1,448,817**	(2,974,752)
Cash and cash equivalents at the beginning of the year		**7,597,796**	10,829,873
Effect of foreign exchange rate changes		**(327,277)**	(257,325)
Cash and cash equivalents at the end of the year	19	**8,719,336**	7,597,796

1. GENERAL

The principal activities of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") include the following businesses:

- Toll roads and general-environmental protection business; and
- Logistics business.

The Group's operations are mainly in the People's Republic of China ("PRC").

The Company is a limited liability company incorporated in Bermuda and is an investment holding company. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). One of the major subsidiaries of the Company, Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"), is dual listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

As at 31 December 2024, Ultrarich International Limited ("Ultrarich") directly owned 1,058,717,983 ordinary shares of the Company, representing approximately 43.94% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held the 100% equity interest in Ultrarich, it had an indirect interest in 43.94% of the Company's equity held by Ultrarich. SIHCL directly owned 364,500 ordinary shares of the Company, representing approximately 0.01% of the issued share capital of the Company. SIHCL effectively held 43.95% of the issued share capital of the Company and is the largest shareholder of the Company. SIHCL is supervised and managed by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"). The directors of the Company regard Shenzhen SASAC as having control of the Company's relevant activities and is the de facto controller of the Company due to the voting power it held in the Company.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. Material accounting policy information of the Group are disclosed in note 3.

In preparing the Group's consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Company's current liabilities exceeded its current assets by approximately HKD11,732,398,000 as at 31 December 2024.

In order to improve the financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the Group has been implementing a number of measures. These measures include but not limited to considering usage of existing banking facilities, in which unutilised banking facilities amounted to approximately HKD 110,731,356,000 as at 31 December 2024.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of the reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Application of amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or 1 January 2025.
3 Effective for annual periods beginning on or 1 January 2026.
4 Effective for annual periods beginning on or 1 January 2027.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.1 Application of amendments to HKFRSs *(continued)*

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the income statement; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the income statement and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3.2 Subsidiaries

3.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. 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 stated above.

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Subsidiaries *(continued)*

3.2.1 Consolidation *(continued)*

(a) Business combinations or asset acquisitions

Asset acquisition

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

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

(b) Disposal of subsidiaries

When the Group ceases to have control, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. Any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income may be reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Associates and joint ventures

Associates are all entities in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

Joint ventures are an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. The Group's interests in associates and joint ventures include purchase price, other costs directly attributable to the acquisition of the interests in associates and joint ventures, and any direct investment into the investee that forms part of the interests in associates and joint ventures. Upon the acquisition of the ownership interest in an associate or a joint venture, any excess between the cost of the associate and the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or the joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or the joint venture (after applying the expected credit loss model to such other long-term interests where applicable), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or the joint venture.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or the joint venture and its carrying value and recognises the amount in the consolidated income statement. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from transactions between the Group and its associates or joint ventures are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates or joint ventures. Unrealised gains and losses on transactions between the Group and its associates or joint ventures are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.4 Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU (or group of CGUs) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the CGU (or group of CGUs).

On disposal of a CGU during the year, any attributable amount of goodwill is included in the calculation of the profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

3.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The functional currency of the Company is Renminbi ("RMB"), while the consolidated financial statements is presented in Hong Kong dollar ("HKD"), unless otherwise stated. The management of the Group considered that selecting HKD as its presentation currency is more beneficial for the users of the consolidated financial statements as the Company's shares are listed on the Hong Kong Stock Exchange.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated income statement within "finance income" or "finance cost". Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance income" or "finance cost", except when capitalised on the basis set out in note 3.22.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Translation difference on non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Translation difference on equities held at fair value through profit or loss is recognised in profit or loss as part of the fair value gain or loss. Translation differences on equities classified as fair value through other comprehensive income ("FVTOCI") are included in other comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.5 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;

(ii) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised directly in other comprehensive income and accumulated in currency translation reserve. Such exchange differences accumulated in the currency translation reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.6 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the items and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

Amortisation on leasehold land and depreciation on property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10-70 years or over the term of the unexpired leases, whichever is shorter
Leasehold improvements	4 years or over the term of the unexpired leases, whichever is shorter
Other properties leased for own use	Over the unexpired term of lease
Motor vehicles	5-8 years
Furniture, fixtures and equipment	3-10 years
Loading equipment and facilities in port and wind-power equipment	5-25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3.12).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains – net" in the consolidated income statement.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Construction in progress

Construction in progress represents the direct costs of construction incurred plus interest capitalised up to the date of completion of the construction of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment or intangible assets when completed and ready for use.

3.8 Investment properties

Investment property is held for long-term rental yields and is not occupied by the Group. Investment property is initially measured at cost, including any directly attributable expenditure. Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases. After initial recognition, investment property is carried at fair value. Changes in fair values are recorded in the consolidated income statement as part of “Other gains - Net”. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

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

3.9 Land use rights

Land use rights are up-front payments to acquire long-term interests in the usage of land. They are stated at cost and charged to the consolidated income statement over the remaining period of the lease on a straight-line basis, net of any impairment losses.

If a land becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

3.10 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(a) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.10 Leases *(continued)*

(a) As a lessee *(continued)*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are office equipments. The Group applies the short-term lease recognition exemption to 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. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date (less any lease incentives received), and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes the present value of an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Except for those that are classified as investment properties and measured under fair value model, right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 3.6 and 3.12). Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 3.8; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 3.17.

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated balance sheet, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.10 Leases *(continued)*

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to lease and non-lease component. Non-lease components are separated from lease component on the basis of their relative stand-alone selling price. The rental income from operating leases is recognised in accordance with note 3.26(c).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an 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 exemption described in note 3.10(a), then the Group classifies the sub-lease as an operating lease.

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3.11 Concession intangible assets

(a) Toll Road

Where the Group has entered into contractual service concession arrangements ("Service Concessions") with local government authorities for its participation in the development, financing, operation and maintenance of toll road infrastructures, the Group carries out the construction or upgrade work of toll roads for the granting authorities and receives in exchange of a right to operate the toll roads concerned and the entitlement to the toll fees collected from users of the toll road services. Concession intangible assets correspond to the right granted by the respective concession grantors to the Group to charge users of the toll road services and the fact that the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

Amortisation of concession intangible assets is provided based on a units-of-usage basis, whereby amortisation is provided to write off the cost of the toll road operating rights based on the proportion of actual traffic volume for each reporting period over the total projected traffic volume for the operating period of each toll road, with reference to traffic volume forecast report (the "TVF Report") issued by independent professional traffic consultant. It is the Group's policy to review regularly the total projected traffic volume throughout the operating periods of the respective toll roads. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustments will be made should there be a material change, and revised units-of-usage will be calculated by dividing the carrying amounts of the toll road operating rights by the revised total projected traffic volume in the remaining operating period of the respective toll road.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.11 Concession intangible assets *(continued)*

(b) Kitchen waste disposal project

Concession intangible assets related to kitchen waste allows the Group to charge the government department kitchen waste disposal fee according to negotiated price, to generate electricity by biogas, and to sell the oil and grease extracted from the kitchen waste in the franchise period. The income from the kitchen waste disposal project contract is evaluated by the fair value. The project is regarded as a financial asset when the Group can charge the contract awarding party a certain amount of cash or cash equivalents or other financial assets in a given period as the infrastructural construction has been finished. When the Group charge the operating service below a regulated price, the contract awarding party will compensate for the loss according to the contract. The financial assets will be recognised at the time the income is recognised. The project is regarded as an intangible asset when the contract gives the Group the right to charge served clients in a given period. The Group cannot charge cash unconditionally if the charge amount is uncertain. The Group will recognise intangible assets at the time the income is recognised.

The Group recognises the franchised kitchen waste disposal project as an intangible asset.

The Group uses the straight-line amortisation methods in the franchise period.

3.12 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Property, plant and equipment, construction in progress, land use rights, right-of-use assets, interest in associates and joint ventures, intangible assets with finite useful lives and contract costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised in the consolidated income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

The recoverable amount of property, plant and equipment, construction in progress, land use rights, right-of-use assets, interest in associations and joint ventures, intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

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

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

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.13 Financial assets

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. The instruments are initially stated at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities, are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition except for those measured at fair value through profit or loss ("FVTPL"). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 36(c). The financial assets are subsequently accounted for as follows, depending on their classification.

(a) Financial assets other than equity investments

Financial assets held by the Group are classified into one of the following measurement categories:

- amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest.
- FVTOCI, if the contractual cash flows of the instrument comprise solely payments of principal and interest and the instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the instrument is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the instrument does not meet the criteria for being measured at amortised cost or FVTOCI. Changes in the fair value of the instrument (including interest) are recognised in profit or loss.

(b) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVTOCI such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve is transferred to retained earnings, and will not recycle through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 3.26(h).

Interest income recognised is calculated by applying the effective interest rate to the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.14 Credit loss and impairment of assets

The Group performs impairment assessment under expected credit loss ("ECL") model on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, deposits in banks with original maturities over three months, restricted bank deposits, trade and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);
- contract assets as defined in HKFRS 15 (see note 3.18); and
- lease receivables.

Other financial assets measured at fair value, including equity and debt securities measured at FVTPL and equity securities designated at FVTOCI, are not subject to the ECL assessment.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECL are measured on either of the following bases:

- 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Except for credit-impaired debtors that are assessed individually, ECL on not credit-impaired trade receivables and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.14 Credit loss and impairment of assets *(continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

ECL is remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised in profit or loss. The Group recognises an impairment gain or loss for financial instruments through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Measurement and recognition of ECL

Except for credit-impaired debtors that are assessed individually, the Group uses a practical expedient in estimating ECL on not credit-impaired trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.15 Financial liabilities and equity

Financial liabilities are recognised on the date the Group commits to contractual provisions of the instrument. Financial liabilities (including trade and other payables and borrowings) are initially measured at fair value and subsequently measured at amortised cost using effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the financial liability, or, where appropriate, a shorter period to net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3.16 Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.17 Inventories and other contract costs

(a) Inventories

Inventories mainly include completed properties for sale, properties under development, materials for sale, wind turbine equipment and toll tickets and materials and spare parts for repairs and maintenance, and they are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, represents the actual cost of purchase and development. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

The cost of completed properties held for sale comprises all costs of development and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square meter basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.17 Inventories and other contract costs *(continued)*

(a) Inventories *(continued)*

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised in the profit or loss in the period in which the reversal occurs.

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

(b) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 3.17(a)), property, plant and equipment (see note 3.6) or concession intangible assets (see note 3.11).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 3.26.

3.18 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 3.26) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 3.14 and are reclassified to receivables when the right to the consideration has become unconditional (see note 3.19).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 3.26). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 3.19).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.19 Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 3.18).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 3.14).

3.20 Cash and cash equivalents

Bank balances for which its utilisation is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 19.

3.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as borrowing costs over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.23 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's and joint venture's undistributed profits is not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.23 Current and deferred tax *(continued)*

(b) Deferred tax *(continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.24 Short-term and other long-term employee benefits

(a) Pension obligations

The Group operates a defined contribution retirement benefits scheme, Mandatory Provident Fund (the “MPF Scheme”), under the Mandatory Provident Fund Ordinance in Hong Kong for all Hong Kong employees who are eligible to participate in the MPF Scheme. Besides, the Group participates in defined contribution retirement schemes organised by the local government authorities in the PRC.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate scheme. Contributions payable or paid by the Group and employees are calculated as a percentage of employees’ basic salaries. The amounts of employee benefit expenses charged to the consolidated income statement represent the contribution payable or paid by the Group to the scheme during the year.

Apart from these, the Group has no legal or constructive obligations for further payments.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.24 Short-term and other long-term employee benefits *(continued)*

(b) Share-based payments

The Group participates an equity-settled, share-based compensation plan, for staff remuneration under which the entity receives services from employees as consideration for equity instruments (options) of the company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to serve a certain period of time).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.25 Provisions

Provisions for environmental restoration, restructuring costs, legal claims and the resulting maintenance and resurfacing cost, except for upgrade services under the respective service concessions, are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.26 Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation 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 Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue and other income recognition policies are as follows:

(a) Toll revenues

The Group's toll revenue from operation of the toll roads is recognised when the related services have been provided, revenue and total costs can be measured reliably and economic benefits with transaction can flow into the Group. The settlement period of the toll revenue from toll road operations is normally within a month due to the implementation of unified toll collection policy on expressways of the Group in the PRC.

(b) Construction service revenue under service concessions

Revenue generated by construction and upgrade services rendered by the Group is measured at the fair value of the consideration received or receivable, where total income and expenses associated with the construction contract and the stage of completion can be determined reliably. The consideration may be rights to attain a financial asset or an intangible asset.

The Group uses the input method to determine the appropriate amount of income and expenses to be recognised in a given period. The stage of completion is measured by reference to the construction costs of the related infrastructures incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

(c) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. 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 earned.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.26 Revenue and other income *(continued)*

(d) Logistic related service revenues

Logistic related service revenues includes: (i) provision of logistics management, including freight forwarding services, and other ancillary services; (ii) loan financing services and (iii) cargo shipment, cargo handling, transhipment and storage of port. Logistics related service revenues are recognised when the related services are rendered.

(e) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(f) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to customer, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet under contract liabilities (see note 3.18).

(g) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 3.14).

(h) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex dividend.

3.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.28 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be reliably measured.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3.29 Dividend distribution

Dividend distribution to the Company's ordinary shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, when appropriate.

3.30 Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
- (iii) Both entities 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 note 3.30(a); or
- (vii) A person identified in note 3.30(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).
- (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 Group's parent.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. As the future is inherently uncertain, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Amortisation of concession intangible assets

The Group applied HK(IFRIC) - Interpretation 12 "Service Concession Arrangements" and recognised concession intangible assets under the Service Concessions and provides amortisation thereon.

Amortisation of concession intangible assets is provided under the Traffic Flow Amortisation Method. Adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between total projected traffic volume and the actual results.

The directors of the Company performed a periodic assessment of the total projected traffic volume. The Group engages independent professional traffic consultant to perform independent professional traffic studies and make appropriate adjustment if there is a material difference between projected traffic volume and actual traffic volume.

During the year ended 31 December 2024, the Group engaged independent professional traffic consultants to reassess the aggregate future traffic volume of certain expressways. The Group has adjusted the amortisation units-of-usage for the related concession intangible assets according to the revised total projected traffic volume of Qinglian Expressway, Changsha Outer Ring Expressway and Jihe Expressway since 1 July 2024, on a prospective basis. Such change in accounting estimate will affect the amortisation amount and has resulted in increase in profit after tax of HKD2,256,000 (2023: HKD121,677,000) for the year ended 31 December 2024. This adjustment will also affect the amortisation charges in the future.

(b) Impairment of concession intangible assets

The estimated recoverable amount is taken into account when considering the impairment of concession intangible assets. When conducting impairment test of concession intangible assets, management forecasts future cash flows to determine the recoverable amount. Key assumptions used include the growth rate of traffic flows, toll rate, operating period, maintenance costs, and required rate of return. Given these assumptions, the Group's management believes the recoverable amount will exceed the carrying amount after a thorough review, then no impairment is provided for concession intangible assets for the current year. The Group will continue to closely review the impairment of concession intangible assets, and make adjustments in the periods where there are indications that the relevant accounting estimates need to be adjusted.

(c) Impairment test of interest in associates

The Group determines at each balance sheet date whether there is any objective evidence that the interest in associates is impaired. When conducting impairment test of interest in associates, the Group determines value in use based on the present value of the future cash flows expected to arise from the associates based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies. Key assumptions used include the multiples and discount for lack of marketability. The Group's believes the recoverable amount will exceed the carrying amount, and no impairment is provided for the current year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.2 Critical judgements in applying accounting policies

Significant influence over associates

For certain associates of which the Group holds less than 20% ownership, significant judgements are required in assessing whether the Group has significant influence over these entities. The Group considers it exercises significant influence over these entities by its participation in the financial and operating activities in these entities through its representation on their respective board of directors.

5. SEGMENT INFORMATION

The Group's operations are organised in two main business segments:

- Toll roads and general-environmental protection business; and
- Logistics business.

Head office functions include corporate management functions and investment and financial activities of the Group. It also includes one-off and non-recurring activities of the Group.

The chief operating decision-maker has been identified as the board of directors of the Company (the "Board"). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Toll roads and general-environmental protection business includes: (i) development, operation and management of toll highway; and (ii) sales of wind turbine equipment, kitchen waste disposal projects construction, operation and equipment sales, and operations of wind power stations.

Logistics business includes: (i) logistics parks which mainly include the construction, operation and management of logistics centres and integrated logistics hubs; (ii) logistics services which include the provision of third party logistics services, logistics information services and financial services to customers; (iii) port and related services (including sales of material); and (iv) logistics park transformation and upgrading business (including sales of properties).

The Board assesses the performance of the operating segments based on a measure of profit for the year.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Board for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 are set out below.

5. SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2024

	Toll roads and general-environmental protection business HKD'000	Logistics business: Logistics parks HKD'000	Logistics business: Logistics services HKD'000	Logistics business: Port and related services HKD'000	Logistics business: Logistics park transformation and upgrading business HKD'000	Logistics business: Sub-total HKD'000	Head office functions and others HKD'000	Total HKD'000
Revenue from contracts with customers within the scope of HKFRS 15								
– Point in time	7,283,124	464	332,587	3,585,793	–	3,918,844	–	11,201,968
– Overtime	2,746,087	228,571	–	–	28,970	257,541	–	3,003,628
Sub-total	10,029,211	229,035	332,587	3,585,793	28,970	4,176,385	–	14,205,596
Revenue from leases	–	1,275,399	–	–	89,620	1,365,019	–	1,365,019
Revenue	10,029,211	1,504,434	332,587	3,585,793	118,590	5,541,404	–	15,570,615
Operating profit (loss)	2,069,512	609,200	(19,959)	142,097	2,865,201	3,596,539	(444,759)	5,221,292
Share of results of joint ventures	367,568	26,144	–	(817)	–	25,327	(32,831)	360,064
Share of results of associates	641,358	894	2,017	(1,085)	242,906	244,732	237,544	1,123,634
Finance income	81,161	6,086	1	1,460	9,225	16,772	75,663	173,596
Finance costs	(1,183,363)	(98,972)	2,733	(14,709)	(85,819)	(196,767)	(383,391)	(1,763,521)
Profit (loss) before income tax	1,976,236	543,352	(15,208)	126,946	3,031,513	3,686,603	(547,774)	5,115,065
Income tax expense	(613,056)	(18,586)	(4,046)	(37,574)	(680,733)	(740,939)	(74,066)	(1,428,061)
Profit (loss) for the year	1,363,180	524,766	(19,254)	89,372	2,350,780	2,945,664	(621,840)	3,687,004
(Profit) loss attributable to non-controlling interests	(803,392)	12,789	(2,177)	(28,973)	7,629	(10,732)	(432)	(814,556)
Profit (loss) attributable to ordinary shareholders of the Company	559,788	537,555	(21,431)	60,399	2,358,409	2,934,932	(622,272)	2,872,448
Depreciation and amortisation	2,472,071	518,190	31,138	69,596	33,752	652,676	174,971	3,299,718
Capital expenditure								
– Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	2,358,819	4,540,729	112,379	314,770	72,969	5,040,847	2,380,630	9,780,296
– Additions in investment properties, property, plant and equipment, and land use rights arising from acquisition of subsidiaries	7,808	–	–	–	–	–	–	7,808
– Additions in interests in associates	888,479	–	759	1,086	–	1,845	519,446	1,409,770

5. SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2023

	Toll roads and general-environmental protection business HKD'000	Logistics business: Logistics parks HKD'000	Logistics business: Logistics services HKD'000	Logistics business: Port and related services HKD'000	Logistics business: Logistics park transformation and upgrading business HKD'000	Logistics business: Sub-total HKD'000	Head office functions and others HKD'000	Total HKD'000
Revenue from contracts with customers within the scope of HKFRS 15								
– Point in time	8,043,071	492	319,109	2,804,772	5,502,349	8,626,722	–	16,669,793
– Overtime	2,281,910	215,214	–	–	–	215,214	–	2,497,124
Sub-total	10,324,981	215,706	319,109	2,804,772	5,502,349	8,841,936	–	19,166,917
Revenue from leases	–	1,302,904	–	–	53,977	1,356,881	–	1,356,881
Revenue	10,324,981	1,518,610	319,109	2,804,772	5,556,326	10,198,817	–	20,523,798
Operating profit (loss)	2,932,324	629,258	22,749	167,284	3,276,831	4,096,122	(554,528)	6,473,918
Share of results of joint ventures	401,719	23,902	–	–	–	23,902	(7,164)	418,457
Share of results of associates	406,732	667	8,024	–	61,173	69,864	201,675	678,271
Finance income	78,495	8,224	853	3,019	15,371	27,467	135,334	241,296
Finance costs	(1,426,489)	(52,346)	(670)	(11,557)	(213,815)	(278,388)	(912,936)	(2,617,813)
Profit (loss) before income tax	2,392,781	609,705	30,956	158,746	3,139,560	3,938,967	(1,137,619)	5,194,129
Income tax expense	(378,564)	(130,206)	(5,184)	(40,090)	(1,402,804)	(1,578,284)	(332,373)	(2,289,221)
Profit (loss) for the year	2,014,217	479,499	25,772	118,656	1,736,756	2,360,683	(1,469,992)	2,904,908
(Profit) loss attributable to non-controlling interests	(1,009,658)	44,125	(17,155)	(30,905)	9,008	5,073	1,320	(1,003,265)
Profit (loss) attributable to ordinary shareholders of the Company	1,004,559	523,624	8,617	87,751	1,745,764	2,365,756	(1,468,672)	1,901,643
Depreciation and amortisation	2,524,180	473,810	26,615	43,943	24,761	569,129	164,697	3,258,006
Capital expenditure								
– Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	2,666,262	3,854,671	271,910	972,288	417,552	5,516,421	2,669,746	10,852,429
– Additions in investment properties, property, plant and equipment, and land use rights arising from acquisition of subsidiaries	229,315	–	–	161,414	860,572	1,021,986	–	1,251,301

5. SEGMENT INFORMATION *(continued)*

Notes:

(a) The revenue from toll roads included construction service revenue under Service Concessions amounted to HKD2,130,496,000 for the year (2023: HKD1,496,173,000).

(b) The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(c) All revenues are derived from external customers located in the PRC. The Group's non-current assets, other than financial instruments and deferred tax assets are mainly located in the PRC, revenues derived from non-current assets located in other countries and regions are not material.

(d) No analysis of the Group's assets and liabilities by reportable and operating segments is disclosed as it is not regularly provided to the chief operation decision maker for review.

6. INVESTMENT PROPERTIES

	2024 HKD'000	*2023 HKD'000*
Beginning of the year	**15,080,718**	10,226,082
Additions	**2,747,783**	4,031,288
Transferred from property, plant and equipment (note 7)	**721,517**	–
Transferred from land use rights (note 8)	**134,584**	–
Transferred from construction in progress (note 9)	**29,948**	–
Transferred from other non-current assets (note 15)	**637,400**	–
Acquisition of subsidiaries (note 40)	**–**	860,213
Disposal	**(40,391)**	–
Transferred to property, plant and equipment (note 7)	**(502)**	(70,309)
Change in fair value recognised in profit or loss (note 29)	**(222,404)**	304,803
Exchange difference	**(569,019)**	(271,359)
End of the year	**18,519,634**	15,080,718
Analysis of the carrying amount is as follows:		
Investment properties	**13,504,272**	9,993,691
Investment properties under construction	**5,015,362**	5,087,027
	18,519,634	15,080,718

The Group leases out premises and warehouses under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term. Lease payments are usually adjusted every year to reflect market rentals. None of the leases includes variable lease payments.

During the year ended 31 December 2024, the Group had reclassified certain property from owner-occupied property to investment property to earn rentals, as evidenced by the end of the Group's owner-occupation of those property. Accordingly, property, plant and equipment of HKD480,994,000 was transferred to investment properties.

Included in investment properties, there are leasehold lands with original lease terms of 50 years for logistic business in the PRC.

6. INVESTMENT PROPERTIES *(continued)*

Fair Value Hierarchy

The Group's investment properties were revalued at each balance sheet date. The valuations were determined by reference to valuations performed by Asset Appraisal Limited, an independent professional qualified property valuer who have, among their staff, Fellow of the Hong Kong Institute of Surveyors with recent experience in valuating properties in similar location and categories of the properties being valued.

None of the Group's investment properties measured at fair value are categorised as Level 1 nor Level 2. The Group's investment properties are at Level 3 valuation.

	Valuation techniques	*Unobservable input*	*Range*
Investment properties	Market comparison approach	Market unit rate	HKD2,017 to HKD34,040 per square metre (2023: HKD1,466 to HKD13,663 per square metre)
Investment properties	Income capitalisation method	Capitalisation rate	3% to 7.10% (2023: 2.75% to 9.35%)
		Expected vacancy rate	15% to 25% (2023: 15% to 25%)
		Expected market rental growth rate	1% to 5% (2023: 1% to 4.35%)
Investment properties under construction	Market comparison approach	Further costs for completing the properties	HKD16,919,390 to HKD271,708,250 (2023: HKD36,807,000 to HKD638,338,000)
		Market unit rate	HKD2,415 to HKD4,998 per square metre (2023: HKD489 to HKD2,333 per square metre)
Investment properties under construction	Replacement costs approach	Current costs of replacement of the properties	HKD54,042,553 to HKD 429,255,319 (2023: HKD41,503,000 to HKD95,875,000)

The fair value of investment properties determined using market comparison approach is determined by reference to recent sales price of comparable properties on a price per square metre basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales property. Higher premium for higher quality properties will result in a higher fair value measurement.

The fair value of investment properties derived using the income capitalisation method is determined by discounting the projected cash flows associated with the properties using capitalisation rates. The valuation takes into account expected market rental growth and vacancy rate of the respective properties. The capitalisation rates used have been adjusted for the quality and location of the buildings. The fair value measurement is positively correlated to the expected market rental growth, and negatively correlated to the vacancy rate and the capitalisation rates.

The fair value of investment properties under construction determined using market comparison approach is determined by reference to recent sales price of comparable properties on a price per square metre basis, adjusted for estimated further costs for completing the properties. Higher further costs for completion will result in a lower fair value measurement.

The fair value of investment properties under construction determined using replacement costs approach is determined by reference to recent sales price of comparable land plus the current costs of replacement of the properties. Higher replacement costs of replacement will result in a higher fair value measurement.

6. INVESTMENT PROPERTIES *(continued)*

Undiscounted lease payments under non-cancellable operating lease

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 HKD'000	2023 HKD'000
Within 1 year	**423,337**	398,183
After 1 year but within 2 years	**306,819**	287,364
After 2 years but within 3 years	**230,833**	200,031
After 3 years but within 4 years	**165,140**	150,837
After 4 years but within 5 years	**109,246**	97,717
After 5 years	**499,997**	400,132
	1,735,372	1,534,264

7. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2024

	Buildings HKD'000	Other properties leased for own use HKD'000	Leasehold improvements HKD'000	Motor vehicles HKD'000	Furniture, fixtures and equipment HKD'000	Loading equipment and facilities in port and wind-power equipment HKD'000	Total HKD'000
Net book amount as at 1 January 2024	13,124,217	322,069	11,515	39,264	1,435,024	4,848,677	19,780,766
Acquisition of subsidiaries	–	–	–	–	50	–	50
Disposal of subsidiaries	(760,692)	–	–	(702)	(105,560)	–	(866,954)
Transfer from investment properties (note 6)	502	–	–	–	–	–	502
Transfer from construction in progress (note 9)	3,015,892	–	–	238	104,360	335,347	3,455,837
Transfer from non-current assets (note 15)	371,664	–	–	–	–	–	371,664
Transfer to investment properties	(480,994)	–	–	–	–	–	(480,994)
Additions	29,944	33,845	3,730	51,319	219,223	131,698	469,759
Disposals	(75,205)	(590)	–	(503)	(30,648)	(2,462)	(109,408)
Exchange difference	(470,660)	(10,345)	(411)	(2,021)	(47,788)	(165,044)	(696,269)
Depreciation	(702,976)	(54,628)	(2,395)	(13,736)	(200,123)	(299,708)	(1,273,566)
Impairment (note 29(b))	(243,429)	–	–	–	(10,234)	(5,844)	(259,507)
Closing net book value	13,808,263	290,351	12,439	73,859	1,364,304	4,842,664	20,391,880
At 31 December 2024							
Costs	17,762,698	747,681	31,898	183,356	4,318,500	6,423,707	29,467,840
Accumulated depreciation and impairment	(3,954,435)	(457,330)	(19,459)	(109,497)	(2,954,196)	(1,581,043)	(9,075,960)
Net book value	13,808,263	290,351	12,439	73,859	1,364,304	4,842,664	20,391,880

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Year ended 31 December 2023

	Buildings HKD'000	*Other properties leased for own use HKD'000*	*Leasehold improvements HKD'000*	*Motor vehicles HKD'000*	*Furniture, fixtures and equipment HKD'000*	*Loading equipment and facilities in port and wind-power equipment HKD'000*	*Total HKD'000*
Net book amount as at 1 January 2023	10,813,446	334,242	12,752	30,097	1,591,792	5,092,168	17,874,497
Acquisition of subsidiaries	175,731	–	–	610	54,471	146,532	377,344
Disposal of subsidiaries	(815)	–	–	(12,609)	(1,127)	–	(14,551)
Transfer from construction in progress (note 9)	2,698,165	–	–	–	77,986	33,576	2,809,727
Transfer from investment properties (note 6)	70,309	–	–	–	–	–	70,309
Additions	586,332	104,947	789	37,146	192,930	618	922,762
Disposals	(443,092)	(87,985)	–	(1,584)	(156,456)	(1,672)	(690,789)
Exchange difference	(266,022)	(7,275)	(270)	(993)	(33,750)	(110,048)	(418,358)
Depreciation	(509,837)	(21,860)	(1,756)	(13,403)	(290,822)	(312,497)	(1,150,175)
Closing net book value	13,124,217	322,069	11,515	39,264	1,435,024	4,848,677	19,780,766
At 31 December 2023							
Costs	16,320,191	823,095	29,220	141,142	4,285,428	6,178,929	27,778,005
Accumulated depreciation and impairment	(3,195,974)	(501,026)	(17,705)	(101,878)	(2,850,404)	(1,330,252)	(7,997,239)
Net book value	13,124,217	322,069	11,515	39,264	1,435,024	4,848,677	19,780,766

As at 31 December 2024, property ownership certificates for buildings, used in the operation of toll roads and logistic parks, with net book value of HKD905,535,000 (2023: HKD1,050,255,000) and HKD3,205,172,000 (2023: nil), respectively, has not yet procured. Due to the unique feature of the Group's operation of toll roads, the affiliated buildings and structures should be reverted to the government when the approved operating periods expired. Thus, the Group does not have a plan of procuring the relevant property ownership certificates. For buildings used in the operation of logistic parks, the Group is in the process of procuring the property ownership certificate and expected to complete in 2025.

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024 ***HKD'000***	*2023* *HKD'000*
Properties and buildings leased and included in "Property, plant and equipment" with initial lease terms of 2 to 20 years	**776,011**	827,307
Land use rights (note 8)	**4,056,454**	4,231,866
	4,832,465	5,059,173

The above right-of use assets are carried at depreciated cost.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 ***HKD'000***	*2023* *HKD'000*
Depreciation and amortisation charge of right-of-use assets by class of underlying asset		
Property, plant and equipment	**41,893**	41,723
Land use rights (note 8)	**136,390**	141,405
	178,283	183,128
Interest on lease liabilities (note 32)	**42,269**	47,356
Expense relating to short-term leases	**99,680**	68,264
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**2,062**	3,150

Total cash outflow for leases except for land use rights in the current year amounted to HKD186,073,000 (2023: HKD178,082,000). During the year ended 31 December 2024, cash outflow for acquisition of land use rights is HKD 446,422,000 (2023: HKD1,364,973,000).

8. LAND USE RIGHTS

	2024 HKD'000	2023 HKD'000
Beginning of the year	**4,231,866**	3,181,633
Acquisition of subsidiaries	**–**	13,214
Additions	**446,422**	1,364,973
Disposal	**(26,508)**	(106,414)
Disposal of subsidiaries (note 40)	**(185,086)**	–
Transfer to Investment properties (note 6)	**(134,584)**	–
Amortisation (note 7(a))	**(136,390)**	(141,405)
Exchange difference	**(139,266)**	(80,135)
End of the year	**4,056,454**	4,231,866

The analysis of carrying amount of leasehold land included as land use rights is as follows:

	2024 HKD'000	2023 HKD'000
In the PRC		
Medium-term leases (10-50 years)	**4,056,454**	4,231,866

9. CONSTRUCTION IN PROGRESS

	2024 HKD'000	2023 HKD'000
Beginning of the year	**3,104,279**	3,436,227
Acquisition of a subsidiary (note 40)	**–**	530
Disposal of a subsidiary (note 40)	**(415)**	–
Additions	**3,904,324**	2,550,114
Transfer to property, plant and equipment (note 7)	**(3,455,837)**	(2,809,727)
Transfer to investment property (note 6)	**(29,948)**	–
Impairment (note 29(b))	**(12,981)**	–
Exchange difference	**(98,809)**	(72,865)
End of the year	**3,410,613**	3,104,279

10. INTANGIBLE ASSETS

	2024 **HKD'000**	2023 HKD'000
Cost	**46,496,040**	49,078,415
Accumulated amortisation and impairment	**(20,308,157)**	(19,798,090)
Net book value as at 31 December	**26,187,883**	29,280,325
Net book value as at 1 January	**29,280,325**	29,941,138
Additions	**2,212,008**	1,983,292
Disposals	**(5,253)**	(21,960)
Amortisation	**(1,889,762)**	(1,966,426)
Acquisition of a subsidiary	**7,758**	–
Disposal of subsidiaries (note 40)	**(2,263,403)**	–
Others	**(45,090)**	–
Impairment (note 29(b))	**(175,247)**	–
Exchange difference	**(933,453)**	(655,719)
Net book value as at 31 December	**26,187,883**	29,280,325

The Group's intangible assets include the followings:

(i) Toll roads

Concession intangible assets represent the rights to operate the respective toll roads granted by the relevant local government authorities in the PRC to the Group. The remaining periods of rights to operate the respective toll roads are from 2 to 25 years (2023: 1 to 25 years). According to the service concessions, the Group is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment. It is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected and collectible during the operating periods are attributable to the Group. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any consideration payable to the Group.

As at 31 December 2024, the carrying amounts of the toll road operating rights of the Group was HKD21,503,125,000 (2023: HKD24,099,719,000). According to the relevant regulations, these operating rights are not renewable and the Group does not have any termination options. Amortisation of concession intangible assets related to toll roads of HKD1,639,055,000 (2023: HKD1,767,199,000) has all been charged to the consolidated income statement under "Cost of sales and services".

The operating rights of certain toll roads were pledged for secured borrowings (see note 22(a)).

(ii) Kitchen waste disposal project

Concession intangible assets related to kitchen waste disposal project allow the Group to charge the government department kitchen waste disposal fee according to negotiated price, to generate electricity by biogas, and to sell the oil and grease extracted from the kitchen waste in the franchise period.

11. GOODWILL

	2024 HKD'000	2023 HKD'000
Carrying amount as at 1 January	**543,515**	551,995
Acquisition of a subsidiary (note 40)	**–**	3,643
Impairment loss recognised in the year	**(10,464)**	–
Exchange difference	**(17,954)**	(12,123)
Carrying amount as at 31 December	**515,097**	543,515

Impairment tests for CGUs containing goodwill

Goodwill is allocated to the Group's CGUs identified according to following business:

	2024 HKD'000	2023 HKD'000
Toll roads	**215,844**	223,303
Logistics parks	**285,213**	305,685
Logistics services	**10,552**	10,917
Port and related services	**3,488**	3,610
	515,097	543,515

As at 31 December 2024 and 2023, the Group determined the recoverable amount of all the CGUs of toll roads, general-environmental protection business, logistics parks, logistics services and port and related services in order to assess the impairment for goodwill.

The recoverable amount of the CGU of toll roads business is determined based on a value in use calculation according to the present value of the estimated future cash flow of the toll roads business. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering the predictive period to expiration of concession rights of relevant toll roads with a pre-tax discount rate ranging from 7.12% to 7.83% (2023: 6.70% to 8.10%). The key assumptions for the value in use calculation include growth rate of traffic flow and gross profit rate. The management of the Group believes that any reasonable change in the above assumptions will not result in the carrying amount of the CGU assets exceeding the recoverable amount of the CGU of toll roads business.

The recoverable amount of the CGU of logistics parks business is determined based on a value in use calculation according to the present value of the estimated future cash flow of the logistics parks business. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a five-year period with a pre-tax discount rate of 6.20% and projection of terminal value using the perpetuity method at a growth rate of 3.0% (2023: 3.0%). The key assumptions for the value in use calculation include revenue growth rates and gross margin, which are determined based on the Group's past performance and inflation rate. The management of the Group believes that any reasonable change in the above assumptions will not result in the carrying amount of the CGU of logistics parks business exceeding the recoverable amount of the CGU of logistics parks business.

12. INTERESTS IN ASSOCIATES

	2024 HKD'000	2023 HKD'000
Beginning of the year	17,493,560	17,542,041
Additions (Note (a))	1,409,770	43,866
Disposals	(241)	(29,451)
Share of results of associates	1,123,634	678,271
Share of other comprehensive income of associates	41,862	29,495
Share of other reserves movement of associates	3,654	5,624
Dividends	(392,875)	(388,949)
Others	(9,153)	–
Exchange difference	(626,505)	(387,337)
End of the year	19,043,706	17,493,560

The year-end balance comprises the following:

	2024 HKD'000	2023 HKD'000
Share of net assets, other than goodwill	17,437,921	15,832,281
Goodwill on acquisition (Note (b))	1,605,785	1,661,279
	19,043,706	17,493,560

Notes:

(a) The major associates as listed below are held indirectly by the Company, their place of business and country of incorporation is the PRC. They are accounted for using equity method.

Name	% Ownership interest indirectly held by the Company		Business nature
	2024	2023	
Shenzhen Airlines Company Limited ("Shenzhen Airlines")	49%	49%	Aviation services
Air China Cargo Co., Ltd ("Air China Cargo") (Note (c))	8.76%	10%	Aviation services
Shenzhen International United Land Co., Ltd. ("United Land Company")	34.3%	34.3%	Real estate development
Guangzhou Western Second Ring Expressway Company Limited	25%	25%	Construction, operation and management of highways
Nanjing Yangzi River Third Bridge Company Limited	35%	35%	Construction, operation and management of bridges
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	25%	25%	Construction, operation and management of highways
Shenzhen International Qianhai Real Estate (Shenzhen) Co., Ltd. ("Qianhai Real Estate")	50%	50%	Real estate development
Shenzhen International Qianhai Business Development (Shenzhen) Co., Ltd ("Qianhai Business")	50%	50%	Real estate development
Chongqing Derun Environment Company Limited ("Derun Company")	20%	20%	Environment management and resources recovery
Foshan Shunde ShengChuang Expressway Environmental Science Industry M&A investment partnership	45%	45%	Investment management
China AMC-Shenzhen International Warehousing and Logistics Closed-end Infrastructure Securities Investment Fund (the "AMC REIT")	31.28%*	N/A	Construction, operation and management of urban integrated logistics hubs
E Fund Shenzhen Expressway Closed-end Infrastructure Securities Investment Fund （the "E Fund-Shenzhen REIT")	40%*	N/A	Construction, operation and management of an expressway

12. INTERESTS IN ASSOCIATES *(continued)*

Notes: (continued)

(a) *(continued)*

* During the year, the Group subscribed 31.28% and 40% interest in AMC REIT and E Fund – Shenzhen REIT, amounted to approximately RMB448 million (equivalent to HKD484 million) and RMB819 million (equivalent to HKD891 million), respectively. The investments are accounted for as interests in associates as the directors of the Company assessed that the Group has significant influence over the investments through its involvement in their operations and its interest in them.

(b) This balance mainly represents goodwill arising from the acquisition of equity interests in Yangmao Company and Derun Company.

(c) The Board anticipated the Group has significant influence over this entity by its participation in the financial and operating activities of this entity through its representation on the board of directors.

(d) In the opinion of the Board, Qianhai Business and Derun Company are material associates to the Group. Qianhai Business and Derun Company are private companies with no quoted market prices available for their shares. Set out below are the summarised financial information for the two associates.

Summarised balance sheet

	Qianhai Business		Derun Company	
	2024 HKD'000	2023 HKD'000	**2024 HKD'000**	2023 HKD'000
Current assets	**8,100,088**	8,009,951	**12,315,113**	15,456,528
Current liabilities	**(5,237,969)**	(6,543,601)	**(13,342,632)**	(13,976,692)
Net current assets (liabilities)	**2,862,119**	1,466,350	**(1,027,519)**	1,479,836
Non-current assets	**1,072,296**	1,156,308	**56,003,028**	56,577,176
Non-current liabilities	**–**	–	**(18,716,519)**	(21,250,925)
Net non-current assets	**1,072,296**	1,156,308	**37,286,509**	35,326,251
Non-controlling interests	**–**	–	**(16,826,388)**	(16,911,355)
Equity attributable to the owners of the associate	**3,934,415**	2,622,658	**19,432,602**	19,894,732

Summarised statement of comprehensive income

	Qianhai Business		Derun Company	
	2024 HKD'000	2023 HKD'000	**2024 HKD'000**	2023 HKD'000
Revenue	**3,880,985**	8,452	**14,342,404**	15,014,078
Profit for the year	**1,426,994**	30,012	**742,164**	992,877
Other comprehensive income	**–**	–	**105,555**	56,537
Total comprehensive income	**1,426,994**	30,012	**847,719**	1,049,414
Dividends received from the associate	**–**	–	**130,180**	186,625

12. INTERESTS IN ASSOCIATES *(continued)*

Notes: (continued)

(d) *(continued)*

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in the associates

	Qianhai Business		*Derun Company*	
	2024 HKD'000	*2023 HKD'000*	***2024 HKD'000***	*2023 HKD'000*
Opening net assets	**2,622,658**	1,428,977	**19,894,732**	20,244,443
Profit for the year	**1,426,994**	30,012	**742,164**	992,877
Other comprehensive income	**–**	–	**105,555**	56,537
Dividend paid	**–**	–	**(650,900)**	(933,125)
Currency translation differences	**(115,237)**	1,163,669	**(658,949)**	(466,000)
Closing equity attributable to the owners of the associate	**3,934,415**	2,622,658	**19,432,602**	19,894,732
The Group's share of the associate's net assets attributable to their owners	**1,967,208**	1,311,329	**3,886,520**	3,978,946
Goodwill	**–**	–	**1,556,334**	1,610,119
Add: Fair value adjustments upon acquisition	**925,048**	1,428,977	**–**	–
Carrying value	**2,892,256**	2,740,306	**5,442,854**	5,589,065

Note: The Group shares 50% of equity interests of Qianhai Business and 20% of equity interests of Derun Company.

	2024 HKD'000	*2023 HKD'000*
The unrecognised share of loss of Shenzhen Airlines for the year	**1,208,946**	924,516
Cumulative unrecognised share of loss of Shenzhen Airlines	**6,537,076**	5,328,130

(e) Aggregate financial information of associates that are not individually material is as follows:

	2024 HKD'000	*2023 HKD'000*
Aggregate carrying amount of the Group's interests in associates that are not individually material	**10,708,596**	9,164,189
The Group's share of profit	**261,704**	464,690
The Group's share of other comprehensive income	**20,751**	18,188
	282,455	482,878

13. INTERESTS IN JOINT VENTURES

	2024 HKD'000	2023 HKD'000
Beginning of the year	**10,870,097**	10,947,559
Share of results of joint ventures	**360,064**	418,457
Share of other comprehensive (expense) income of joint ventures	**(1,689)**	2,438
Dividends received	**(368,831)**	(256,967)
Exchange difference	**(362,905)**	(241,390)
End of the year	**10,496,736**	10,870,097

Notes:

(a) The major joint ventures as listed below are held indirectly by the Company. Their place of business and country of incorporation is the PRC. They are accounted for using equity method.

Name	% Ownership interest indirectly held by the Company 2024	2023	Business nature
Shenzhen Airport International Express Supervision Center Co., Ltd.	**50%**	50%	Equipment services for customs monitoring
Shenshi (Shenzhen) Smart Logistics Infrastructure Private Equity Fund Partnership (Limited)	**40%**	40%	Warehouse management
Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway")	**N/A***	N/A*	Development, operation and management of an expressway
Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("GZ West Superhighway")	**50%**	50%	Development, operation and management of an expressway

* According to the joint venture agreements entered into between the relevant subsidiary and the corresponding joint venture partner under which the joint venture operates, GS Superhighway is established to undertake the development, operation and management of the Guangzhou-Shenzhen-Zhuhai Superhighway, an expressway in Guangdong Province of the PRC running between Shenzhen and Guangzhou. The operation period is 30 years from the official opening date, 1 July 1997.

The registered capital of GS Superhighway, amounted to RMB471,000,000, had already been repaid by GS Superhighway to the joint venture partners during the year ended 30 June 2008, and therefore no registered capital remains for the joint venture.

The Group is considered to exercise joint control over GS Superhighway as the decision making on relevant activities of GS Superhighway required unanimous consent of all joint venture partners under contractual arrangement. Therefore, GS Superhighway is considered as a joint venture of the Group.

The Group's entitlement to the profit of the toll operations of Guangzhou-Shenzhen-Zhuhai Superhighway is 50% for the initial 10 years of operation period, 48% for the next 10 years and 45% for the last 10 years of the operation period. At the end of the operation period, all the immovable assets and facilities of GS Superhighway will revert to the PRC joint venture partner without compensation.

13. INTERESTS IN JOINT VENTURES *(continued)*

Notes: (continued)

(b) In the opinion of the Board, GS Superhighway and GZ West Superhighway are material joint ventures to the Group. GS Superhighway and GZ West Superhighway are private companies with no quoted market prices available for their shares. Set out below are the summarised financial information for GS Superhighway and GZ West Superhighway.

Summarised balance sheet

	GS Superhighway		*GZ West Superhighway*	
	2024 HKD'000	*2023 HKD'000*	***2024 HKD'000***	*2023 HKD'000*
Current assets	**2,306,027**	1,400,128	**496,527**	538,718
Current liabilities	**(2,032,159)**	(1,738,269)	**(1,002,501)**	(1,049,192)
Net current assets (liabilities)	**273,868**	(338,141)	**(505,974)**	(510,474)
Non-current assets	**15,194,619**	15,791,393	**11,423,353**	12,409,054
Non-current liabilities	**(2,936,369)**	(2,742,850)	**(3,575,915)**	(4,141,895)
Net non-current assets	**12,258,250**	13,048,543	**7,847,438**	8,267,159
Net assets	**12,532,118**	12,710,402	**7,341,464**	7,756,685

Summarised statement of comprehensive income

	GS Superhighway		*GZ West Superhighway*	
	2024 HKD'000	*2023 HKD'000*	***2024 HKD'000***	*2023 HKD'000*
Revenue	**3,129,951**	3,212,845	**1,376,306**	1,448,420
Profit for the year and total comprehensive income	**581,454**	483,847	**202,029**	236,033

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

	GS Superhighway		*GZ West Superhighway*	
	2024 HKD'000	*2023 HKD'000*	***2024 HKD'000***	*2023 HKD'000*
Dividends received from the joint venture	**146,453**	119,973	**180,613**	124,219

13. INTERESTS IN JOINT VENTURES

Notes: (continued)

(b) *(continued)*

Reconciliation of the summarised financial information presented to the carrying amount of the groups interests in the joint ventures

Summarised financial information

	GS Superhighway		*GZ West Superhighway*	
	2024 HKD'000	*2023 HKD'000*	***2024 HKD'000***	*2023 HKD'000*
Opening net assets	**12,710,402**	12,781,418	**7,756,685**	7,942,940
Profit for the year	**581,454**	483,847	**202,029**	236,033
Dividend paid	**(325,451)**	(266,607)	**(361,226)**	(248,438)
Currency translation differences	**(434,287)**	(288,256)	**(256,024)**	(173,850)
Closing net assets	**12,532,118**	12,710,402	**7,341,464**	7,756,685
Share of net assets	**5,639,453**	5,719,681	**3,670,732**	3,878,342
Adjustments for unrealised profit	**(64,165)**	(69,233)	**–**	–
Interest in the joint venture	**5,575,288**	5,650,448	**3,670,732**	3,878,342

(c) Aggregate financial information of joint ventures that are not individually material is as follows:

	2024 HKD'000	*2023 HKD'000*
Aggregate carrying amount of the Group's interests in joint ventures that are not individually material	**1,250,716**	1,341,307
The Group's share of (loss) profit	**(2,605)**	82,709
The Group's share of other comprehensive (expense) income	**(1,689)**	2,438
The Group's share of total comprehensive (expense) income	**(4,294)**	85,147

14. OTHER INVESTMENTS

	2024 HKD'000	2023 HKD'000
Equity securities designated at FVTOCI		
– Unlisted equity securities	**46,939**	48,915
Financial assets measured at FVTPL		
– Listed securities in the PRC (Note (a))	**639,162**	302,367
– Listed securities in HK (Note (b))	**50,838**	10,219
– Unlisted equity securities (Notes (a), (c))	**261,605**	623,319
– Unlisted fund investment (Note (d))	**848,806**	828,924
– Structured deposit	**–**	407,630
	1,847,350	2,221,374
Less: non-current portion	**(1,209,394)**	(1,155,711)
Current portion	**637,956**	1,065,663

Notes:

(a) As at 31 December 2024, listed equity investments in the PRC represent the Group's interest in listed real estate investment trusts ("REITs") and Shenzhen Water Planning and Design Institute Co., Ltd. ("SZ Water"). Prior to 2024, the Group's investment in SZ Water was restricted for trading and thus included in unlisted equity securities, the restriction for trading was released in 2024 and the relevant investment was then grouped as listed securities in the PRC.

(b) As at 31 December 2024, listed equity investments carried at market price represent 58,200,000 shares (2023: 9,000,000 shares) of listed banking shares investments amounting to HKD 50,838,000 (2023: HKD10,219,000).

(c) As at 31 December 2024 and 2023, unlisted equity securities mainly represent the Group's interest in Guangdong United Electronic Services Co., Ltd..

(d) As at 31 December 2024 and 2023, unlisted fund investments mainly represent investments in the Yuanzhi Credit Suisse Smart Airport Logistics Industry Private Equity Fund and investments in Shenzhen SASAC Cooperative Development Private Investment Fund.

15. OTHER NON-CURRENT ASSETS

	2024 HKD'000	2023 HKD'000
Contract assets that is expected to be recovered after more than one year	**1,876,143**	2,929,775
Receivables of electricity subsidy	**1,440,330**	1,373,462
Receivables of finance leases (Note 18 (b))	**1,143,805**	1,076,883
Relocation compensation (Note)	**–**	1,208,232
Prepayment for non-current assets	**1,679,001**	493,852
Receivables of construction projects	**755,316**	–
Others	**927,250**	789,461
	7,821,845	7,871,665

Note:

During the year ended 31 December 2018, the Group entered into a supplementary agreement with United Land Company in relation to Meilinguan Urban Renewal Project (Meilinguan Project) of Shenzhen Longhua District Minzhi Office (the "Agreement"). Pursuant to the Agreement, United Land Company will construct and transfer certain units of the office building (the "New Premises") to the Group, the right to receive the New Premises as relocation compensation and was initially recognized based on the fair value of the New Premises at the date of transfer.

The Board assesses the recoverable amount of the relocation compensation by reference to the fair value of the New Premises which was determined based on recent transaction price of similar properties and estimated an impairment loss of the relocation compensation amounted to HKD169,282,000 (2023: HKD209,731,000).

The New Premises is completed and transferred to the Group during the year ended 31 December 2024 and the amount has been transferred to investment properties and property, plant and equipment, respectively according to the intended use of the properties.

16. INVENTORIES AND OTHER CONTRACT COSTS

	2024 HKD'000	2023 HKD'000
Land held for future development	**373,021**	385,890
Land and properties under development for sale	**2,638,760**	2,583,156
Completed properties for sale	**1,032,387**	1,055,653
Wind turbine equipment	**373,334**	457,801
Bunker	**401,986**	370,268
Others	**198,564**	228,889
Write-down	**(430,234)**	(266,115)
	4,587,818	4,815,542

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 HKD'000	2023 HKD'000
Carrying amount of inventories sold	**3,361,140**	4,701,469
Write-down of inventories	**178,425**	146,885
Total	**3,539,565**	4,848,354

(b) The analysis of carrying amount of leasehold land held for properties development for sale included in above mentioned inventories is as follows:

	2024 HKD'000	2023 HKD'000
In the PRC, with remaining lease term of:		
between 10 and 50 years	**2,193,603**	2,361,149
50 years or more	**506,618**	477,793
	2,700,221	2,838,942

The amount of properties expected to be recovered after more than one year is HKD2,535,651,000 (2023: HKD2,605,193,000). All the other inventories are expected to be recovered within one year.

17. CONTRACT ASSETS

	2024 HKD'000	2023 HKD'000
Arising from performance under construction contracts	**2,291,831**	3,386,555
Less: Loss allowance	**(21,403)**	(22,143)
Contract assets, net of loss allowance	**2,270,428**	3,364,412
Less: Non-current portion	**(1,876,143)**	(2,929,775)
Current portion	**394,285**	434,637

As at 1 January 2023, the amount of contract assets (including current and non-current portion), net of loss allowance, is HKD3,396,042,000.

Pursuant to the terms of the construction contracts, payment of the constructions are scheduled in stages over the construction period upon completion of defined milestones. The respective price of service provided is included in contract assets until the Group's fulfilment of the respective milestone.

The amount of contract assets that is expected to be recovered after more than one year, included in other non-current assets, is HKD1,876,143,000 (2023: HKD2,929,775,000).

18. TRADE AND OTHER RECEIVABLES

	2024 HKD'000	2023 HKD'000
Trade receivables and bill receivables (Note (a))	**2,231,252**	2,012,311
Less: Loss allowance	**(412,766)**	(304,106)
Trade receivable, net of loss allowance	**1,818,486**	1,708,205
Lease receivables (Note (b))	**182,760**	281,050
Dividend receivables from associates	**247,872**	219,018
Amounts due from associates	**148,748**	150,800
Amount due from a joint venture	**3,126**	1,831
Other debtors	**932,687**	850,282
	3,333,679	3,211,186
Deposits and prepayments	**1,449,916**	948,450
	4,783,595	4,159,636

18. TRADE AND OTHER RECEIVABLES *(continued)*

Notes:

(a) The settlement period of the toll revenue from toll road operations is normally within a month due to the implementation of unified toll collection policy on expressways in the PRC. Trade receivables other than toll revenue generally due within 120 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 36(a)(iv).

As at 1 January 2023, the amount of trade receivable, net of loss allowance is HKD2,157,120,000.

As at 31 December 2024, the ageing analysis of trade receivables based on revenue recognition date was as follows:

	2024 **HKD'000**	2023 HKD'000
0-90 days	**706,121**	763,381
91-180 days	**226,068**	154,753
181-365 days	**524,506**	213,531
Over 365 days	**774,557**	880,646
	2,231,252	2,012,311

(b) Receivables from finance lease

	2024 **HKD'000**	2023 HKD'000
Total receivables	**1,326,565**	1,357,933
Less: non-current portion (Note 15)	**(1,143,805)**	(1,076,883)
Current portion	**182,760**	281,050

19. CASH AND CASH EQUIVALENTS

	2024 **HKD'000**	2023 HKD'000
Cash at bank and on hand (Note (a))	**9,669,725**	9,804,705
Less: Restricted bank deposits (Note (b))	**(329,644)**	(1,088,617)
Less: Deposits in banks with original maturities over three months (Note (c))	**(620,745)**	(1,118,292)
Cash and cash equivalents	**8,719,336**	7,597,796

19. CASH AND CASH EQUIVALENTS *(continued)*

Notes:

(a) The cash at bank and on hand were denominated in the following currencies:

	2024 HKD'000	2023 HKD'000
RMB	**9,422,281**	9,534,025
HKD	**234,376**	170,959
United States dollar ("USD")	**12,953**	99,598
Other currencies	**115**	123
	9,669,725	9,804,705

(b) As at 31 December 2024 and 2023, the restricted bank deposits mainly represented restricted project funds.

(c) As at 31 December 2024 and 2023, the deposits in banks with original maturities over 3 months mainly represented time deposits carry interest at respective market rates range from 1.15% to 3.30% (2023: 1.50% to 3.30%).

20. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares	Ordinary share capital HKD'000	Share premium HKD'000	Total HKD'000
At 1 January 2023	2,387,809,199	2,387,810	10,830,494	13,218,304
Issue of scrip shares as dividend (note 35)	5,339,689	5,340	30,511	35,851
Employee share options – recognition of share-based payment (note 31)	–	–	3,828	3,828
At 31 December 2023	2,393,148,888	2,393,150	10,864,833	13,257,983
Issue of scrip shares as dividend (note 35)	16,490,162	16,490	92,543	109,033
Employee share options – recognition of share-based payment (note 31)	–	–	22,966	22,966
At 31 December 2024	2,409,639,050	2,409,640	10,980,342	13,389,982

20. SHARE CAPITAL AND SHARE PREMIUM *(continued)*

(a) Authorised and issued shares

As at 31 December 2024, the total authorised number of shares was 3,000 million (2023: 3,000 million) with par value of HKD1.00 per share (2023: HKD1.00 per share). All issued shares are fully paid.

(b) Share options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Average Exercise price HKD	***Number of share options***	*Average Exercise price HKD*	*Number of share options*
Beginning of the year	**5.37**	**55,454,000**		–
Granted (Note)		**–**	5.37	55,454,000
End of the year	**5.37**	**55,454,000**	5.37	55,454,000

Note:

On 1 November 2023, 55,454,000 share options (the "2023 Share Options") with an exercise price of HKD5.37 per share were granted to certain directors of the Company and selected employees of the Group. The exercise price of the 2023 Share Options represents the average closing price for the five business days immediately preceding the date of grant. 40% of the share options granted is to be vested on 1 November 2025, another 30% of the share options granted will be vested on 1 November 2026, and the remaining 30% of the share options granted will be vested on 1 November 2027. Vesting of the above mentioned share is conditional upon the individual performance of respective grantees and the achievement of certain performance targets of the Group.

21. OTHER RESERVES AND RETAINED EARNINGS

	Fair value reserve HKD'000 (Note (a))	*Reserve funds HKD'000 (Note (b))*	*Capital reserve HKD'000*	*Goodwill reserve HKD'000*	*Merger reserve HKD'000*	*Revaluation surplus HKD'000*	*Other reserves HKD'000 (Note (c))*	*Currency translation reserve HKD'000*	*Contributed surplus HKD'000 (Note (d))*	*Other reserves sub-total HKD'000*	*Retained earnings HKD'000*	*Total HKD'000*
At 1 January 2024	4,973	5,147,599	59,723	(159,583)	(734,447)	542,468	2,293,978	(6,400,475)	13,005	767,241	17,556,982	18,324,223
Profit attributable to ordinary shareholders of the Company	–	–	–	–	–	–	–	–	–	–	2,872,448	2,872,448
Fair value loss on equity securities designated at FVTOCI	(348)	–	–	–	–	–	–	–	–	(348)	–	(348)
Deferred taxation relating to revaluation of equity securities	87	–	–	–	–	–	–	–	–	87	–	87
Gain on revaluation of properties previously occupied by the Group	–	–	–	–	–	228,406	–	–	–	228,406	–	228,406
Deferred taxation relating to revaluation of properties	–	–	–	–	–	(57,102)	–	–	–	(57,102)	–	(57,102)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	20,898	–	–	20,898	–	20,898
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(143,712)	–	(143,712)	–	(143,712)
Exchange difference arising from translation of functional currency to presentation currency	–	–	–	–	–	–	–	(1,179,583)	–	(1,179,583)	–	(1,179,583)
Total comprehensive (expense) income	(261)	–	–	–	–	171,304	20,898	(1,323,295)	–	(1,131,354)	2,872,448	1,741,094
Transfer to reserve	–	161,504	–	–	–	–	–	–	–	161,504	(161,504)	–
Share of associates' reserve's movement	–	–	–	–	–	–	3,910	–	–	3,910	–	3,910
Dividend relating to 2023 (note 35)	–	–	–	–	–	–	–	–	–	–	(957,260)	(957,260)
Others	–	–	–	–	–	–	(2,210)	–	–	(2,210)	–	(2,210)
At 31 December 2024	4,712	5,309,103	59,723	(159,583)	(734,447)	713,772	2,316,576	(7,723,770)	13,005	(200,909)	19,310,666	19,109,757

21. OTHER RESERVES AND RETAINED EARNINGS *(continued)*

	Fair value reserve HKD'000 (Note (a))	Reserve funds HKD'000 (Note (b))	Capital reserve HKD'000	Goodwill reserve HKD'000	Merger reserve HKD'000	Revaluation surplus HKD'000	Other reserves HKD'000 (Note (c))	Currency translation reserve HKD'000	Contributed surplus HKD'000 (Note (d))	Other reserves sub-total HKD'000	Retained earnings HKD'000	Total HKD'000
At 1 January 2023	5,529	5,081,994	59,723	(159,583)	(734,447)	542,468	2,256,421	(5,370,161)	13,005	1,694,949	16,334,611	18,029,560
Profit attributable to ordinary shareholders of the Company	–	–	–	–	–	–	–	–	–	–	1,901,643	1,901,643
Fair value loss on equity securities designated at FVTOCI	(417)	–	–	–	–	–	–	–	–	(417)	–	(417)
Deferred taxation relating to revaluation of equity securities	(139)	–	–	–	–	–	–	–	–	(139)	–	(139)
Share of other comprehensive income of associates	–	–	–	–	–	–	31,933	–	–	31,933	–	31,933
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(76,919)	–	(76,919)	–	(76,919)
Exchange difference arising from translation of functional currency to presentation currency	–	–	–	–	–	–	–	(953,395)	–	(953,395)	–	(953,395)
Total comprehensive (expense) income	(556)	–	–	–	–	–	31,933	(1,030,314)	–	(998,937)	1,901,643	902,706
Transfer to reserve	–	65,605	–	–	–	–	–	–	–	65,605	(65,605)	–
Share of associates' reserve's movement	–	–	–	–	–	–	5,624	–	–	5,624	–	5,624
Dividend relating to 2022 (note 35)	–	–	–	–	–	–	–	–	–	–	(613,667)	(613,667)
At 31 December 2023	4,973	5,147,599	59,723	(159,583)	(734,447)	542,468	2,293,978	(6,400,475)	13,005	767,241	17,556,982	18,324,223

Notes:

(a) The fair value reserve comprises the cumulative net change in the fair value of equity securities designated at FVTOCI held at the end of the reporting period.

(b) In accordance with the PRC regulations, certain subsidiaries of the Group in the PRC are required to transfer part of their profits after taxation to various reserve funds, which are non-distributable, before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of directors of these companies, in accordance with their joint venture agreements and/or articles of association.

(c) Other reserves mainly represented the differences between the considerations paid or received and the relevant carrying value of net assets of the subsidiaries acquired or disposed of for the transactions with certain non-controlling interests, share of other comprehensive income of associates and the share of associates' reserve's movement.

(d) The contributed surplus of the Group represents the difference between the nominal value of the shares of the former group holding company, acquired pursuant to the Group reorganisation on 9 January 1990, over the nominal value of the Company's shares issued in exchange thereof.

22. BORROWINGS

	Notes	2024 HKD'000	2023 HKD'000
Secured bank borrowings	(a)	**10,930,306**	16,551,325
Unsecured bank borrowings and other borrowings		**24,574,200**	16,530,131
Medium-term notes	(b)	**2,689,343**	2,229,409
Corporate bonds	(c)	**8,299,060**	7,120,242
Panda bonds	(d)	**10,747,177**	11,125,346
Borrowings from finance lease companies		**–**	117,480
Super short-term commercial paper	(e)	**3,208,800**	1,664,753
		60,448,886	55,338,686
Less: Amount due within one year		**(19,391,125)**	(26,977,953)
Amount shown under non-current liabilities		**41,057,761**	28,360,733
Analysis of borrowings due within one year:			
Secured bank borrowings		**3,094,473**	10,312,970
Unsecured bank borrowings		**11,849,927**	9,075,663
Medium-term notes		**31,250**	29,985
Corporate bonds		**112,234**	1,440,396
Panda bonds		**1,094,441**	4,427,704
Borrowings from finance lease companies		**–**	26,482
Super short-term commercial paper		**3,208,800**	1,664,753
		19,391,125	26,977,953

Notes:

(a) The Group's borrowings had been secured by the pledge of the Group's assets and carrying amounts of the respective assets are as follows:

	2024 HKD'000	2023 HKD'000
Other non-current assets	**650,078**	910,674
Intangible assets	**15,735,862**	16,271,226
	16,385,940	17,181,900

In addition to the above, shareholdings in certain subsidiaries owned by the Group, are also pledged to various banks for bank facilities granted to the Group as at 31 December 2024 and 2023.

(b) Details of Group's medium-term-notes are as follows:

	2024 HKD'000	2023 HKD'000
– RMB1,000 million, 2.89% medium-term notes maturing in 2026	**1,081,960**	1,118,975
– RMB1,000 million, 3.05% medium-term notes maturing in 2028	**1,073,555**	1,110,434
– RMB500 million, 2.16% medium-term notes maturing in 2027	**533,828**	–
	2,689,343	2,229,409

22. BORROWINGS *(continued)*

Notes: (continued)

(c) Details of Group's Corporate Bonds are as follows:

	2024 HKD'000	2023 HKD'000
– RMB1,200 million, 3.49% Corporate Bonds maturing in 2024	–	1,351,538
– USD300 million, 1.75% Corporate Bonds maturing in 2026	2,308,306	2,348,816
– RMB1,000 million, 3.35% Corporate Bonds maturing in 2026	1,078,200	1,114,844
– RMB550 million, 2.88% Corporate Bonds maturing in 2026	587,796	607,669
– RMB1,500 million, 3.18% Corporate Bonds maturing in 2029	1,641,287	1,697,375
– RMB550 million, 2.25% Corporate Bonds maturing in 2027	592,518	–
– RMB1,000 million, 2.20% Corporate Bonds maturing in 2029	1,064,957	–
– RMB950 million, 2.7% Corporate Bonds maturing in 2034	1,025,996	–
	8,299,060	7,120,242

(d) Details of Group's Panda Bonds are as follows:

	2024 HKD'000	2023 HKD'000
– RMB4,000 million, 3.29%, 6-years Panda Bonds issued in 2021	–	4,427,704
– RMB1,000 million, 2.95%, 6-years Panda Bonds issued in 2022	1,094,441	1,132,261
– RMB1,500 million, 2.88%, 6-years Panda Bonds issued in 2023	1,617,401	1,673,235
– RMB1,600 million, 2.99%, 5-years Panda Bonds issued in 2023	1,724,298	1,783,825
– RMB1,900 million, 2.95%, 6-years Panda Bonds issued in 2023	2,037,940	2,108,321
– RMB4,000 million, 2.21%, 3-years medium-term notes issued in 2024	4,273,097	–
	10,747,177	11,125,346

At the end of the third year of above bonds' duration, the issuer shall be entitled to adjust the coupon rate of corporate bonds and investors shall be entitled to sell back the bonds to the issuer.

(e) As of 31 December 2024, there are one super short-term commercial papers of RMB1,500 million (equivalent to HKD1,596 million) for a term of 270 days (bearing interest at 1.75% per annum), and one super short-term commercial papers of RMB1,500 million (equivalent to HKD1,596 million) for a term of 80 days (bearing interest at 2.03% per annum).

As at 31 December 2023, there was a super short-term commercial paper of RMB1,500 million (equivalent to HKD1,651 million) issued by Shenzhen Expressway for a term of 270 days bearing interest at 2.25% per annum, the relevant amounts have been settled in current year.

22. BORROWINGS *(continued)*

At 31 December 2024, the borrowings are repayable as follows:

	2024 HKD'000	2023 HKD'000
Within 1 year	**19,391,125**	26,977,953
Between 1 and 2 years	**6,700,504**	2,391,230
Between 2 and 5 years	**25,814,892**	20,649,847
Over 5 years	**8,542,365**	5,319,656
	60,448,886	55,338,686

The carrying amounts of the borrowings are denominated in the following currencies:

	2024 HKD'000	2023 HKD'000
HKD	**2,227,292**	12,464,888
RMB	**55,913,287**	40,524,982
USD	**2,308,307**	2,348,816
	60,448,886	55,338,686

The ranges of interest rates of the borrowings, denominated in respective currencies, at the balance sheet date were as follows:

	2024	2023
HKD	**5.21% to 6.24%**	2.9% to 6.88%
RMB	**2.1% to 3.96%**	2.1% to 4.11%
USD	**1.75%**	1.75%

The Group has unutilised banking facilities as follows:

	2024 HKD'000	2023 HKD'000
Floating rate		
– Expiring within 1 year	**84,011,843**	40,848,272
– Expiring after 1 year	**26,719,513**	50,859,005
	110,731,356	91,707,277

23. DEFERRED TAX

The components of deferred tax assets (liabilities) recognised in the consolidated balance sheet and the movements during the year are as follows:

	Concession intangible assets HKD'000	Fair value changes of other financial assets HKD'000	Tax losses HKD'000	Payroll and other expenses accrued but not paid HKD'000	New toll station operating subsidies HKD'000	Temporary differences arising from Meilinguan Project HKD'000	Temporary difference of the tax effect on right-of-use assets HKD'000	Temporary difference of the tax effect on lease liabilities HKD'000	Business combinations involving enterprises not under common control HKD'000	Accruals for construction costs and PRC land appreciation tax HKD'000	Fair value changes of other investment HKD'000	Revaluation reserve HKD'000	Others HKD'000	Total HKD'000
At 1 January 2023	(803,072)	(168,078)	131,702	34,147	100,602	20,136	–	–	(794,411)	22,637	(259,788)	(11,162)	(326,497)	(2,053,784)
Change of fair value reserve on other financial assets credited to equity	–	138	–	–	–	–	–	–	–	–	–	–	–	138
Credited (charged) to the profit or loss (note 33)	86,270	7,965	(48,309)	(82)	(16,737)	(7,782)	18,878	(21,450)	44,474	138,305	(76,201)	(8,029)	(117,532)	(230)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange differences	16,791	3,604	(2,438)	(747)	(2,049)	(369)	(175)	198	16,989	(1,775)	10,104	319	4,532	44,984
At 31 December 2023	(700,011)	(156,371)	80,955	33,318	81,816	11,985	18,703	(21,252)	(732,948)	159,167	(325,885)	(18,872)	(439,497)	(2,008,892)
At 1 January 2024	**(700,011)**	**(156,371)**	**80,955**	**33,318**	**81,816**	**11,985**	**18,703**	**(21,252)**	**(732,948)**	**159,167**	**(325,885)**	**(18,872)**	**(439,497)**	**(2,008,892)**
Change of fair value reserve on other financial assets credited to equity	**–**	**87**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**87**
Revaluation of properties credited to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(60,131)**	**–**	**(60,131)**
(Charged) credited to the profit or loss (note 33)	**(4,764)**	**(9,906)**	**(64,229)**	**(307)**	**(16,470)**	**(2,008)**	**14,963**	**(891)**	**50,588**	**(30,142)**	**55,601**	**–**	**(146,803)**	**(154,368)**
Disposal of a subsidiary	**317,748**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**317,748**
Exchange differences	**16,478**	**5,413**	**(1,461)**	**(1,107)**	**(2,414)**	**(361)**	**(914)**	**727**	**23,503**	**(4,732)**	**9,809**	**1,795**	**17,524**	**64,260**
At 31 December 2024	**(370,549)**	**(160,777)**	**15,265**	**31,904**	**62,932**	**9,616**	**32,752**	**(21,416)**	**(658,857)**	**124,293**	**(260,475)**	**(77,208)**	**(568,776)**	**(1,841,296)**

23. DEFERRED TAX *(continued)*

	2024 HKD'000	2023 HKD'000
Deferred tax assets	598,201	638,506
Deferred tax liabilities	(2,439,497)	(2,647,398)
	(1,841,296)	(2,008,892)

Deferred tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of tax losses amounting to HKD4,326,460,000 (2023: HKD3,202,839,000) due to the unpredictability of future profit streams. Tax losses of approximately HKD4,039,211,000 (2023: HKD2,882,141,000) will expire within the next five (2023: five) years from the end of the reporting period.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding income tax rate will be reduced from 10% to 5%.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HKD8,030,930,000 (2023: HKD7,764,552,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

24. OTHER NON-CURRENT LIABILITIES

	2024 HKD'000	2023 HKD'000
Deferred income:		
– Compensations from government regarding operation of toll station (Note (a))	276,215	374,053
– Other government grants (Note (b))	802,334	655,239
Long-term employee bonus	123,032	127,284
Operating costs in the extended period for toll road compensation	153,643	166,853
Others	271,170	230,715
	1,626,394	1,554,144

Notes:

(a) The amount represents government compensations amounting to HKD276,215,000 (2023: HKD374,053,000) for subsidising the operation of toll stations and ramp.

(b) The amount mainly includes government grants amounting to HKD762,552,000 (2023: HKD601,519,000) which was received from the government for the purpose of subsidising the Group's development, operation and setting up certain integrated logistics hubs.

25. TRADE AND OTHER PAYABLES

	2024 HKD'000	2023 HKD'000
Trade payables (Note (a))	**5,161,218**	4,337,936
Construction payables (Note (b))	**2,480,584**	2,194,845
Dividend payable	**100,029**	6,202
Provision on land premium (note 29(a))	**353,463**	–
Other payables and accrued expenses	**2,291,490**	2,507,807
Amounts due to associates (Note (c))	**3,339,316**	3,670,941
	13,726,100	12,717,731
Current portion of deferred income	**4,176**	4,320
	13,730,276	12,722,051

Notes:

(a) As at 31 December 2024, the ageing analysis of trade payables based on the date of invoices was as follows:

	2024 HKD'000	2023 HKD'000
0 - 90 days	**2,217,907**	1,945,144
91 - 180 days	**571,125**	237,290
181 - 365 days	**217,941**	499,354
Over 365 days	**2,154,245**	1,656,148
	5,161,218	4,337,936

(b) Construction payables mainly includes: (i) advances from government relating to construction projects in an amount of HKD210,304,000 (2023: HKD211,734,000); and (ii) payable for projects of logistics parks and entrusted management and construction of highways in an amount of HKD2,270,280,000 (2023: HKD1,983,111,000).

(c) Amounts due to associates:

	2024 HKD'000	2023 HKD'000
Qianhai Real Estate (Note (i))	**452,748**	456,108
Qianhai Business (Note (ii))	**2,279,660**	2,182,961
United Land Company (Note (iii))	**412,326**	907,546
Other associates	**194,582**	124,326
	3,339,316	3,670,941

Notes:

(i) Amounts are unsecured, interest bearing at 3.5% (2023: 3.5%) per annum and repayable on demand.

(ii) Amounts are unsecured, interest bearing at 2.9% (2023: 2.9%) per annum and repayable on demand.

(iii) Amounts are unsecured, interest-free and expected to be repaid within one year.

26. CONTRACT LIABILITIES

	2024 HKD'000	2023 HKD'000
Sales and maintenance fees received in advance	**5,756**	6,596
Property development pre-sale proceeds	**21,165**	13,892
Other sales and services fee received in advance	**223,493**	145,152
	250,414	165,640

As at 1 January 2023, contract liabilities amounted to HKD5,609,785,000.

Movements in contract liabilities

	2024 HKD'000	2023 HKD'000
Beginning of the year	**165,640**	5,609,785
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(163,268)**	(5,538,120)
Contracts liabilities recognised during the year	**255,358**	167,185
Exchange difference	**(7,316)**	(73,210)
End of the year	**250,414**	165,640

All contract liabilities as at 31 December 2024 are expected to be recognised as revenue within one year.

27. LEASE LIABILITIES

The lease liabilities were repayable as follows:

	2024 HKD'000	2023 HKD'000
Within 1 year	**58,790**	64,715
After 1 year but within 2 years	**41,617**	45,560
After 2 years but within 5 years	**92,930**	109,726
After 5 years	**737,688**	792,246
	931,025	1,012,247
Less: current portion	**(58,790)**	(64,715)
Amount shown under non-current liabilities	**872,235**	947,532

Lease liabilities carry weighted-average interest rate at 4.2% (2023: 4.4%).

28. REVENUE

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024 HKD'000	2023 HKD'000
Revenue from contracts with customers within the scope of HKFRS 15		
Toll roads and general-environmental protection business		
– Toll revenue	**5,482,033**	5,970,786
– Entrusted construction management service and construction consulting service revenue	**481,714**	565,558
– Construction service revenue under service concession arrangements	**2,130,496**	1,496,173
– General-environmental protection services	**1,528,572**	1,797,661
– Others	**406,396**	494,803
	10,029,211	10,324,981
Logistics business		
– Logistics parks	**229,035**	215,706
– Logistics services	**332,587**	319,109
– Port and related services (including sales of materials)	**3,585,793**	2,804,772
– Logistics park transformation and upgrading business (including sales of properties)	**28,970**	5,502,349
	4,176,385	8,841,936
	14,205,596	19,166,917
Revenue from other sources		
– Leases	**1,365,019**	1,356,881
	15,570,615	20,523,798

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets are disclosed in note 5.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts for revenue expected to be recognised in the future are as follows:

	2024 HKD'000	2023 HKD'000
Pre-completion sales contracts for properties under development	**21,165**	13,892
Other sales and services contracts	**38,731**	60,837
	59,896	74,729

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date, it is highly probable that the Group will satisfy the conditions for earning those bonuses.

29. OTHER GAINS – NET

	2024 HKD'000	2023 HKD'000
Gain on disposal of subsidiaries	**783,349**	19,243
Change in fair value of derivative financial instruments	**(66,870)**	40,101
Change in fair value of other investments	**46,804**	68,835
Change in fair value of investment properties (note 6)	**(222,404)**	304,803
Gain on Land Preparation Project (Note a)	**3,157,598**	148,671
Gain on disposal of other non-current assets	**54,711**	5,779
Impairment loss recognised on goodwill	**(10,464)**	–
Impairment loss recognised on other non-current assets (Note b)	**(617,017)**	(209,731)
Others	**76,809**	(94,654)
Total	**3,202,516**	283,047

Notes:

(a) On 31 October 2023, a wholly-owned subsidiary of the Group ("the Subsidiary") entered into a land consolidation and preparation supervision agreement (the "Land Preparation Agreement") with Shenzhen Longhua City Renewal and Land Development Bureau*（深圳市龍華區城市更新和土地整備局）, Shenzhen Longhua Administration of Planning and Natural Resources Bureau*（深圳市規劃和自然資源局龍華管理局） and Shenzhen Longhua Minzhi Subdistrict Office* （深圳市龍華區民治街道辦事處）(collectively the "Parties") in relation to the consolidation and preparation of approximately 530,000 square meters of land (the "Existing Land") comprising the Group's logistics park (the "Land Preparation Project"), pursuant to which the Parties agreed to implement the Land Preparation Project via a comprehensive approach which involves monetary compensation and reservation of land.

Pursuant to the Land Preparation Agreement, the Group will be compensated by approximately RMB1,058 million in cash (the "Demolition Compensation") for demolition of property, plant and equipment on the Existing Land and a reservation of land (the "Reserved Land"), amongst which, the final area to be reserved and the allowed usage of the Reserved Land is subject to the approval of the Shenzhen City Planning Board（深圳市城市規劃委員會法定圖則委員會）, and the Shenzhen City Planning Board announced the approved details in October 2024.

In December 2024, the Subsidiary and Parties entered into a supplementary agreement (the "Supplementary Agreement"), pursuant to which, the Subsidiary and the Parties agreed to proceed the Land Preparation Project in three phases. At each phase, the Group will transfer a pre-determined portion of the Existing Land and then will be entitled to obtain the pre-determined portion of the Reserved Land.

During the year ended 31 December 2023, land with a total area of approximately 173,000 square meter, as part of the phase one pre-determined portion of the Existing Land (the "Phase I Transfer Land") had been transferred to the government, resulting in the derecognition of land use rights of RMB23,019,000 (equivalent to HKD25,571,000), which is the relevant carrying amount on the transfer date, and the recognition of other non-current asset with the same amount. During the year ended 31 December 2024, the remaining portion of the Phase I Transfer Land, with carrying amount of RMB24,435,000 (equivalent to HKD26,508,000), has also been transferred to the government. As upon the completion of the transfer of the Phase I Transfer Land, the Board determines that, according to the Supplementary Agreement, the Group is entitled to obtain the phase one pre-determined portion of the Reserved Land (the "Phase I Reserve Land"). The fair value of the Phase I Reserved Land was determined to be RMB3,322,550,000 (equivalent to HKD3,534,628,000) on the date of transfer of the Phase I Transfer Land and is recognised as other assets on the consolidated statement of financial position. A provision on land premium of the Phase I Reserved Land to be paid to the government as part of the consideration for the Phase I Transfer Land is estimated to be RMB332,255,000 (equivalent to HKD353,463,000) and included in other payable. A net gain of RMB2,909,564,000 (equivalent to HKD3,095,281,000) (2023: nil) is recognised as gain on disposal in 2024. In addition, gain from demolition of property, plant and equipment amounted to RMB58,578,000 (equivalent to HKD62,317,000) (2023: RMB133,834,000 (equivalent to HKD148,671,000)) is recognized in the year ended 31 December 2024.

29. OTHER GAINS – NET *(continued)*

Notes: (continued)

(a) *(continued)*

The fair value of the Phase I Reserved Land was determined by reference to a valuation performed by Shenzhen GoFiner Land, Real Estate Assessment & Assets Evaluation Consulting Co., Ltd., an independent professional valuer, which is based on the expected adjusted demarcated land price method and residual method. The adjusted demarcated land price method makes reference to demarcated land prices of similar lands which are adjusted to reflect the conditions and locations of the Phase I Reserved Land. The residual method is based on the expected value of the developed property, taking into account the expected selling price, and then subtracting estimated future costs, taxes, and fees required to complete the development. The fair value measurement is positively correlated to the expected selling price of the properties to be developed and negatively correlated to the estimated future costs, taxes and fees to complete the development.

(b) During the year ended 31 December 2024, as a result of changes in the economic environment where the Group operates, and other facts and circumstances, certain of the Group's assets are not operating at management's expectation, the management of the Group concluded there were indication for impairment and conducted impairment assessment on certain non-current assets, including property, plant and equipment, construction in process, intangible assets and other non-current assets. The recoverable amounts of these identified assets are estimated individually and when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Impairment losses identified in the current year in respective to the non-current assets assessed:

	Impairment loss recognised HKD'000
Individually	295,297
In CGU	321,720
	617,017

Recoverable amounts of assets estimated individually are determined based on its fair value less cost of disposal, which are determined by reference to recent transaction prices for similar assets, adjusted for nature, location and conditions of the Group's assets. Based on the assessment by the Group management, impairment losses of the assets assessed individually have been recognized for the year and summarized below:

	Carrying amount HKD'000	***Recoverable amount HKD'000***	***Impairment loss recognised HKD'000***
Property, plant and equipment	13,593	791	12,802
Construction in progress	12,981	–	12,981
Intangible assets	100,232	–	100,232
Other non-current assets	806,682	637,400	169,282
			295,297

29. OTHER GAINS – NET *(continued)*

Notes: (continued)

(b) *(continued)*

The recoverable amounts of the CGUs are determined based on its value-in-use. For value-in-use assessment, management of the Group prepared cash flow forecasts for a five-year period based on the assumptions including the estimations of growth rates of business volume, unit price and cost of sales. The growth rates are estimated based on past performance and management's expectations of the market development. The cash flow forecasts are discounted by using pre-tax discount rates that reflect the cost of capital of each CGU and the industry specific factors. Based on the assessment by the Group management, impairment losses of the assets assessed by reference to the recoverable amounts of CGUs have been recognized for the year and summarized below:

	Carrying Amount HKD'000	Recoverable Amount HKD'000	Impairment loss recognised HKD'000
CGU A- Property, plant and equipment and Land use right	1,349,418	1,143,300	206,118
CGU B- Property, plant and equipment	108,280	67,693	40,587
CGU C- Intangible assets	291,508	279,707	11,801
CGU D- Intangible assets	215,295	190,588	24,707
CGU E- Intangible assets	165,349	158,196	7,153
CGU F- Intangible assets	78,089	46,735	31,354

30. PROFIT FOR THE YEAR

	2024 HKD'000	2023 HKD'000
Profit for the year has been arrived at after charging:		
Construction services cost under service concession arrangements	**1,944,624**	1,496,173
Kitchen waste disposal project costs	**750,172**	788,093
Depreciation and amortisation	**3,299,718**	3,258,006
Employee benefit expenses (note 31)	**1,752,914**	1,723,742
Cost of inventories sold (note 16)	**3,539,565**	4,848,354
Other tax expenses	**360,832**	236,631
Commission, management fee and maintenance expenses for toll roads	**361,312**	362,182
Entrusted construction management service costs	**333,687**	415,403
Auditors' remuneration		
– Audit services	**8,418**	8,130
– Non-audit services	**5,080**	5,391
Legal and consultancy fees	**89,492**	66,592

31. EMPLOYEE BENEFIT EXPENSES

	2024 HKD'000	2023 HKD'000
Wages and salaries	**1,352,634**	1,455,876
Pension costs-defined contribution plans	**186,844**	170,188
Share-based payment expenses (note 20)	**22,966**	3,828
Others	**190,470**	93,850
	1,752,914	1,723,742

From 1 December 2000, an MPF scheme has been set up for eligible employees in Hong Kong of the Group. Contributions to the MPF Scheme by the Group and employees are calculated at rates specified in the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group by an independently administered fund.

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay long service payment ("LSP") to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period. In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022, which, in the opinion of the Board, has immaterial impact on the Group's LSP liability with respect to employees that participate in MPF Scheme.

The Group also contributes to employee retirement schemes established by the PRC local governments in respect of certain subsidiaries in the PRC. The PRC local governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated income statement as incurred.

No forfeited contributions (2023: nil) were utilised during the year and none is available at the year-end to reduce future contribution.

31. EMPLOYEE BENEFIT EXPENSES *(continued)*

(a) Share options

During the year ended 31 December 2023, 6,730,000 and 48,724,000 share options were granted to certain directors and selected employees respectively under the Company's 2023 share options scheme, which were granted on 1 November 2023 and the estimated fair values of the options was HKD1.10. No movement of the number of share option after 1 November 2023, and up to 31 December 2023 and 2024.

These fair values of the share options were calculated using the Binomial model. The inputs into the model were as follows:

	2023
Grant date closing share price	HKD5.37
Exercise price	HKD5.37
Expected volatility	29.526%
Expected life	4 years
Risk-free rate	4.094%
Expected dividend yield	4.786%

The variables and assumptions used in computing the fair value of the share options were based on the best estimate of the directors of the Company. The value of a share option varied with different variables of certain subjective assumptions.

The Group recognised share-based payment expense of HKD22,966,000 for the year ended 31 December 2024 (2023: HKD3,828,000) in relation to share options granted by the Company.

31. EMPLOYEE BENEFIT EXPENSES *(continued)*

(a) Share options *(continued)*

The entitlements of each of the Directors and selected employees are as follows:

Grantee	*Number of Share Options*	*Vesting Period*	*Exercise Period*
Li Haitao	737,600	1/11/2023-31/10/2025	1/11/2025-31/10/2028
Li Haitao	553,200	1/11/2023-31/10/2026	1/11/2026-31/10/2028
Li Haitao	553,200	1/11/2023-31/10/2027	1/11/2027-31/10/2028
Liu Zhengyu	700,800	1/11/2023-31/10/2025	1/11/2025-31/10/2028
Liu Zhengyu	525,600	1/11/2023-31/10/2026	1/11/2026-31/10/2028
Liu Zhengyu	525,600	1/11/2023-31/10/2027	1/11/2027-31/10/2028
Wang Peihang	626,800	1/11/2023-31/10/2025	1/11/2025-31/10/2028
Wang Peihang	470,100	1/11/2023-31/10/2026	1/11/2026-31/10/2028
Wang Peihang	470,100	1/11/2023-31/10/2027	1/11/2027-31/10/2028
Zhou Zhiwei	626,800	1/11/2023-31/10/2025	1/11/2025-31/10/2028
Zhou Zhiwei	470,100	1/11/2023-31/10/2026	1/11/2026-31/10/2028
Zhou Zhiwei	470,100	1/11/2023-31/10/2027	1/11/2027-31/10/2028
	6,730,000		
Selected employees	19,489,600	1/11/2023-31/10/2025	1/11/2025-31/10/2028
Selected employees	14,617,200	1/11/2023-31/10/2026	1/11/2026-31/10/2028
Selected employees	14,617,200	1/11/2023-31/10/2027	1/11/2027-31/10/2028
	48,724,000		
	55,454,000		

31. EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Directors' emoluments

The remuneration of each Director for the year ended 31 December 2024 is set out below:

	Fees HKD'000	*Salary HKD'000*	*Discretionary bonuses HKD'000*	*Other benefits HKD'000*	*Employer's contribution to retirement scheme HKD'000*	*Total HKD'000*
Executive directors						
Li Haitao	–	325	791	66	144	1,326
Liu Zhengyu	–	412	754	66	148	1,380
Wang Peihang	–	382	699	66	141	1,288
Dai Jingming (Note (i))	–	542	–	–	–	542
Non-executive directors						
Zhou Zhiwei (Note (ii))	–	16	27	3	6	52
Cai Xiaoping (Note (iii))	–	97	–	–	–	97
Independent non-executive directors						
Pan Chaojin	350	–	–	–	–	350
Wang Guowen	350	–	–	–	–	350
Zeng Zhi	350	–	–	–	–	350
Ding Chunyan (Note (iv))	281	–	–	–	–	281
	1,331	1,774	2,271	201	439	6,016

The remuneration of each Director for the year ended 31 December 2023 is set out below:

	Fees HKD'000	*Salary HKD'000*	*Discretionary bonuses HKD'000*	*Other benefits HKD'000*	*Employer's contribution to retirement scheme HKD'000*	*Total HKD'000*
Executive directors						
Li Haitao	–	333	704	64	156	1,257
Liu Zhengyu	–	370	665	64	145	1,244
Wang Peihang	–	470	517	64	153	1,204
Dai Jingming	–	555	–	–	–	555
Non-executive director						
Zhou Zhiwei	–	461	465	64	145	1,135
Independent Non-executive directors						
Pan Chaojin	350	–	–	–	–	350
Wang Guowen	350	–	–	–	–	350
Zeng Zhi	350	–	–	–	–	350
	1,050	2,189	2,351	256	599	6,445

Notes:

(i) Resigned on 24 January 2025

(ii) Resigned on 16 January 2024

(iii) Appointed on 26 July 2024

(iv) Appointed on 13 March 2024

31. EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Directors' emoluments *(continued)*

The emoluments of executive directors are for their services in connection with the management of the affairs of the Company and the Group. The emoluments of non-executive directors and independent non-executive directors are for their services as directors of the Company.

During the year ended 31 December 2024 and 2023, no emoluments had been paid by the Group to the directors or the five highest-paid individuals referred to in (c) below as an inducement to join or upon joining the Group or as a compensation for loss of office.

(c) Five highest paid individuals

No directors (2023: nil) were included in the five individuals whose emoluments were the highest in the Group for the year. The emoluments payable to the five (2023: five) individuals during the year is as follows:

	2024 HKD'000	*2023 HKD'000*
Basic salaries and allowances	**3,191**	4,370
Year-end bonuses	**3,983**	2,418
Contributions to the retirement scheme	**662**	900
Share-based payment expenses	**1,306**	114
Other benefits	**35**	194
	9,177	7,996

The emoluments fell within the following bands:

	2024	*2023*
HKD1,000,001 – HKD1,500,000	**–**	2
HKD1,500,001 – HKD2,000,000	**5**	3
	5	5

32. FINANCE INCOME AND COSTS

	2024 *HKD'000*	*2023* *HKD'000*
Finance income		
Interest income from bank deposits	**(126,554)**	(207,728)
Other interest income	**(47,042)**	(33,568)
Total finance income	**(173,596)**	(241,296)
Finance costs		
Interest expense		
– Bank borrowings	**1,229,288**	1,393,351
– Medium-term notes	**356**	285
– Senior notes	**–**	7,032
– Corporate bonds	**306,817**	333,482
– Panda bonds	**327,671**	242,372
– Contract liabilities	**–**	168,031
– Lease liabilities	**42,269**	47,356
– Others	**145,273**	149,241
Net foreign exchange losses	**25,528**	553,203
Less: finance costs capitalised on qualified assets	**(313,681)**	(276,540)
Total finance costs	**1,763,521**	2,617,813
Net finance costs	**1,589,925**	2,376,517

Finance costs of HKD313,681,000 (2023: HKD276,540,000) have been capitalised for construction in progress and properties under development, using an average interest rate of 3.1% (2023: 4.1%) per annum.

33. INCOME TAX EXPENSE

	2024 HKD'000	2023 HKD'000
Current income tax		
PRC Corporate Income Tax ("CIT")	**1,335,573**	1,418,204
PRC Land Appreciation Tax ("LAT")	**(61,880)**	813,331
Withholding income tax	**–**	57,456
Deferred tax (note 23)	**154,368**	230
	1,428,061	2,289,221

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the year.

CIT charged to the consolidated income statement was calculated based on the assessable profits of the Company's subsidiaries located in the PRC of the year at a rate of 25% (2023: 25%) operates.

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

The taxation on the Group's profit before income tax differs from the theoretical amount that would have arisen using the main statutory tax rate applicable to profit of the Group due to the following:

	2024 HKD'000	2023 HKD'000
Profit before income tax	**5,115,065**	5,194,129
Tax calculated at a tax rate of 25%	**1,278,766**	1,298,532
Tax impact of:		
– Different tax rates in other jurisdiction	**(154,053)**	(59,276)
– Non-taxable income	**(73,723)**	(185,416)
– Non-deductible expenses	**151,515**	128,792
– Share of results of joint ventures and associates	**(370,925)**	(274,182)
– Tax losses and deductible temporary difference not recognised	**674,614**	719,325
– Withholding income tax on earnings of subsidiaries	**–**	57,456
– Use of unrecognised tax losses and deductible temporary difference in respect of prior years	**(13,704)**	(205,657)
– Adjustment in respect of prior years	**(18,019)**	199,648
– LAT and LAT deductible for PRC CIT purpose	**(46,410)**	609,999
Income tax expense	**1,428,061**	2,289,221

34. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2024 HKD'000	2023 HKD'000
Earnings		
Profit attributable to ordinary shareholders of the Company	**2,872,448**	1,901,643
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue	**2,401,935**	2,390,647
Basic earnings per share (HKD per share)	**1.20**	0.80

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2024 HKD'000	2023 HKD'000
Earnings		
Profit attributable to ordinary shareholders of the Company	**2,872,448**	1,901,643
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue	**2,401,935**	2,390,647
Adjustments – share options	**9,663**	1,372
Weighted average number of ordinary shares for diluted earnings per share	**2,411,598**	2,392,019
Diluted earnings per share (HKD per share)	**1.19**	0.79

35. DIVIDENDS

The 2023 final dividend of HKD957,260,000 in aggregate (HKD0.40 per ordinary share of final dividend) were settled in June 2024.

According to the scrip dividend scheme approved by shareholders in the annual general meeting held on 14 May 2024 (2023: 16 May 2023), 16,490,162 (2023: 5,339,689) new shares were issued at a price of HKD6.612 (2023: HKD6.714) per share, amounted to HKD109,033,000 (2023: HKD35,851,000) and the remaining dividend of HKD848,227,000 (2023: HKD577,816,000) was paid in cash in June 2024 (2023: June 2023).

	2024 HKD'000	2023 HKD'000
2023 final dividend of HKD0.40 (2022 final dividend of HKD0.257) per ordinary share	**957,260**	613,667

At the board meeting on 26 March 2025, the board recommended the payment of final dividend for the year of 2024 of HKD0.598 per ordinary share. Such dividends are to be approved by the shareholders at the forthcoming annual general meeting of the Company in 2025. These consolidated financial statements do not reflect this as dividend payable.

36. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board. The Group identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excessive liquidity.

(i) Currency risk

The Group mainly operates in the PRC with most of the transaction considerations settled in RMB. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

	2024 HKD'000	2023 HKD'000
Assets		
HKD	**234,376**	170,959
USD	**12,953**	99,598
	247,329	270,557
Liabilities		
USD	**2,308,307**	2,348,816
	2,308,307	2,348,816

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(i) Currency risk *(continued)*

Apart from the above, the Group did not have significant exposure to foreign exchange risk. Nevertheless, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2024, should HKD and USD be weakened/strengthened by 5% against RMB, with all other factors remain unchanged, the profit after income tax for the year would be affected as follows:

	(Decrease) increase in profit after income tax	
	2024	2023
	HKD'000	HKD'000
HKD against RMB		
– Weakened by 5%	**(8,789)**	(6,411)
– Strengthened by 5%	**8,789**	6,411
USD against RMB		
– Weakened by 5%	**86,076**	84,346
– Strengthened by 5%	**(86,076)**	(84,346)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Apart from deposits held in banks, the Group has no significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing bank deposits resulted from the changes in interest rates, because the interest rates of deposit balances are not expected to change significantly.

The Group's interest rate risk arises from long-term bank borrowings, medium-term notes, corporate bonds and Panda Bonds. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Medium-term notes, corporate bonds and Panda Bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group adjusts the proportion of borrowings at fixed rate against borrowings at floating rate based on the change of the financial market environment.

During 2024 and 2023, the Group's borrowings at variable rates were mainly denominated in HKD and RMB. For bank borrowings in the PRC, the interest rate would be adjusted accordingly should the lending rate promulgated by the People's Bank of China ("PBOC") changed.

As at 31 December 2024, borrowings of the Group which were issued at floating rates amounted to approximately HKD25,835,464,000 (2023: HKD26,427,309,000). As at 31 December 2024, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged and without taking into account interest capitalisation, the profit after tax of the Group would be decreased/increased by approximately HKD96,883,000 (2023: HKD99,102,000).

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(iii) Price risk

The Group is exposed to equity securities price risk in respect of listed and unlisted investments. The Group is not exposed to significant commodity price risk.

The table below summarises the impact of increase/decrease of share price of listed and unlisted investments. The analysis is based on the assumptions that the price of the listed and unlisted investments had increased/decreased by 5% as at the end of each reporting period with all other factors remain unchanged:

	Change in profit, net of tax - increase/(decrease)	
	2024	*2023*
	HKD'000	*HKD'000*
Share price		
– Increased by 5%	**67,731**	81,511
– Decreased by 5%	**(67,731)**	(81,511)

	Impact on other components of equity, net of tax - increase/(decrease)	
	2024	*2023*
	HKD'000	*HKD'000*
Share price		
– Increased by 5%	**2,347**	2,446
– Decreased by 5%	**(2,347)**	(2,446)

(iv) Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and derivative financial assets is limited because the counterparties are banks and financial institutions are either state-owned banks, listed banks or large/medium sized commercial banks, for which the Group considers to have low credit risk.

Trade receivables and contract assets

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the Group's historical credit loss experience and the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 120 days from the date of billing. Normally, the Group does not obtain collateral from customers. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

At the end of the reporting period, the Group does not have significant credit concentration risk.

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Trade receivables and contract assets *(continued)*

Except for credit-impaired debtors with gross carrying amount of HKD379,655,000 (2023: HKD211,254,000) and loss allowance of HKD228,558,000 (2023: HKD151,052,000) that are assessed individually, the Group measures loss allowances for other trade receivables and contract assets at an amount equal to their lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status or aging analysis is further distinguished between the Group's different customer bases.

As at 31 December 2024, debtors with gross carrying amount of HKD747,946,000 (2023: HKD636,193,000) are larger than 5% of the Group's total trade receivables, were assessed individually for impairment loss, and loss allowance of HKD46,823,000 (2023: HKD6,267,000) that were identified.

Logistic business

	Expected loss rate %	*Gross carrying amount HKD'000*	*Loss allowance HKD'000*
At 31 December 2024			
Current (not past due)	**0.94**	**433,769**	**4,079**
1 – 90 days past due	**9.04**	**47,149**	**4,264**
91 – 180 days past due	**28.02**	**6,021**	**1,687**
181 – 270 days past due	**46.67**	**8,234**	**3,843**
271 – 365 days past due	**70.85**	**8,326**	**5,899**
More than 1 year past due	**100.00**	**15,868**	**15,868**
		519,367	**35,640**
At 31 December 2023			
Current (not past due)	1.62	572,746	9,271
1 – 90 days past due	6.42	46,784	3,004
91 – 180 days past due	27.78	7,541	2,095
181 – 270 days past due	36.70	3,886	1,426
271 – 365 days past due	65.97	11,237	7,413
More than 1 year past due	100.00	12,992	12,992
		655,186	36,201

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Trade receivables and contract assets *(continued)*

Toll roads and general-environmental protection business

	Expected loss rate %	Gross carrying amount HKD'000	Loss allowance HKD'000
At 31 December 2024			
1 – 90 days	**0.10**	**180,919**	**181**
91 – 180 days	**0.10**	**82,261**	**85**
181 – 365 days	**2.22**	**147,353**	**3,271**
1 – 2 years	**6.16**	**49,225**	**3,031**
2 – 3 years	**35.30**	**42,354**	**14,952**
Over 3 years	**52.66**	**193,001**	**101,628**
		695,113	**123,148**
At 31 December 2023			
1 – 90 days	0.29	277,163	796
91 – 180 days	0.55	71,016	390
181 – 365 days	3.11	61,818	1,920
1 – 2 years	9.71	144,674	14,055
2 – 3 years	10.18	206,954	21,061
Over 3 years	46.14	204,833	94,507
		966,458	132,729

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Trade receivables and contract assets *(continued)*

Expected loss rates are based on actual loss experience over the past 18 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2024		*2023*	
	Credit-impaired HKD'000	***Not credit-impaired HKD'000***	*Credit-impaired HKD'000*	*Not credit-impaired HKD'000*
Balance at 1 January	**151,052**	**175,197**	64,940	193,274
Transferred from (to) credit-impaired	**2,632**	**(2,632)**	74,828	(74,828)
Impairment losses recognised	**84,803**	**39,577**	13,784	61,070
Exchange difference	**(9,929)**	**(6,531)**	(2,500)	(4,319)
Balance at 31 December	**228,558**	**205,611**	151,052	175,197

Other non-current receivables, contract assets that is expected to be recovered after more than one year, lease receivables, advance to non-controlling interest, amounts due from associates and joint venture, dividend receivable from associates, deposits and other receivables

The management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of these balances based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of these balances. Based on assessment by the management of the Group, there were other non-current receivables and lease receivables with gross carrying amount of HKD3,889,574,000 (2023: HKD3,537,833,000) were impaired with loss allowance of HKD189,990,000 (2023: HKD80,101,000), and ECL for the remaining outstanding balances is insignificant.

Deposits in banks and cash at banks

The management of the Group considers that the credit risks on bank balances and pledged bank deposit are limited because the banks are financial institutions with high credit ratings assigned by international credit-rating agencies. The Group assessed 12-month ECL by reference to probability of default, loss given default by the relevant credit rating grades published by international credit rating agencies and concluded that the ECL is insignificant.

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(v) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its standby committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions.

The table below analyses the non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual undiscounted cash outflow (including interest payments)					
	Less than 1 year HKD'000	*Between 1 and 2 years HKD'000*	*Between 2 and 5 years HKD'000*	*Over 5 years HKD'000*	*Total HKD'000*	*Carrying amount HKD'000*
At 31 December 2024						
Bank and other borrowings	16,020,095	2,251,229	11,905,707	9,988,268	40,165,299	35,504,506
Corporate bonds	350,722	4,115,959	3,515,638	1,147,074	9,129,393	8,299,060
Panda bonds	1,376,345	250,521	9,746,779	–	11,373,645	10,747,177
Medium-term notes	74,681	1,120,576	1,661,312	–	2,856,569	2,689,343
Super short-term commercial paper	3,218,895	–	–	–	3,218,895	3,208,800
Trade and other payables (excluding other taxes payable, deferred income and staff welfare benefit payable)	12,812,475	–	–	–	12,812,475	12,812,475
Lease liabilities	97,597	78,756	196,053	1,183,409	1,555,815	931,025
	33,950,810	7,817,041	27,025,489	12,318,751	81,112,091	74,192,386

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(v) Liquidity risk *(continued)*

	Contractual undiscounted cash outflow (including interest payments)					
	Less than 1 year HKD'000	*Between 1 and 2 years HKD'000*	*Between 2 and 5 years HKD'000*	*Over 5 years HKD'000*	*Total HKD'000*	*Carrying amount HKD'000*
At 31 December 2023						
Bank and other borrowings	20,268,475	2,666,773	7,126,935	5,643,075	35,705,258	33,081,456
Borrowings from finance lease companies	31,695	40,140	66,529	155	138,519	117,480
Corporate bonds	1,633,471	147,726	4,261,878	1,655,266	7,698,341	7,120,242
Panda bonds	4,605,010	177,306	7,052,253	–	11,834,569	11,125,346
Medium-term notes	65,375	65,375	2,303,957	–	2,434,707	2,229,409
Super short-term commercial paper	1,680,361	–	–	–	1,680,361	1,664,753
Trade and other payables (excluding other taxes payable, deferred income and staff welfare benefit payable)	11,340,295	–	–	–	11,340,295	11,340,295
Lease liabilities	106,624	91,775	239,729	1,279,271	1,717,399	1,012,247
	39,731,306	3,189,095	21,051,281	8,577,767	72,549,449	67,691,228

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and protect interest for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount and payment schedule of dividends paid to shareholders, capital returned to shareholders, new shares issued, perpetual securities issued, or assets sold to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and bank balances. Total equity is calculated as "equity", as shown in the consolidated balance sheet.

The Group maintained a consistent strategy to keep the gearing ratio at a reasonable level. The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 HKD'000	*2023 HKD'000*
Total borrowings	**60,448,886**	55,338,686
Less: cash and bank balances	**(9,669,725)**	(9,804,705)
Net debt	**50,779,161**	45,533,981
Total equity	**54,523,158**	54,975,661
Gearing ratio	**93%**	83%

36. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Fair value estimation

The directors of the Company consider that the carrying amounts of financial assets of HKD15,587,540 (2023: HKD15,170,661) and financial liabilities HKD73,850,481 (2023: HKD67,596,929) as at 31 December 2024 recorded at amortised costs in the consolidated financial statements approximate their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities that are measured at fair value.

	As at 31 December 2024			
	Level 1 HKD'000	***Level 2 HKD'000***	***Level 3 HKD'000***	***Total HKD'000***
Assets				
Equity securities designated at FVTOCI				
– Unlisted equity securities	**–**	**–**	**46,939**	**46,939**
Financial assets measured at FVTPL				
– Listed securities in the PRC	**639,162**	**–**	**–**	**639,162**
– Listed securities in HK	**50,838**	**–**	**–**	**50,838**
– Unlisted equity securities	**–**	**–**	**261,605**	**261,605**
– Unlisted fund investment	**–**	**–**	**848,806**	**848,806**
Derivative financial instruments	**–**	**–**	**138,110**	**138,110**

	As at 31 December 2023			
	Level 1 HKD'000	*Level 2 HKD'000*	*Level 3 HKD'000*	*Total HKD'000*
Assets				
Equity securities designated at FVTOCI				
– Unlisted equity securities	–	–	48,915	48,915
Financial assets measured at FVTPL				
– Listed securities in the PRC	302,367	–	–	302,367
– Listed securities in HK	10,219	–	–	10,219
– Unlisted equity securities	–	–	623,319	623,319
– Unlisted fund investment	–	–	828,924	828,924
– Structured deposits	–	–	407,630	407,630
Derivative financial instruments	–	–	163,350	163,350

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2.

36. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Fair value estimation *(continued)*

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at 31 December 2024, the fair value of the Group's certain non-listed equity securities in level 3 were estimated using the market method. The management of the Group believes that their fair values and its changes based on valuation techniques are reasonable and are the most appropriate value at 31 December 2024. In addition, the fair value of the Group's certain non-listed equity securities and investment funds in level 3 are estimated using the recent transaction prices and with reference to the fair value of the underlying net assets of the investments. The management of Group believes that their carrying amounts are not materially different from their fair values as at 31 December 2024.

Information about Level 3 fair value measurements:

	Valuation techniques	*Significant unobservable inputs*	*Range*
As at 31 December 2024			
Financial assets measured at FVTPL			
– Unlisted equity securities (Note i)	**Market comparable companies**	**Adjusted P/B multiplier**	**2.02**
		The discount of lack of marketability	**32.32%**
– Unlisted fund investment (Note ii)	**Assets based approach**	**Annual return rate**	**2.65%**
	Market approach	**Industry comparable return**	**9.06% to 47.06%**

36. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Fair value estimation *(continued)*

Financial instruments in level 3 ***(continued)***

	Valuation techniques	*Significant unobservable inputs*	*Range*
As at 31 December 2023			
Financial assets measured at FVTPL			
– Unlisted equity securities (Note i)	Market comparable companies	Adjusted P/B multiplier	1.98
		The discount of lack of marketability	32.32%
– Unlisted fund investment (Note ii)	Assets based approach	Annual return rate	1.3% to 4.21%
	Market approach	Industry comparable return	17.6% to 28.09%

(i) The fair value of unlisted equity instruments is determined using the price/earning ratios or price/book value of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Groups' profit by HKD15,201,000 (2023: HKD13,514,000).

(ii) At 31 December 2024 and 31 December 2023, the fair value of unlisted fund investment is dependent on the fair value of the deposits and the long-term equity investment held by the unlisted fund. The fair value of deposits held by unlisted fund is generally derived using the assets based approach, which depend on the annual return rate of deposits. The fair value of long-term equity investment held by unlisted fund is generally derived using the market method. This valuation method is based on the industry comparable return. The significant unobservable inputs of the market approach is industry comparable return, which is estimated according to average market cap weighted return of comparable companies.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 HKD'000	*2023 HKD'000*
Unlisted equity securities, fund investments, structured deposits and derivative financial instruments:		
Beginning of the year	**2,072,138**	3,703,461
Additions	**–**	2,766,052
Changes in fair value recognised in profit or loss during the year	**(35,398)**	200,918
Net unrealised losses recognised in other comprehensive expense during the year	**(348)**	(556)
Redemptions	**(402,482)**	(4,520,234)
Settlements	**(4,452)**	–
Transfer out of level 3	**(278,748)**	–
Exchange difference	**(55,250)**	(77,503)
End of the year	**1,295,460**	2,072,138

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to consolidated cash generated from operations is set out as below

	Notes	*2024* *HKD'000*	*2023* *HKD'000*
Profit before income tax		**5,115,065**	5,194,129
Adjustments for:			
Depreciation	7	**1,273,566**	1,150,175
Amortisation of land use rights	8	**136,390**	141,405
Amortisation of intangible assets	10	**1,889,762**	1,966,426
Net impairment loss of trade receivables and contract assets	36(a)	**239,846**	116,996
Impairment loss recognised on intangible assets	10	**175,247**	–
Impairment loss recognised on goodwill	11	**10,464**	–
Impairment loss on property, plant and equipment	7	**259,507**	–
Impairment loss recognised on CIP	9	**12,981**	–
Impairment loss recognised on other non-current assets	15	**169,282**	209,731
Write-down of inventories	16	**178,425**	146,885
Gain on disposal of subsidiaries	29	**(783,349)**	(19,243)
Change in fair value of derivative financial instruments	29	**66,870**	(40,101)
Share-based payment expenses	31	**22,966**	3,828
Gain on disposal of property, plant and equipment	29	**(3,212,309)**	(154,450)
Change in fair value of other investments	29	**(46,804)**	(68,835)
Change in fair value of investment properties	6	**222,404**	(304,803)
Interest income	32	**(173,596)**	(241,296)
Finance costs	32	**1,763,521**	2,617,813
Share of results of associates and joint ventures	12 & 13	**(1,483,698)**	(1,096,728)
Dividend income		**(52,159)**	(52,308)
Operating cash flow before movements in working capital		**5,784,381**	9,569,624
Changes in working capital:			
Inventories and other contract costs		**(222,862)**	1,154,666
Trade and other receivables		**(1,047,120)**	68,201
Trade and other payables		**258,089**	(706,874)
Contract assets		**35,684**	(26,715)
Contract liabilities		**118,436**	(5,553,516)
Other non-current assets		**(231,889)**	407,711
Deferred income		**167,347**	6,340
Restricted bank deposits		**736,876**	1,596,654
Cash generated from operations		**5,598,942**	6,516,091

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Reconciliation of liabilities arising from financing activities

	Borrowings HKD'000 (Note 22)	*Lease liabilities HKD'000 (Note 27)*	*Amount due to associates HKD'000 (Note 25)*	*Loan from a related party HKD'000 (Note 25)*	*Total HKD'000*
For the year ended 31 December 2024					
At 1 January 2024	55,338,686	1,012,247	3,670,941	–	60,021,874
Changes from financing cash flows:					
Proceeds from borrowings	45,378,686	–	–	–	45,378,686
Repayment of borrowings and interests	(39,699,422)	–	(454,399)	–	(40,153,821)
Capital element of lease rentals paid	–	(58,136)	–	–	(58,136)
Interest element of lease rentals paid	–	(26,195)	–	–	(26,195)
Advance from associates	–	–	164,625	–	164,625
Total changes from financing cash flows	5,679,264	(84,331)	(289,774)	–	5,305,159
Exchange adjustments	(1,985,941)	(32,877)	(118,499)	–	(2,137,317)
Other change:					
Decrease in lease liabilities	–	(6,283)	–	–	(6,283)
Interest expenses (note 32)	1,416,877	42,269	76,648	–	1,535,794
Total other change	(569,064)	3,109	(41,851)	–	(607,806)
At 31 December 2024	60,448,886	931,025	3,339,316	–	64,719,227

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Reconciliation of liabilities arising from financing activities *(continued)*

	Borrowings HKD'000 (Note 22)	*Lease liabilities HKD'000 (Note 27)*	*Amount due to associates HKD'000 (Note 25)*	*Loan from a related party HKD'000 (Note 25)*	*Total HKD'000*
For the year ended 31 December 2023					
At 1 January 2023	53,767,009	1,073,417	1,705,459	2,368,676	58,914,561
Changes from financing cash flows:					
Proceeds from borrowings	36,856,971	–	–	–	36,856,971
Repayment of borrowings	(34,161,677)	–	–	–	(34,161,677)
Capital element of lease rentals paid	–	(59,312)	–	–	(59,312)
Interest element of lease rentals paid	–	(47,356)	–	–	(47,356)
Advance from associates	–	–	2,021,524	–	2,021,524
Repayment of loan from a related company	–	–	–	(2,338,416)	(2,338,416)
Total changes from financing cash flows	2,695,294	(106,668)	2,021,524	(2,338,416)	2,271,734
Exchange adjustments	(3,773,707)	(23,158)	(56,042)	(30,260)	(3,883,167)
Other change:					
Acquisition of a subsidiary	79,633	–	–	–	79,633
Increase in lease liabilities	–	21,300	–	–	21,300
Interest expenses (note 32)	2,570,457	47,356	–	–	2,617,813
Total other change	(1,123,617)	45,498	(56,042)	(30,260)	(1,164,421)
At 31 December 2023	55,338,686	1,012,247	3,670,941	–	60,021,874

38. GUARANTEES AND CONTINGENCIES

(a) As at 31 December 2024, the Group has given collateral liability guarantees by phases of approximately HKD845 million (2023: HKD2,291 million) to banks in respect of housing loans extended to purchasers of properties by banks. Pursuant to the terms of guarantees, in the event of any defaults in mortgage repayments by those purchasers, the Group shall undertake to repay outstanding mortgage loans together with any accrued interest and penalty due to banks by purchasers in defaults. The validity period of the Group's guarantee shall commence from the date of grant of relevant mortgage loans and expire upon receipts of property ownership certificates by respective purchasers. The directors of the Group consider that, in case of default in repayments, the net realisable value of related properties should be able to cover outstanding mortgage loans together with any accrued interest and penalty and, accordingly, no loss allowance has been made in respect of the guarantees.

Moreover, the Group has given guarantees for the performance of certain projects of Shenzhen Expressway, with a total guarantee amount of approximately RMB632 million (equivalent to HKD672 million).

(b) As at 31 December 2024, the Group is involved in pending litigations related to certain subsidiaries of the Company, with a total claimed amount of approximately RMB822,014,000, including:

(i) The other shareholders (the "Original Shareholders") of Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland", a subsidiary of Environmental Company, as defined below) filed an arbitration against Shenzhen Expressway Environmental Co., Ltd ("Environmental Company", a subsidiary of the Group) in 2023, requesting Environmental Company to return the 22,640,000 shares (the "Transferred Shares") of Bioland which was transferred to Environmental Company in previous year pursuant to a capital injection and share transfer agreement signed between the Original Shareholders and Environmental Company in 2020, or if the Transferred Shares have been transferred or pledged, compensating the Original Shareholders by RMB129,727,000;

(ii) Nanjing Wind Power being sued by PowerChina Jiangxi Province Power Construction Co., Ltd. due to failure to deliver goods on time with quality, resulting in a loss of approximately RMB163,975,000;

(iii) other pending litigations totaling approximately RMB528,312,000.

As of 31 December 2024, the above cases are still in process. With the assistance of the attorney representing in the cases, the directors of the Company believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated.

39. COMMITMENTS

	2024 ***HKD'000***	*2023* *HKD'000*
Capital commitments – expenditure of property, plant and equipment, concession intangible assets and land premium		
– Contracted but not provided for	**18,484,415**	10,683,002

40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2024

Disposal of subsidiaries

In June 2024, the Group and two subsidiaries of China AMC-Shenzhen International REIT (the "AMC Subsidiaries"), a company that became an associate of the Group in June 2024, entered into the transfer agreements pursuant to which the Group agrees to sell and the AMC Subsidiaries agrees to acquire, the entire equity interest in Hangzhou Shenzhen International Integrated Logistics Hub Development Co., Ltd. ("Hangzhou Logistics") and Guizhou Shenzhen International Integrated Logistics Hub Development Co., Ltd. ("Guizhou Logistics") at a total consideration of approximately RMB1,133,787,000 (equivalent to HKD1,224,659,000). The disposal was completed on 28 June 2024 and Hangzhou Logistics and Guizhou Logistics ceased as subsidiaries of the Group.

In March 2024, Shenzhen Expressway and one of its subsidiaries (the "Yichang Expressway") and a subsidiary of E Fund (the "E Fund Subsidiary"), a company became an associate of the Group in March 2024, entered into an equity transfer agreement and a creditor's right transfer agreement pursuant to which the E Fund Subsidiary agrees to acquire from the Group the 100% equity interest in and two debt receivables from Yichang Expressway at a total consideration of approximately RMB2,045,920,000 (equivalent to HKD2,225,519,000). The disposal was completed on 21 March 2024 and Yichang Expressway ceased to be a subsidiary of the Group.

The following table summarises the amount of assets and liabilities at the respective derecognition dates:

	Hangzhou Logistics HKD'000	*Guizhou Logistics HKD'000*	*Yichang Expressway HKD'000*	*Total HKD'000*
Intangible assets	–	–	2,263,403	2,263,403
Property, plant and equipment	520,358	304,628	41,968	866,954
Land use rights	115,927	69,159	–	185,086
Construction in progress	–	–	415	415
Other non-current assets	2,376	4,756	–	7,132
Trade and other receivables	8,161	3,375	14,039	25,575
Cash and cash equivalents	39,703	20,084	133,589	193,376
Deferred tax liabilities	–	–	(317,748)	(317,748)
Trade and other payables	(229,292)	(241,065)	(71,785)	(542,142)
Tax payable	(8,106)	(6,308)	(808)	(15,222)
Other non-current liabilities	–	–	(705,396)	(705,396)
Net assets derecognised	449,127	154,629	1,357,677	1,961,433
Net assets derecognised	(449,127)	(154,629)	(1,357,677)	(1,961,433)
Debt receivables transferred	–	–	(705,396)	(705,396)
Total consideration	897,932	326,727	2,225,519	3,450,178
Gain on disposal of subsidiaries	448,805	172,098	162,446	783,349
Total consideration received	897,932	326,727	2,225,519	3,450,178
Cash and cash equivalents derecognised	(39,703)	(20,084)	(133,589)	(193,376)
Net cash inflow in the disposal including in the investing activities	858,229	306,643	2,091,930	3,256,802

40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2023

Acquisition of assets through acquisition of a subsidiary

In August 2023, a wholly-owned subsidiary of the Company completed the acquisition of 100% equity interest in 坪深國際置業（深圳）有限公司 (Pingshen International Real Estate (Shenzhen) Co., Ltd.) ("Pingshen International") from two independent third parties for total consideration of RMB697,213,000 (equivalent to HKD774,509,000). Pingshen International holds and operates a logistic part in Shenzhen.

The Board considered that the acquisition is not a business combination and is accounted for as an asset acquisition, as the Group had not acquired an integrated set of activities and assets. The Group had not acquired the skilled labour of the logistics parks, which is a substantive process in creating output.

The following table summarises the consideration paid for the acquisition of a subsidiary, the fair value of assets acquired, liabilities assumed at the acquisition date:

	HKD'000
Investment properties	**860,213**
Property, plant and equipment	**322**
Trade and other receivables	**93**
Cash and cash equivalents	**16,498**
Other current assets	**35,098**
Trade and other payables	**(46,278)**
Tax payable	**(3,553)**
Other current liabilities	**(8,251)**
Bank borrowing	**(79,633)**
Net assets acquired attributable to the Group	**774,509**
Total consideration satisfied by:	
Total consideration paid	**719,506**
Unsettled consideration	**55,003**
Net cash outflow in the acquisition included in the investing activities:	
Cash consideration paid	**719,506**
Cash and cash equivalents acquired	**(16,498)**
	703,008

40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2023 *(continued)*

Acquisition of a subsidiary

On 19 September 2023, the Group entered into a capital injection agreement with other three shareholders of 河南豫東深安港務有限公司(Henan Yudong Shen'an Port Co., Ltd., being an unofficial English name) (Henan Yudong), pursuant to which the Group agreed to make contribution to Henan Yudong in an amount of RMB24,000,000 (equivalent to HKD26,661,000). This amount was made in cash and the transaction was completed in October, 2023. Immediately before the Capital Injection, Henan Yudong was a 40% associate of the Group. Following the completion of the Capital Injection, Henan Yudong became a subsidiary of the Group as the Group is able to control the relevant activities of Henan Yudong through its 52% shareholding. Henan Yudong is principally engaged in the operation and management of a port at Henan, the PRC. The acquisition had been accounted for as acquisition of business using the acquisition method.

Details of the aggregate fair values of consolidation identifiable assets and liabilities of Henan Yudong as at the date of acquisition were as follows:

	HKD'000
Property, plant and equipment	**151,485**
Land use rights	**11,588**
Construction in progress	**530**
Other non-current assets	**4,305**
Trade and other receivables	**5,705**
Cash and cash equivalents	**448**
Inventory	**82**
Prepaid income tax	**12**
Trade and other payables	**(35,166)**
Other non-current liabilities	**(62,700)**
	76,289
Consideration of Capital Injection	**26,661**
Goodwill (note 11)	**3,643**
Less: Non-controlling interest measured by its proportionate share of the identifiable assets	**(49,416)**
	57,177
Cash consideration paid	**26,661**
Fair value of interest in an associate	**30,516**
	57,177
Fair value of interest in an associate	**30,516**
Less: Interest in an associate	**29,220**
Remeasurement gain of the previously held interest in an associate	**1,296**

41. RELATED-PARTY TRANSACTIONS

As described in note 1, the Company is de facto controlled by Shenzhen SASAC. The transactions entered into with associates, joint ventures and other state-owned entities are related party transactions. Management considers certain state-owned enterprises have material transactions with the Group in its ordinary course of business, which include but not limited to (1) capital expenditure incurred for service concession projects and construction in progress with stated owned contractors and the corresponding payable balances due to these contractors and guaranteed deposits; (2) purchase of goods, including use of public utilities; and (3) bank deposits and borrowings. These transactions are mainly carried out on terms comparable to those conducted with third parties or standards promulgated by relevant government authorities and have been reflected in the consolidated financial statements.

Management believes that meaningful information relating to related party transactions has been disclosed.

Apart from the related party transactions and balances already disclosed in other notes to the consolidated financial statements, the following material transactions were carried out with related parties during the year:

(a) On 1 December 2016, Yunji Smart Engineering Co., Ltd. (formerly known as Shenzhen Expressway Engineering Consulting Co., Ltd.) ("Yunji Smart") became an associate of Shenzhen Expressway, and Shenzhen Expressway and Yunji Smart entered into a service agreement pursuant to which Yunji Smart provides engineering consulting, management and testing service. During the year ended 31 December 2024, Shenzhen Expressway paid service fee to Yunji Smart amounting to RMB24,298,000 (equivalent to HKD25,849,000) (2023: RMB31,501,000 (equivalent to HKD34,670,000)).

(b) As at 31 December 2024, certain associates of the Group provided a cash advance to the Group, with details disclosed in note 25(c).

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries:

Name	*Principal activities*	*Issued and fully paid share capital/ paid-in capital*	*Interest held by Group %*	*Non-controlling interests %*
Shenzhen International Total Logistics (Shenzhen) Co., Ltd.◊	Investment holding	RMB200,000,000	100	–
Shenzhen Total Logistics Service Co., Ltd.@	Provision of total logistics and transportation ancillary services	RMB31,372,549	51	49
Xin Tong Chan Development (Shenzhen) Co., Ltd.Δ	Investment holding	RMB200,000,000	100	–
Shenzhen International South-China Logistics Co., Ltd.@	Development, construction, operation and management of South China Logistic Park	RMB350,000,000	100	–
Shenzhen International Supply Chain Management Nanjing Co., Ltd@	Supply chain management services	RMB10,000,000	100	–
Shenzhen International Holdings (SZ) LimitedΔ	Investment holding	HKD2,180,000,000	100	–
Shenzhen EDI Co., Ltd.@	Provision of electronic information exchange, transmission and value-added information sharing services	RMB22,760,000	59.91	40.09
Shenzhen International West Logistics Co., Ltd.@	Development, construction, operation and management of Western Logistic Park	RMB450,000,000	100	–
Shenzhen Longda Expressway Company Limited@	Operation and management of Longda Expressway	RMB200,000,000	89.93	10.07
Shenzhen Expressway Corporation Limited^	Investment, construction, operation and management of toll highways and roads	RMB2,180,770,326	51.56	48.44
Hubei Magerk Expressway Management Private LimitedΔ	Operation and management of highways and expressways	USD28,000,000	100	–
Shenzhen International Booming Total Logistics Co., Ltd.@	Logistic services and related warehouse facilities	RMB90,000,000	55.39	44.61
Shenzhen Shen Guang Hui Highway Development Company@	Investment holding	RMB105,600,000	100	–

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

The following is a list of the principal subsidiaries: *(continued)*

Name	*Principal activities*	*Issued and fully paid share capital/ paid-in capital*	*Interest held by Group %*	*Non-controlling interests %*
Nanjing Xiba Wharf Co. Ltd.◊*	Construction, operation and management of Wharf and Logistics Centres at Xiba Port of Nanjing	RMB455,000,000	70	30
Guangdong Qinglian Highway Development Company Limited◊	Development, operation and management of highways	RMB3,361,000,000	76.37	23.63
Shenzhen Meiguan Expressway Company Limited@	Construction, operation and management of an expressway	RMB332,400,000	100	–
Nanjing Xiba Port Co., Ltd.◊*	Construction, operation and management of Wharf and logistics centres at Xiba Port in Phase 2 of Nanjing	RMB420,000,000	70	30
Shenzhen International Logistics Development Co., Ltd.@*	Investment holding	RMB1,250,000,000	100	–
Shenyang Shenzhen International Integrated Logistics Properties Co., Ltd.@*	Construction, operation and management of Shenyang International Logistics Integrated Logistics Park at Shenyang Yuhong District	RMB250,000,000	100	–
Wuxi Shenzhen International Integrated Logistics Hub Co., Ltd.Δ	Construction, operation and management of urban integrated logistics hub at Wuxi Huishan District	USD50,000,000	100	–
Wuhan Shenzhen International Integrated Logistics Hub Development Co., Ltd.@	Construction, operation and management of urban integrated logistics hub at Wuhan Dongxihu District	RMB100,000,000	100	–
Wuhan Shenzhen International Supply Chain Management Co., Ltd.Δ	Construction, operation and management of urban integrated logistics hub at Wuhan Caidian District	USD30,000,000	100	–
Shenzhen International Modern Urban Logistics Hub Co., Ltd.@	Construction, operation and management of logistics hub at Shenzhen Longhua	RMB200,000,000	100	–
Changsha Shenzhen International Integrated Logistics Hub Development Co., Ltd.@	Construction, operation and management of urban integrated logistics hub at Changsha Jinxia Economic Development Zone	RMB181,000,000	100	–

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

The following is a list of the principal subsidiaries: *(continued)*

Name	*Principal activities*	*Issued and fully paid share capital/ paid-in capital*	*Interest held by Group %*	*Non-controlling interests %*
Xi'an Shenzhen International Integrated Logistics Hub Development Co., Ltd.[Δ]	Construction, operation and management of urban integrated logistics hub at Xi'an National Civil Aerospace Industrial Base	USD15,000,000	100	–
Yiwu Shenzhen International Integrated Logistics Hub Development Co., Ltd.[Δ]	Construction, operation and management of urban integrated logistics hub at Yiwu	USD50,000,000	100	–
Chengdu Shenzhen International Supply Chain Management Co., Ltd.[@*]	Construction, operation and management of urban integrated logistics hub at Qingbai River in Chengdu	RMB100,000,000	100	–
Kunming Shenzhen International Supply Chain Management Co., Ltd.[@*]	Construction, operation and management of urban integrated logistics hub in Yangzonghai Scenic Area in Kunming, Yunnan Province	RMB150,000,000	100	–
Shenzhen International Properties and Management (Shenzhen) Co., Ltd.[Δ]	Project investment and enterprise management consulting services	RMB50,000,000	100	–
Shenzhen International Supply Chain Management Co., Ltd.[@*]	Logistics service and construction of warehousing facilities	RMB30,000,000	100	–
Shenzhen International Finance Leasing Co., Ltd.[◊*]	Monetary and financial services and financial leasing business	RMB300,000,000	48[□]	52
Jurong Shenzhen International Integrated Logistics Hub Development Co., Ltd.[@]	Construction, operation and management of urban integrated logistics hub at Huayang Street	RMB70,000,000	100	–
Longgang shenlong Integrated Logistics Hub Development Co., Ltd.[@]	Development, construction, operation and management of urban integrated logistics hub at Zhejiang Longgang District	USD50,000,000	100	–
Chongqing Shenzhen International Integrated Logistics Hub Development Co., Ltd.[Δ]	Construction, operation and management of urban integrated logistics hub at Shuangfu Town	USD7,660,000	100	–

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

The following is a list of the principal subsidiaries: *(continued)*

Name	Principal activities	Issued and fully paid share capital/ paid-in capital	Interest held by Group %	Non-controlling interests %
Ningbo Shenzhen International Integrated Logistics Hub Development Co., Ltd.[Δ*]	Construction, operation and management of urban integrated logistics hub Ningnan Trade and Logistics Zone in Fenghua City, Ningbo	USD20,000,000	100	–
Kunshan Shenzhen International Integrated Logistics Hub Development Co., Ltd.[@]	Construction, operation and management of urban integrated logistics hub at Lujia Town, Kunshan City	RMB89,600,000	100	–
Guizhou Hengtongli Property Company Limited[@]	Real estate development	RMB52,229,945.55	68.69	31.31
Shenzhen Qinglong Expressway Company Limited[◊]	Construction, operation and management of an expressway	RMB324,000,000	50[□]	50
Shenzhen International New Vision Limited	Investment holding	USD100	100	–
Shenzhen International Ports Development (HK) Limited	Investment holding	HKD2	100	–
Advance Great Limited	Investment holding	USD1	100	–
Successful Plan Assets Limited	Investment holding	USD1	100	–
Shenzhen International Qianhai Development Limited	Investment holding	HKD1	100	–
Shenzhen International Qianhai Asset Management (Shenzhen) Co., Ltd.[@]	Real estate development and investment management	RMB5,000,000	83.30	16.70
Changsha Shenchang High Speed Trunk Road Co., Ltd.[@]	Construction, operation and management of an expressway	RMB200,000,000	51	49
Shenzhen Outer Ring Expressway Investment Co., Ltd.[@]	Construction, operation and management of an expressway	RMB100,000,000	100	–

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

The following is a list of the principal subsidiaries: *(continued)*

Name	*Principal activities*	*Issued and fully paid share capital/ paid-in capital*	*Interest held by Group %*	*Non-controlling interests %*
Nanjing Wind Power Technology Co., Ltd.@	Research and development, production, sales of wind power generation system; investment and operation of wind farms	RMB357,142,900	51	49
Baotou Nanfeng Wind Power Technology Co., Ltd.@	Investment, development and operation of wind power projects	RMB6,000,000	67	33
Shanghai Shenqing Supply Chain Management Co., Ltd.	Operation and management of logistic park at Shanghai Qingpu District	RMB10,000,000	100	–
Zhongshan Shenju Integrated Logistics Hub Development Co., Ltd.@	Operation and management of logistic park at Zhongshan Huoju Development Zone	RMB41,152,952	100	–
Zhengzhou Shenzhen International Supply Chain Management Co., Ltd.△	Construction, operation and management of urban integrated logistics hub at Erqi Zone	RMB110,000,000	100	–
China Total Logistics Co., Limited	Provision of logistic related services	HKD2	100	–
Shenzhen International China Logistics Development Limited	Investment holding	HKD1	100	–
Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd.@	Ecological protection and environmental management industry	RMB149,933,000	67.14	32.86
Jiangsu Xingwang Logistics Co., Ltd@	Terminal construction and operation, port loading and unloading and Warehousing business of Jingjiang Port-Shenzhen International Logistics Center	RMB820,000,000	70	30
Shenzhen International Bay Area Investment Development Co., Ltd @	Co-ordinate the investment, construction and operation management of modern logistics parks and industrial parks in Shenzhen and the Greater Bay Area	RMB620,000,000	100	–
Shenzhen Shenguo Railway Logistics Development Co., Ltd.@	Freight forwarder; Container cargo transport agent; Auxiliary activities of railway transportation	RMB400,000,000	90	10

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

The following is a list of the principal subsidiaries: *(continued)*

Name	Principal activities	Issued and fully paid share capital/ paid-in capital	Interest held by Group %	Non-controlling interests %
Shenzhen South China Digital Valley Production City Development Co., Ltd.@	Hold and operate a comprehensive and ecological high-end modern logistics service gathering area	RMB35,000,000	100	–
Shenzhen International Qianhai Investment and Management (Shenzhen) Co., Ltd.@	Engaged in the development of real estate projects such as houses and apartments	RMB5,000,000	100	–
Pingshen International Real Estate (Shenzhen) Co., Ltd.@	Holding and operating Prologis Pingshan Logistics Park	RMB100,000,000	100	–
Jiangyin Shenzhen International Integrated Logistics Hub Development Co., Ltd.@	Holding and operating a logistics park located in Jiangyin	USD 35,000,000	100	–
Weipei (Shanghai) Aviation Supplies Services Co., Ltd.@	Holding and operating a logistics park in Shanghai	USD 16,417,460	100	–
Weizhi (Chongqing) Storage Service Co., Ltd.@	Holding and operating a logistics park in Chongqing	USD 32,865,713	100	–
Foshan Shenle Supply Chain Management Co., Ltd@	Holding and operating Smart Logistics Industrial Park in Shunde, Foshan	USD 200,000,000	100	–
Zhengzhou Qianlong Logistics Co., Ltd. @	Holding and operating Zhengzhou Ganlong Logistics Park	RMB10,000,000	100	–
Hefei Shenpeng Integrated Logistics Hub Development Co., Ltd.@	Holding and operating Hefei Ganlong Logistics Park	RMB50,000,000	100	–

Δ Foreign-owned enterprise

◊ Sino-foreign Joint Venture

@ Domestic enterprise incorporated in the PRC

^ Foreign invested joint stock limited company

* For identification purpose only

▽ These subsidiaries are held through Shenzhen Expressway and the related interests indirectly held by the Group disclosed above represent the interests held by Shenzhen Expressway.

□ In accordance with the shareholder agreements, the Group controls the entity as the Group has rights to take unilateral decisions on relevant developing, operating and financing activities which significantly affect the returns, and the Group's exposed to variable returns from its involvement with the entity

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

The above table lists the subsidiaries of the Group which, in opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the net assets of the Group. All subsidiaries listed above are limited liability companies. These subsidiaries are incorporated and operate in the PRC (except for Shenzhen International New Vision Limited ("NVL"), Advance Great Limited and Successful Plan Assets Limited which are incorporated in British Virgin Islands, and Shenzhen International Ports Development (HK) Limited, Shenzhen International Limited and Shenzhen International Qianhai Development Limited which are incorporated in Hong Kong). Only NVL is directly held and wholly-owned by the Company. To give details of other subsidiaries would result in particulars of excessive length.

Material non-controlling interests

The total non-controlling interests as at 31 December 2024 were HKD22,023,419,000 (2023: HKD23,393,455,000), of which HKD20,142,280,000 (2023: HKD21,456,832,000) was attributable to other equity holders of Shenzhen Expressway. The non-controlling interests in respect of other subsidiaries are not material.

On 4 December 2020, Shenzhen Expressway raised a perpetual bond of RMB4,000,000,000 (equivalent to approximately HKD4,810,187,000). The perpetual bond confer a right to receive distributions at the distribution rate of 4.6% per annum from the date of issuance of the bond. After ten years of issuance of the bond, the distribution rate would be increased by 2 percentage per annum if Shenzhen Expressway chooses not to redeem the bonds and the distribution rate will be further increased by 2 percentage per annum every two years and the distribution rate could be reset by at most twice. Accordingly, the distribution rates would be increased by at maximum 4 percentage per annum to a maximum rate of 8.6% per annum. On 4 December 2024, Shenzhen Expressway and the perpetual bond holder entered into a supplementary agreement, pursuant to which, the distribution rate on Shenzhen Expressway's outstanding perpetual bonds adjusted from 4.6% per annum to 3.2% per annum, and the maximum distribution rate adjusted from 8.6% per annum to 7.2% per annum.

In the opinion of the management, as Shenzhen Expressway is able to control the delivery of cash or other financial assets to the holders of the perpetual bonds, the perpetual bond is classified as equity instrument and treated as non-controlling interests in the Group's financial statements.

Set out below are the summarised financial information for Shenzhen Expressway that has non-controlling interests material to the Group. The summarised financial information presented below represents the amounts before any inter-company eliminations.

	2024 HKD'000	*2023 HKD'000*
Current assets	**8,131,743**	7,651,083
Non-current assets	**63,738,502**	66,647,254
Current liabilities	**15,080,102**	21,820,910
Non-current liabilities	**27,852,303**	21,662,236
Net assets	**28,937,840**	30,815,190
Non-controlling interests	**5,636,222**	6,208,106
Revenue	**10,030,041**	10,325,821
Profit for the year	**1,321,559**	2,650,334
Total comprehensive income	**1,003,258**	2,436,019
Total comprehensive income allocated to non-controlling interests	**58,654**	52,376
Dividends paid to non-controlling interests	**(356,199)**	(299,062)
Net cash generated from operating activities	**4,032,661**	4,548,780
Net cash used in investing activities	**(39,212)**	(1,026,005)
Net cash used in financing activities	**(3,045,428)**	(4,897,849)

Significant restrictions

Most of the cash and deposits held by Shenzhen Expressway were deposited in banks in the PRC and were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on repatriating capital from the PRC, other than through dividends.

43. EVENTS AFTER THE END OF THE REPORTING PERIOD

Development of Shenzhen Expressway's issuance of a shares to specific targets

On 18 March 2025, Shenzhen Expressway announced that it has confirmed to issue an aggregate of 357,085,801 A shares to the specific targets (including XTC Company, a wholly-owned subsidiary of the Company) at the issue price of RMB13.17 per share, raising a total proceeds of approximately RMB4,703 million (the "Issuance"), among which XTC Company subscribed a total of 75,930,144 A shares. The registration and custody procedures for the newly issued A shares under the Issuance are expected to be completed on or before 31 March 2025 at the Shanghai branch of China Securities Depository and Clearing Corporation Limited. Upon completion of the Issuance, Shenzhen Expressway's total number of shares in issue would increase from 2,180,770,326 shares to 2,537,856,127 shares while the Company's indirect shareholding in Shenzhen Expressway would decrease from approximately 51.56% to approximately 47.30%. The Group would continue to have control over Shenzhen Expressway through controlling Shenzhen Expressway's financial and operational policies, Shenzhen Expressway will continue to be accounted for as a subsidiary in the accounts of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

As at the date of the consolidated financial statements, the registration and custody procedures for the newly issued A shares under the Issuance have not been completed.

44. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	2024		2023	
	HKD'000	HKD'000	HKD'000	HKD'000
Non-current asset				
Interests in subsidiaries		**8,903,536**		7,378,835
Current assets				
Other receivables	**4,791**		1,971	
Dividends due from subsidiaries	**24,825,560**		22,244,359	
Cash and cash equivalents	**114,342**		696,043	
	24,944,693		22,942,373	
Current liabilities				
Other payables	**22,640**		9,666	
Borrowings	**7,541,489**		4,424,389	
Panda Bonds	**1,094,441**		4,427,704	
Amount due to a subsidiary	**669,359**		691,285	
	9,327,929		9,553,044	
Net current assets		**15,616,764**		13,389,329
Total assets less current liabilities		**24,520,300**		20,768,164
Non-current liability				
Panda Bonds	**9,652,736**		6,697,642	
	9,652,736		6,697,642	
		9,652,736		6,697,642
NET ASSETS		**14,867,564**		14,070,522
CAPITAL AND RESERVES				
Share capital and share premium		**13,389,982**		13,257,983
Other reserves and retained earnings		**1,477,582**		812,539
TOTAL EQUITY		**14,867,564**		14,070,522

44. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

Reserve movement of the Company

	Other reserves				
	Contributed surplus HKD'000	*Currency translation reserve HKD'000*	*Total HKD'000*	*Retained earnings HKD'000*	*Total HKD'000*
At 1 January 2023	58,515	(646,710)	(588,195)	846,917	258,722
Comprehensive income					
Profit for the year	–	–	–	1,474,488	1,474,488
Other comprehensive expense					
Currency translation differences	–	(307,004)	(307,004)	–	(307,004)
Total other comprehensive expense	–	(307,004)	(307,004)	–	(307,004)
Total comprehensive (expense) income	–	(307,004)	(307,004)	1,474,488	1,167,484
Transactions with owners in their capacity as owners					
Dividends relating to 2022	–	–	–	(613,667)	(613,667)
Total transactions with owners in their capacity as owners	–	–	–	(613,667)	(613,667)
At 31 December 2023	58,515	(953,714)	(895,199)	1,707,738	812,539

	Other reserves				
	Contributed surplus HKD'000	***Currency translation reserve HKD'000***	***Total HKD'000***	***Retained earnings HKD'000***	***Total HKD'000***
At 1 January 2024	**58,515**	**(953,714)**	**(895,199)**	**1,707,738**	**812,539**
Comprehensive income					
Profit for the year	**–**	**–**	**–**	**2,121,067**	**2,121,067**
Other comprehensive expense					
Currency translation differences	**–**	**(498,764)**	**(498,764)**	**–**	**(498,764)**
Total other comprehensive expense	**–**	**(498,764)**	**(498,764)**	**–**	**(498,764)**
Total comprehensive (expense) income	**–**	**(498,764)**	**(498,764)**	**2,121,067**	**1,622,303**
Transactions with owners in their capacity as owners					
Dividends relating to 2023	**–**	**–**	**–**	**(957,260)**	**(957,260)**
Total transactions with owners in their capacity as owners	**–**	**–**	**–**	**(957,260)**	**(957,260)**
At 31 December 2024	**58,515**	**(1,452,478)**	**(1,393,963)**	**2,871,545**	**1,477,582**

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