*The following is the text of a report set out on pages II-1 to II-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*

pwc 羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINOLINK WORLDWIDE HOLDINGS LIMITED**

***Introduction***

We report on the historical financial information of Rockefeller Group Asia Pacific, Inc. (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-3 to II-63, which comprises the consolidated and company statements of financial position as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss, the consolidated statements of other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-3 to II-63 forms an integral part of this report, which has been prepared for inclusion in the circular of Sinolink Worldwide Holdings Limited (the "Company") dated 24 March 2025 (the "Circular") in connection with the acquisition of the Target Company by the Company.

***Directors' responsibility for the Historical Financial Information***

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Group for the Track Record Period ("Underlying Financial Statements"), on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and for such internal control as the directors determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

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***Reporting accountant's responsibility***

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Opinion***

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target Company as at 31 December 2022, 2023 and 2024 and the consolidated financial position of the Target Group as at 31 December 2022, 2023 and 2024 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

**PricewaterhouseCoopers**
Certified Public Accountants
Hong Kong
24 March 2025

## I HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in HK dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | Note | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| Revenue | 5 | 221,613 | 203,128 | 265,816 |
| Cost of sales | 9 | (17,324) | (20,544) | (23,159) |
| **Gross profit** | | 204,289 | 182,584 | 242,657 |
| Other income | 6 | 4,285 | 5,126 | 3,415 |
| Other losses, net | 7 | (11,557) | (4,829) | (4,833) |
| Selling expenses | 9 | (17,016) | (21,591) | (15,864) |
| Administrative expenses | 9 | (50,301) | (71,781) | (64,527) |
| Fair value gains/(losses) of investment properties | 14 | 678,334 | (577,735) | (48,407) |
| (Impairment losses) /reversal of impairment losses on financial assets, net | | (2,122) | (9,438) | 15,290 |
| Finance costs | 8 | (457,717) | (773,044) | (770,428) |
| Share of results of investments accounted for using the equity method | 15 | — | — | (196) |
| **Profit/(loss) before income tax** | | 348,195 | (1,270,708) | (642,894) |
| Income tax (expense)/credit | 11 | (218,541) | 158,230 | (66,546) |
| **Profit/(loss) for the year** | | 129,654 | (1,112,478) | (709,440) |

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

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

| | Note | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2022** | **2023** | **2024** |
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| **Profit/(loss) for the year** | | 129,654 | (1,112,478) | (709,440) |
| **Other comprehensive loss** | | | | |
| *Items that will be reclassified to profit or loss* | | | | |
| Currency translation differences | | (271,065) | (49,932) | (12,927) |
| **Other comprehensive loss for the year, net of tax** | | (271,065) | (49,932) | (12,927) |
| **Total comprehensive loss for the year** | | (141,411) | (1,162,410) | (722,367) |

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

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | As at 31 December 2022 | 2023 | 2024 |
|---|---|---|---|---|
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 13 | 127,500 | 139,523 | 132,485 |
| Investment properties | 14 | 6,529,361 | 5,835,204 | 4,153,172 |
| Investments accounted for using the equity method | 15 | — | — | 4,658 |
| | | 6,656,861 | 5,974,727 | 4,290,315 |
| **Current assets** | | | | |
| Stock of properties | 16 | 1,831,047 | 1,810,403 | 1,924,600 |
| Trade and other receivables, deposits | 18 | 52,619 | 72,144 | 94,115 |
| Amounts due from a related party | 28(b) | 157 | 154 | — |
| Cash and cash equivalents | 19 | 91,396 | 31,851 | 82,204 |
| Current assets excluding assets classified as held for sale | | 1,975,219 | 1,914,552 | 2,100,919 |
| Assets classified as held for sale | 17 | — | — | 911,265 |
| | | 1,975,219 | 1,914,552 | 3,012,184 |
| **Total assets** | | 8,632,080 | 7,889,279 | 7,302,499 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to owners of the Target Company** | | | | |
| Share capital | 23 | 8 | 8 | 8 |
| Reserves | | (2,070,768) | (2,876,416) | (3,214,409) |
| **Total shareholders' deficit** | | (2,070,760) | (2,876,408) | (3,214,401) |

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

| | | As at 31 December | | |
|---|---|---|---|---|
| | **Note** | **2022** | **2023** | **2024** |
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Bank and other borrowings | 21 | 2,788,829 | 2,653,574 | 1,786,487 |
| Deferred income tax liabilities | 22 | 625,045 | 457,718 | 445,626 |
| Amounts due to a shareholder | 28(b) | 6,328,869 | 6,604,994 | 6,881,119 |
| | | 9,742,743 | 9,716,286 | 9,113,232 |
| **Current liabilities** | | | | |
| Trade and other payables | 20 | 492,414 | 486,367 | 453,279 |
| Income tax payable | | 7,393 | 7,269 | 79,142 |
| Amounts due to related parties | 28(b) | 115 | 22,927 | 3,718 |
| Amounts due to a shareholder | 28(b) | 364,656 | 393,646 | 382,345 |
| Bank and other borrowings | 21 | 95,519 | 139,192 | 485,184 |
| | | 960,097 | 1,049,401 | 1,403,668 |
| **Total liabilities** | | 10,702,840 | 10,765,687 | 10,516,900 |
| **Total equity and liabilities** | | 8,632,080 | 7,889,279 | 7,302,499 |

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

## STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

| | Note | As at 31 December 2022 | 2023 | 2024 |
|---|---|---|---|---|
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Interest in a subsidiary | | 8 | 8 | 8 |
| Amount due from a subsidiary | | 1,570,106 | 1,570,226 | 1,570,300 |
| | | 1,570,114 | 1,570,234 | 1,570,308 |
| **Current asset** | | | | |
| Cash and cash equivalents | | 219 | 119 | 100 |
| **Total assets** | | 1,570,333 | 1,570,353 | 1,570,408 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to owners of the Target Company** | | | | |
| Share capital | 23 | 8 | 8 | 8 |
| Reserves | | (4,758,544) | (5,034,649) | (5,310,719) |
| **Total shareholders' deficit** | | (4,758,536) | (5,034,641) | (5,310,711) |
| **LIABILITIES** | | | | |
| **Non-current liability** | | | | |
| Amounts due to a shareholder | 28(b) | 6,328,869 | 6,604,994 | 6,881,119 |
| **Total liabilities** | | 6,328,869 | 6,604,994 | 6,881,119 |
| **Total equity and liabilities** | | 1,570,333 | 1,570,353 | 1,570,408 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Share capital (Note 23) | Translation reserve | Other reserve | Accumulated losses | Total |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Year ended 31 December 2022** | | | | | |
| At 1 January 2022 | 8 | 265,663 | 189,449 | (2,713,619) | (2,528,499) |
| Profit for the year | — | — | — | 129,654 | 129,654 |
| Other comprehensive loss: | | | | | |
| Currency translation differences | — | (275,065) | — | — | (271,065) |
| Total comprehensive (loss)/income | — | (271,065) | — | 129,654 | (141,411) |
| **Transaction with owners:** | | | | | |
| Deemed contribution from a shareholder (Note) | — | — | 329,150 | — | 329,150 |
| At 31 December 2022 | 8 | (5,402) | 518,599 | (2,583,965) | (2,070,760) |
| **Year ended 31 December 2023** | | | | | |
| At 1 January 2023 | 8 | (5,402) | 518,599 | (2,583,965) | (2,070,760) |
| Loss for the year | — | — | — | (1,112,478) | (1,112,478) |
| Other comprehensive loss: | | | | | |
| Currency translation differences | — | (49,932) | — | — | (49,932) |
| Total comprehensive loss | — | (49,932) | — | (1,112,478) | (1,162,410) |
| **Transaction with owners:** | | | | | |
| Deemed contribution from a shareholder (Note) | — | — | 356,762 | — | 356,762 |
| At 31 December 2023 | 8 | (55,334) | 875,361 | (3,696,443) | (2,876,408) |
| **Year ended 31 December 2024** | | | | | |
| At 1 January 2024 | 8 | (55,334) | 875,361 | (3,696,443) | (2,876,408) |
| Loss for the year | — | — | — | (709,440) | (709,440) |
| Other comprehensive loss: | | | | | |
| Currency translation differences | — | (12,927) | — | — | (12,927) |
| Total comprehensive loss | — | (12,927) | — | (709,440) | (722,367) |
| **Transaction with owners:** | | | | | |
| Deemed contribution from a shareholder (Note) | — | — | 384,374 | — | 384,374 |
| At 31 December 2024 | 8 | (68,261) | 1,259,735 | (4,405,883) | (3,214,401) |

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

*Note:* Deemed contribution from a shareholder

As at 31 December 2022, 2023 and 2024, a shareholder of the Target Group has confirmed that it is not required to repay the amounts due to a shareholder in the next twelve months from the reporting date. Accordingly, the amounts due to a shareholder was classified as non-current liabilities.

As a results, the right to defer the repayment of amounts due to a shareholder has been deemed to be a capital contribution from the shareholder. Meanwhile, corresponding adjustment was made to the carrying amount of the amounts due to a shareholder.

During the years ended 31 December 2022, 2023 and 2024, the amounts of such contribution credited to other reserves amounted to HK$329,150,000, HK$356,762,000 and HK$384,374,000, respectively.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Note | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| **Cash flows from operating activities** | | | | |
| Net cash generated from operations | 26(a) | 91,027 | 134,146 | 5,357 |
| Interest paid | | (144,361) | (140,157) | (109,929) |
| Interest received | | 1,154 | 719 | 1,799 |
| Net cash used in operating activities | | (52,180) | (5,292) | (102,773) |
| **Cash flows from investing activities** | | | | |
| Purchases of property, plant and equipment | | (2,402) | (9,582) | (1,316) |
| Proceeds from disposal of property, plant and equipment | 26(b) | 337 | 94 | — |
| Proceeds from disposal of investment properties | | — | — | 644,057 |
| Payments for construction costs incurred in investment properties | | (152,064) | — | — |
| Net cash (used in)/generated from investing activities | | (154,129) | (9,488) | 642,741 |
| **Cash flows from financing activities** | | | | |
| Drawdown of bank borrowings | 26(c) | 152,599 | 79,038 | — |
| Repayments of bank borrowings | 26(c) | (70,812) | (122,568) | (488,259) |
| Net cash generated from/ (used in) financing activities | | 81,787 | (43,530) | (488,259) |
| **Net (decrease)/ increase in cash and cash equivalents** | | (124,522) | (58,310) | 51,709 |
| **Cash and cash equivalents at beginning of year** | | 231,644 | 91,396 | 31,851 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | (15,726) | (1,235) | (1,356) |
| **Cash and cash equivalents at end of year** | 19 | 91,396 | 31,851 | 82,204 |

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 General information

Rockefeller Group Asia Pacific, Inc. (the "Target Company") and its subsidiaries (together, the "Target Group") are engaged in property development, property management and property investment.

The Target Company was incorporated in the British Virgin Islands on 5 November 2004 as a limited company. The address of the Target Company's registered office is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110. The principal place of business of the Target Company is 146 Hu Qiu Road, Capitol Theatre, Shanghai, The People's Republic of China (the "PRC").

Before 20 December 2024, Sinolink Shanghai Investments Limited ("Sinolink SH") held 490 Series B Shares which representing 49% equity interests of the Target Company and Rock-Shanghai Inc. ("RSI") holds 510 Series A Shares which representing 51% of the equity interests of the Target Company, respectively.

On 20 December 2024, Sinolink SH and RSI entered into a purchase and sale agreement ("Agreement"). Pursuant to and in accordance with the terms and conditions of the Agreement, RSI has agreed to sell and Sinolink SH has agreed to purchase, all Series A Shares held by RSI. Upon the completion of the transaction, the Target Company become a wholly-owned subsidiary of Sinolink SH. As at 31 December 2024, the transaction was completed and Sinolink SH held 100% equity interests in the Target Company.

The Historical Financial Information are presented in thousands of units of Hong Kong dollar (HK$'000), unless otherwise stated.

### 2 Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA") and has been prepared under the historical cost convention, except for the investment properties that are measured at fair value.

As at 31 December 2024, the Target Group had net liabilities of HK$3,214,401,000. The shareholder of the Target Company has confirmed that it is not required to repay the amounts due to a shareholder in the next twelve months from the date of these consolidated financial statements. Accordingly, the amounts due to a shareholder was classified as non-current liabilities.

The directors of the Target Company have given careful consideration to the future liquidity and performance of the Target Group and its available sources of financing in assessing whether the Target Group will have sufficient funds to fulfil its financial obligations and continue as going concern. The Target Group has obtained a letter of undertakings from a shareholder that it will provide financial support for the continuing operations of the Target Group so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from the approval date of these consolidated financial statements. Accordingly, the consolidated financial statements are prepared on a going concern basis.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Target Group consistently throughout the Track Record Period.

(i) New standards and amendments to standards that have been issued but are not effective:

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Target Group.

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| Amendments to HKAS 21 | Lack of Exchangeability | 1 January 2025 |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 |
| Annual Improvements to HKFRS Accounting Standards — Volume 11 | Narrow-scope amendments to HKFRS | 1 January 2026 |
| HKFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures' | 1 January 2027 |
| Hong Kong Interpretation 5 | Presentation of Financial Statements —Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2027 |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | To be determined |

HKFRS 18

HKFRS 18 was issued in July 2024 and will replace HKAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in HKFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

HKFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by HKFRS 18 might require system and process changes for many entities, so entities should focus now to be ready for adoption. The Target Group is in the process of assessing the impact of adoption of HKFRS 18.

There are no other amended standards and annual improvements that are not yet effective that would be expected to have a material impact to the Target Group.

**3 Financial risk management**

**3.1 Financial risk factors**

The Target Group's major financial instruments include trade and other receivables and deposits, amounts due from a related party, cash and cash equivalents, bank and other borrowings, trade and other payables, amounts due to related parties and amounts due to a shareholder. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Target Group holds the following financial instruments:

| | As at 31 December | | |
|---|---|---|---|
| | **2022** | **2023** | **2024** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Financial assets at amortised cost:** | | | |
| Trade and other receivables and deposits | 52,619 | 72,144 | 94,115 |
| Amounts due from a related party | 157 | 154 | — |
| Cash and cash equivalents | 91,396 | 31,851 | 82,204 |
| | 144,172 | 104,149 | 176,319 |
| **Financial liabilities at amortised cost:** | | | |
| Trade payables and other payables | 462,350 | 453,968 | 421,460 |
| Amounts due to related parties | 115 | 22,927 | 3,718 |
| Amounts due to a shareholder | 6,693,525 | 6,998,640 | 7,263,464 |
| Bank and other borrowings | 2,884,348 | 2,792,766 | 2,271,671 |
| | 10,040,338 | 10,268,301 | 9,960,313 |

***(a) Market risk***

*Foreign currency risk*

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Target Company's functional currency is United States Dollar ("USD"). The subsidiaries of the Target Company mainly operate in PRC and trade domestically in Chinese Reminbi ("RMB") which is also the functional currency of the subsidiaries. The Target Group currently does not expose to currency risk. The management of Target Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and consider hedging significant foreign currency exposure should the need arise.

*Cash flow and fair value interest rate risk*

The Target Group is exposed to fair value interest rate risk in relation to fixed-rate loans from a shareholder (Note 28) and cash flow interest rate risk in relation to bank balances (Note 19) and bank borrowings (Note 21) at prevailing markets rates. The Target Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management of the Target Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

As at 31 December 2022, 2023 and 2024, if the interest rate on bank borrowings had been increased/decreased by 50 basis points, with all other variables held constant, the post-tax profit/(loss) for the years ended 31 December 2022, 2023 and 2024 would have been approximately HK$10,453,000, HK$10,115,000 and HK$8,166,000 lower/higher, higher/lower and higher/lower, respectively.

***(b) Credit risk***

Credit risk arises from trade and other receivables, deposits and cash and cash equivalents.

The carrying amounts of trade and other receivables, deposits and cash and cash equivalents represent the Target Group's maximum exposure to credit risk in relation to financial assets.

*(i) Risk management*

The credit risk on cash and cash equivalents of the Target Group is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and no history of default in the past.

For trade receivables arising from contracts with customers, in order to minimise the credit risk, management of the Target Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. Credit risk of trade receivables from property management, property investment and property development business are assessed individually. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

For other receivables and amounts due from a related party, management of the Target Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information.

The Target Group has no significant concentration of credit risk with respect to trade receivables as the Target Group mainly trades with a large number of customers.

Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

*(ii) Impairment of financial assets*

Trade receivables from property management and property investments business are subject to the expected credit loss ("ECL") model. While bank deposits, including cash equivalents are subject to the impairment requirement of HKFRS 9, the identified impairment loss was insignificant.

The Target Group's internal credit risk grading assessment comprises the following categories:

| **Internal credit rating** | **Description** | **Trade receivables** | **Other financial assets** |
|---|---|---|---|
| Low risk | The counterparty has a low risk of default and does not have any past-due amounts | Lifetime ECL (non-credit-impaired) | 12-month ECL |
| Medium risk | Debtor with history of requesting the extension of due date but usually settle within the extended due date | Lifetime ECL (non-credit-impaired) | 12-month ECL |
| High risk | There have been significant increase in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL (non-credit-impaired) | Lifetime ECL (non-credit-impaired) |
| Loss | There is evidence indicating the asset is credit-impaired | Lifetime ECL (credit-impaired) | Lifetime ECL (credit-impaired) |
| Write-off | There is evidence indicating the debtor is in severe financial difficulty and the Target Group has no realistic prospect of recovery | Amount is written-off | Amount is written-off |

The tables below detail the credit risk exposures of the Target Group's financial assets which are subject to ECL assessment:

| | | | | **Gross carrying amounts** | | |
|---|---|---|---|---|---|---|
| | **Notes** | **Internal credit rating** | **12-month or lifetime ECL** | **As at 31 December 2022** | **As at 31 December 2023** | **As at 31 December 2024** |
| | | | | *HK$'000* | *HK$'000* | *HK$'000* |
| **Financial assets at amortised costs** | | | | | | |
| Trade receivables | 18 | Low risk | Lifetime ECL (provision matrix) | 11,636 | 6,409 | 7,227 |
| Other financial assets at amortised cost | 18 | Low risk | 12-month ECL | 52,010 | 61,377 | 91,913 |
| | 18 | Loss | Lifetime ECL (credit-impaired) | — | 24,692 | — |

Trade receivables

The Target Group estimates the lifetime loss allowance by applying simplified approach under HKFRS 9. The management assesses impairment loss using the risk parameter modelling approach that incorporates key measurement parameters, including probability of default, loss given default and exposure at default, with the consideration of forward-looking information. Trade receivables are assessed individually by the management of the Target Group.

In respect of trade receivables, sufficient rental deposits from tenants are held to cover potential exposure to credit risk. The expected loss rates are based on the historical credit loss rate for respective customers. Evaluations are made for the customers with reference to their repayment history and financial strength, as well as the economic environment in which the customer operates. The Target Group has estimated the expected credit losses with loss rate ranging from 9.18% to 9.18%, 0.31% to 22.4% and 0.38% to 26% applied on individual debtor with good credit history as at 31 December 2022, 2023 and 2024 respectively. The Target Group has estimated the expected credit losses with loss rate ranging from 50% to 100%, 61.1% to 100% and 22.4% to 100% applied on individual debtor with poor credit history as at 31 December 2022, 2023 and 2024 respectively.

As at 31 December 2022, 2023 and 2024, the allowance for credit loss on trade receivables were HK$11,117,000, HK$5,418,000 and HK$5,025,000, respectively.

Other financial assets at amortised cost

For the purpose of internal credit risk management, the Target Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

For other financial assets at amortised cost, including deposits and other receivables, the expected credit loss is based on the 12 months expected losses. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since, origination, the allowance will be based on the lifetime expected credit loss.

For deposits and other receivables, they are assessed individually for impairment allowance. Accordingly, the respective specific allowance for credit loss on other receivables were HK$nil, HK$14,916,000 and HK$nil, respectively as at 31 December 2022, 2023 and 2024.

The following tables show reconciliation of loss allowances that has been recognised for trade receivables which is measured under lifetime ECL and other receivables which is measured under 12-month ECL:

| | Lifetime ECL (provision matrix) Trade receivables | Lifetime ECL (credit-impaired) Other receivables | Total |
|---|---|---|---|
| | *HK\$'000* | *HK\$'000* | *HK\$'000* |
| As at 1 January 2022 | 9,894 | — | 9,894 |
| Additions | 2,122 | — | 2,122 |
| Currency realignment | (899) | — | (899) |
| As at 31 December 2022 | 11,117 | — | 11,117 |
| Impairment losses written back | (5,537) | — | (5,537) |
| Additions | 2 | 14,973 | 14,975 |
| Currency realignment | (164) | (57) | (221) |
| As at 31 December 2023 | 5,418 | 14,916 | 20,334 |
| Impairment losses written back | (1,590) | (14,973) | (16,563) |
| Additions | 1,273 | — | 1,273 |
| Currency realignment | (76) | 57 | (19) |
| As at 31 December 2024 | 5,025 | — | 5,025 |

***(c) Liquidity risk***

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and bank balances (including cash and cash equivalents) which is expected adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Target Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Target Group relies on borrowings as a source of liquidity.

The following table details the Target Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The table includes both interest and principal cash flows.

| | Repayable on demand | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Carrying amounts |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **As at 31 December 2022** | | | | | | | |
| Trade payables, deposits received and accrued charges | 462,350 | — | — | — | — | 462,350 | 462,350 |
| Amounts due to related parties | 115 | — | — | — | — | 115 | 115 |
| Amounts due to a shareholder | 364,656 | — | 6,961,756 | — | — | 7,326,412 | 6,693,525 |
| Bank and other borrowings | — | 218,107 | 273,932 | 757,338 | 2,923,261 | 4,172,638 | 2,884,348 |
| | 827,121 | 218,107 | 7,235,688 | 757,338 | 2,923,261 | 11,961,515 | 10,040,338 |

| | Repayable on demand | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Carrying amounts |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **As at 31 December 2023** | | | | | | | |
| Trade payables, deposits received and accrued charges | 453,968 | — | — | — | — | 453,968 | 453,968 |
| Amounts due to related parties | 22,927 | — | — | — | — | 22,927 | 22,927 |
| Amounts due to a shareholder | 393,646 | — | 7,265,493 | — | — | 7,659,139 | 6,998,640 |
| Bank and other borrowings | — | 252,580 | 252,436 | 720,017 | 2,726,863 | 3,951,896 | 2,792,766 |
| | 870,541 | 252,580 | 7,517,929 | 720,017 | 2,726,863 | 12,087,930 | 10,268,301 |

| | Repayable on demand | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Carrying amounts |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **As at 31 December 2024** | | | | | | | |
| Trade payables, deposits received and accrued charges | 421,460 | — | — | — | — | 421,460 | 421,460 |
| Amounts due to related parties | 3,718 | — | — | — | — | 3,718 | 3,718 |
| Amounts due to a shareholder | 382,345 | — | 7,569,493 | — | — | 7,951,838 | 7,263,464 |
| Bank and other borrowings | — | 568,174 | 169,192 | 537,514 | 1,737,703 | 3,012,583 | 2,271,671 |
| | 807,523 | 568,174 | 7,738,685 | 537,514 | 1,737,703 | 11,389,599 | 9,960,313 |

### 3.2 Fair value estimation

The table below analyses the Target Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy 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).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

*Non-financial assets*

The Target Group's leasehold land and buildings classified under investment properties are carried at fair value. Details of the fair value measurement of these leasehold land and buildings are disclosed in Note 14.

### 3.3 Capital risk management

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

The capital structure of the Target Group consists of debts, which include amounts due to a shareholder and bank and other borrowings disclosed in respective notes, and equity attributable to the owners of the Target Company, comprising issued share capital, reserves including accumulated losses.

The directors of the Target Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Target Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Target Company, the Target Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the drawdown of new bank borrowings or the redemption of existing debt.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Fair values of investment properties**

Investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the independent professional valuer has based on a method of valuation which involves certain estimates including capitalisation rates, market rent and adjustments to market rent. In relying on the valuation report, the directors of the Target Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Target Group's investment properties and the corresponding adjustments to the amount of fair value gain or loss reported in the profit or loss. As at 31 December 2022, 2023 and 2024, the carrying amount of the Target Group's investment properties are HK$6,529,361,000, HK$5,835,204,000, and HK$4,153,172,000 respectively.

**(b) Estimate for net realisable value of stock of properties**

The carrying amounts of stock of properties amounted to HK$1,831,047,000, HK$1,810,403,000 and HK$1,924,600,000 as at 31 December 2022, 2023 and 2024 respectively. The net realisable value of stock of properties was determined by the expected selling prices with reference to recent market transactions by making reference to the prevailing market price of comparable properties less to related future selling costs and costs to completion based on management's estimation. The determination of net realisable value of the Target Group's stock of properties involves critical accounting estimates on the selling price, the selling costs and the costs to completion of stock of properties. Management estimated the selling price, the selling costs and the costs to completion by referencing to the comparable market transactions, selling costs to revenue ratio in previous projects and management budget of estimated cost to completion respectively. Changes in data input and estimations would result in changes in the net realisable value of stock of properties and the corresponding adjustments to the amount of impairment loss reported in the profit or loss.

**(c) Current and deferred income taxes**

The Target Group makes a provision for current income tax based on estimated taxable income for the year. The estimated income tax liabilities are primarily computed based on the tax computations as prepared by the Group. If the Group considers it probable that these queries or judgements will result in different tax positions, the most likely amounts of the outcome will be estimated and adjustments to the income tax expense and income tax liabilities will be made accordingly.

The Target Group recognises deferred income tax assets based on profits forecasts prepared by management. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

**5 Revenue**

*(i) Disaggregation of revenue from contracts with customers*

Revenue primarily represents revenue arising from property management fee income and rental income, after deducting discounts and other sales related taxes. An analysis of the Target Group's revenue for the years are as follows:

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Recognised over time under HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"): | | | |
| - Property management fee income | 19,735 | 20,070 | 26,888 |
| Recognised under HKFRS 16: | | | |
| - Rental income | 201,878 | 183,058 | 238,928 |
| | 221,613 | 203,128 | 265,816 |

All of the Target Group's revenue is generated from the People's Republic of China (the "PRC") during the years ended 31 December 2022, 2023 and 2024.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

**For the year ended 31 December 2022**

| | **Property management** | **Property investment** | **Total** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Property management fee income | 19,735 | — | 19,735 |
| Rental income | — | 201,878 | 201,878 |
| **Total revenue** | 19,735 | 201,878 | 221,613 |

**For the year ended 31 December 2023**

| | Property management | Property investment | Total |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Property management fee income | 20,070 | — | 20,070 |
| Rental income | — | 183,058 | 183,058 |
| **Total revenue** | 20,070 | 183,058 | 203,128 |

**For the year ended 31 December 2024**

| | Property management | Property investment | Total |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Property management fee income | 26,888 | — | 26,888 |
| Rental income | — | 238,928 | 238,928 |
| **Total revenue** | 26,888 | 238,928 | 265,816 |

*(ii) Performance obligations for contracts with customers*

Property management fee income

Under the terms of these contracts, the customers of the Target Group simultaneously receive and consume the benefits provided by the Target Group's performance as the Target Group performs (i.e. services rendered by the Target Group under property management contracts with the customers with original contract period up to 10 years for the years ended 31 December 2022, 2023 and 2024), and thus these income are recognised over time.

As at 31 December 2022, 2023 and 2024, the Target Group has received advance payments from customers for property management services and recognised contract liabilities of HK$2,831,000, HK$6,780,000, and HK$6,050,000, respectively.

The following table shows how much of the property management fee income recognised in the current reporting periods that were included in the contract liabilities balance at the beginning of the periods:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Revenue recognised that was included in the contract liabilities at the beginning of the years | 2,845 | 2,831 | 6,780 |

*(iii) Transaction price allocated to the remaining performance obligation for contracts with customers*

The transaction price allocated to the remaining performance obligations of property management services (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Within one year | 18,093 | 22,884 | 30,122 |
| More than one year but not more than two years | 11,282 | 18,995 | 17,042 |
| More than two years but not more than five years | 11,477 | 10,637 | 17,819 |
| More than five years | 264 | — | 7,412 |
| | 41,116 | 52,516 | 72,395 |

*(iv) Leases*

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| For operating leases properties: | | | |
| - Lease payments that are fixed | 200,644 | 181,145 | 232,842 |
| - Variable lease payments that do not depend on an index or a rate | 1,234 | 1,913 | 6,086 |
| Total revenue arising from leases | 201,878 | 183,058 | 238,928 |

*(v) Accounting policies*

Revenue recognition

Revenue from provision of property management services

Revenue from provision of property management services is recognised when the services is provided to the customers throughout the contract period.

Rental income

Rental income under operating leases is recognised in equal instalments over the accounting 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. Variable lease payments (i.e. variable rental income) that do not depend on an index or a rate are recognised in the accounting period in which they are earned.

Rental income from operating leases is recognised in consolidated statement of 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.

Details of other accounting policies relevant to revenue recognition are set out in Note 30.15.

**6 Other income**

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Interest income on bank deposits | 1,154 | 719 | 1,799 |
| Others | 3,131 | 4,407 | 1,616 |
| | 4,285 | 5,126 | 3,415 |

**7 Other losses, net**

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Net exchange losses | (11,722) | (4,843) | (4,833) |
| Gains on disposal of property, plant and equipment | 165 | 14 | — |
| | (11,557) | (4,829) | (4,833) |

## 8 Finance costs

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Interest on bank and other borrowings | 144,361 | 140,157 | 109,929 |
| Interest on amounts due to a shareholder | 479,492 | 592,887 | 660,499 |
| | 623,853 | 733,044 | 770,428 |
| Less: Amount capitalised in properties under development | (166,136) | — | — |
| Finance costs | 457,717 | 733,044 | 770,428 |

## 9 Expenses by nature

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Staff cost (Note 10) | 16,478 | 16,284 | 18,384 |
| Depreciation on property, plant and equipment (Note 13) | 5,089 | 5,495 | 5,815 |
| Project management fee | — | 26,195 | — |
| Legal and professional fee | 1,344 | 735 | 3,504 |
| Repair and maintenance | 9,095 | 8,185 | 8,488 |
| Utilities | 4,361 | 6,751 | 5,051 |
| Insurance charges | 5,470 | 1,022 | 524 |
| Entertainment fee | 4,842 | 4,332 | 3,970 |
| Marketing expense | 14,506 | 17,580 | 15,289 |
| Real estate tax | 11,966 | 12,548 | 24,689 |
| Cleaning charges | 2,092 | 3,389 | 5,162 |
| Security | 4,473 | 6,410 | 8,386 |
| Others | 4,925 | 4,990 | 4,289 |
| Total cost of sales, selling and administrative expenses | 84,641 | 113,916 | 103,551 |

**10 Employee benefit expenses**

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Wages and salaries | 10,691 | 10,826 | 10,099 |
| Bonus and staff welfare | 2,196 | 1,827 | 4,505 |
| Retirement benefits schemes contributions | 3,591 | 3,631 | 3,780 |
| Total employee benefit expenses | 16,478 | 16,284 | 18,384 |

The Target Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to contribute a certain percentage of its PRC employees' basic salaries and wages to the central pension scheme to fund the retirement benefits and have no further obligation for post-retirement benefits beyond the annual contributions made.

During the years ended 31 December 2022, 2023 and 2024, the Target Group made contributions to the retirement benefits schemes amounting to HK$3,591,000, HK$3,631,000 and HK$3,780,000 respectively.

**11 Income tax expense/(credit)**

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| PRC land appreciation tax | — | — | 72,708 |
| Deferred income tax (Note 22) | 218,541 | (158,230) | (6,162) |
| | 218,541 | (158,230) | 66,546 |

***PRC land appreciation tax ("LAT")***

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

***PRC corporate income tax ("CIT")***

The income tax provision of the Target Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. For the years ended 31 December 2022, 2023 and 2024, the corporate income tax rate applicable to the group entities located in the PRC is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law"). PRC Corporate Income Tax has not been provided as the Target Group did not have any assessable profits for Track Record Period.

The taxation for the years can be reconciled to the profit/(loss) before income tax per consolidated statements of profit or loss as follows:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Profit/(loss) before income tax | 348,195 | (1,270,708) | (642,894) |
| Adjustment for share of results of an associate | — | — | 196 |
| | 348,195 | (1,270,708) | (642,698) |
| Tax calculated at domestic tax rates applicable in the respective countries | 87,048 | (317,677) | (160,674) |
| Tax effect of expenses not deductible for tax purpose | 126,627 | 153,262 | 170,317 |
| Tax effect of income not taxable for tax purpose | (289) | (180) | (450) |
| Tax effect of tax losses not recognised | 1,980 | 3,189 | 470 |
| Utilisation of tax losses previously not recognised | — | — | (824) |
| PRC land appreciation tax deductible for income tax purpose | — | — | (18,177) |
| Withholding tax on interest income | 3,176 | 3,176 | 3,176 |
| Corporate income tax | 218,541 | (158,230) | (6,162) |
| PRC land appreciation tax | — | — | 72,708 |
| Income tax expense/(credit) for the year | 218,541 | (158,230) | 66,546 |

## 12 Dividends

The directors of the Target Group do not recommend the payment or declaration of a dividend in respect of the years ended 31 December 2022, 2023 and 2024.

## 13 Property, plant and equipment

| | Construction in progress | Right-of-use assets (Note a) | Buildings | Equipment, furniture and fixtures | Total |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Cost** | | | | | |
| At 1 January 2022 | 4,762 | 77,404 | 88,757 | 13,114 | 184,037 |
| Additions | 1,780 | — | - | 622 | 2,402 |
| Disposals | — | — | - | (1,552) | (1,552) |
| Exchange realignment | (456) | (6,546) | (6,994) | (1,081) | (15,077) |
| At 31 December 2022 | 6,086 | 70,858 | 81,763 | 11,103 | 169,810 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2022 | — | (14,287) | (16,485) | (11,320) | (42,092) |
| Depreciation | — | (2,240) | (2,586) | (263) | (5,089) |
| Disposals | — | — | - | 1,380 | 1,380 |
| Exchange realignment | — | 1,192 | 1,376 | 923 | 3,491 |
| At 31 December 2022 | — | (15,335) | (17,695) | (9,280) | (42,310) |
| **Net book amount** | | | | | |
| At 31 December 2022 | 6,086 | 55,523 | 64,068 | 1,823 | 127,500 |
| At 1 January 2022 | 4,762 | 63,117 | 72,272 | 1,794 | 141,945 |
| **Cost** | | | | | |
| At 1 January 2023 | 6,086 | 70,858 | 81,763 | 11,103 | 169,810 |
| Additions | 5,703 | — | — | 3,879 | 9,582 |
| Disposals | — | — | — | (807) | (807) |
| Transfer from investment properties | — | 3,791 | 6,094 | — | 9,885 |
| Exchange realignment | (114) | (967) | (1,116) | (189) | (2,386) |
| At 31 December 2023 | 11,675 | 73,682 | 86,741 | 13,986 | 186,084 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2023 | — | (15,335) | (17,695) | (9,280) | (42,310) |
| Depreciation | — | (2,374) | (2,796) | (325) | (5,495) |
| Disposals | — | — | — | 727 | 727 |
| Exchange realignment | — | 167 | 195 | 155 | 517 |
| At 31 December 2023 | — | (17,542) | (20,296) | (8,723) | (46,561) |
| **Net book amount** | | | | | |
| At 31 December 2023 | 11,675 | 56,140 | 66,445 | 5,263 | 139,523 |
| At 1 January 2023 | 6,086 | 55,523 | 64,068 | 1,823 | 127,500 |

| | Construction in progress | Right-of-use assets (Note a) | Buildings | Equipment, furniture and fixtures | Total |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Cost** | | | | | |
| At 1 January 2024 | 11,675 | 73,682 | 86,741 | 13,986 | 186,084 |
| Additions | 1,214 | — | — | 102 | 1,316 |
| Exchange realignment | (239) | (1,226) | (1,417) | (392) | (3,274) |
| At 31 December 2024 | 12,650 | 72,456 | 85,324 | 13,696 | 184,126 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2024 | — | (17,542) | (20,296) | (8,723) | (46,561) |
| Depreciation | — | (2,429) | (2,860) | (526) | (5,815) |
| Exchange realignment | — | 278 | 327 | 130 | 735 |
| At 31 December 2024 | — | (19,693) | (22,829) | (9,119) | (51,641) |
| **Net book amount** | | | | | |
| At 31 December 2024 | 12,650 | 52,763 | 62,495 | 4,577 | 132,485 |
| At 1 January 2024 | 11,675 | 56,140 | 66,445 | 5,263 | 139,523 |

The carrying amount of the Target Group's leasehold land and buildings comprises properties mainly situated in the PRC.

*(i) Non-current assets pledged as security*

As at 31 December 2022, 2023 and 2024, carrying amounts of HK$125,677,000, HK$134,260,000 and HK$127,908,000 were pledged respectively as security for the bank borrowings by the Target Group.

*(ii) Depreciation methods and useful lives*

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

| | |
|---|---|
| Leasehold land and buildings | Over the shorter of the lease term and 30 years |
| Equipment, furniture and fixtures | 2 to 5 years |

Details of other accounting policies relevant to property, plant and equipment are set out in Note 30.3.

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

*(i) Amounts recognised in the consolidated statements of financial position*

The consolidated statements of financial position shows the following amounts relating to leases:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Right-of-use assets | | | |
| Leasehold land | 55,523 | 56,140 | 52,763 |

For the years ended 31 December 2022, 2023 and 2024, there was no addition to the right-of-use assets.

*(ii) Amounts recognised in the consolidated statements of profit or loss*

The consolidated statements of profit or loss shows the following amounts relating to leases:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Depreciation charge of right-of-use assets | | | |
| - leasehold land | 2,240 | 2,374 | 2,429 |

*(iii) The Target Group's leasing activities and how these are accounted for*

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor.

Details of other accounting policies relevant to lease are set out in Note 30.19.

## 14 Investment properties

The Target Group leases out various offices, retail premises and car parks located in the PRC under operating leases with rentals payable monthly. The leases of office and retail premises typically run for an initial period of one to five years. The lease payment are fixed over the lease term for the years ended 31 December 2022, 2023 and 2024.

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Opening net book amount | 6,252,509 | 6,529,361 | 5,835,204 |
| Construction cost incurred | 152,064 | — | — |
| Transfer to property, plant and equipment | — | (9,885) | — |
| Transfer to assets classified as held for sale (Note 17) | — | — | (1,564,543) |
| Fair value gains/(losses) of investment properties | 678,334 | (577,735) | (48,407) |
| Exchange realignment | (553,546) | (106,537) | (69,082) |
| | 6,529,361 | 5,835,204 | 4,153,172 |

*(i) Amounts recognised in profit or loss for investment properties*

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Rental income from operating leases | 201,878 | 183,058 | 238,928 |
| Direct operating expenses from investment properties that generated rental income during the year | 8,155 | 13,699 | 18,693 |
| Direct operating expenses from investment properties that did not generate rental income during the year | 9,169 | 6,845 | 4,467 |
| Fair value gains/(losses) of investment properties | 678,334 | (577,735) | (48,407) |

*(ii) Non-current assets pledged as security*

At 31 December 2022, 2023 and 2024, the Target Group's investment properties with carrying values of HK$6,529,361,000, HK$5,835,204,000 and HK$4,153,172,000 were pledged to secure general banking facilities granted to the Target Group respectively.

*(iii) Valuation processes of the Target Group*

The Target Group measures its completed investment properties at fair value at 31 December 2022, 2023 and 2024, which have been arrived at on the basis of a valuation carried out on those dates by an independent qualified professional valuer, Cushman & Wakefield, who is the member of the Hong Kong Institute of Surveyors.

The management of the Target Group works closely with the independent professional valuer to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the executive directors of the Target Company to explain the cause of the fluctuations.

*(iv) Valuation techniques*

The fair values of investment properties were determined by making reference to comparable sales evidence as available in the relevant market, or where appropriate by the investment method by capitalising the net income derived from the existing tenancies with allowance for the reversionary income potential of the properties.

The fair value measurement of the Target Group's investment properties is categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used. During the years ended 31 December 2022, 2023 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3. There has been no change from the valuation technique used in the prior year for offices and retail premises. There were no changes to the valuation techniques during the year.

*Information about fair value measurements using significant unobservable inputs*

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

| **Description** | **Fair value** | **Valuation techniques** | **Key inputs** | **Range of significant inputs** | **Relationship of inputs to fair value** |
|---|---|---|---|---|---|
| | *HK$'000* | | | | |
| As at 31 December 2022 | | | | | |
| Retail premises | 6,529,361 | Income capitalisation approach | (i) Capitalisation rate | 5.25% - 5.75% | (i) The higher the capitalisation rate, the lower the fair value. |
| | | | (ii) Market rent (sq.m./month) | RMB 85,502 | (ii) The higher the market rent, the higher the fair value. |
| | 6,529,361 | | | | |

| Description | Fair value | Valuation techniques | Key inputs | Range of significant inputs | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| | *HK$'000* | | | | |
| As at 31 December 2023 | | | | | |
| Retail premises | 5,835,204 | Income capitalisation approach | (i) Capitalisation rate | 5.25% - 5.75% | (i) The higher the capitalisation rate, the lower the fair value. |
| | | | (ii) Market rent (sq.m./month) | RMB79,957 | (ii) The higher the market rent, the higher the fair value. |
| | 5,835,204 | | | | |
| As at 31 December 2024 | | | | | |
| Retail premises | 4,153,172 | Income capitalisation approach | (i) Capitalisation rate | 5.25% - 5.75% | (i) The higher the capitalisation rate, the lower the fair value. |
| | | | (ii) Market rent (sq.m./month) | RMB70,100 | (ii) The higher the market rent, the higher the fair value. |
| | 4,153,172 | | | | |

*(v) Accounting policies*

Investment properties are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Target Group. Investment properties are initially measured at cost, included related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Target Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are presented in consolidated statements of profit or loss as part of a fair value gains/losses of investment properties.

**15 Investments accounted for using the equity method**

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Cost of unlisted investments accounted for using the equity method | 5,452 | 5,361 | 10,135 |
| Share of post-acquisition results | (5,452) | (5,361) | (5,281) |
| Share of results of investments accounted for using the equity method | — | — | (196) |
| | — | — | 4,658 |

Movements of the Target Group's investments accounted for using the equity method as at 31 December 2022, 2023 and 2024 are as follows:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Opening net book amount | — | — | — |
| Addition | — | — | 4,924 |
| Share of results of investments accounted for using the equity method | — | — | (196) |
| Exchange realignment | | | (70) |
| | — | — | 4,658 |

There were no material commitments to the investments accounted for using the equity method and no liability was recognised for additional losses after the investments accounted for using the equity method is reduced to zero as at 31 December 2022, 2023 and 2024. The Target Group's cumulative share of loss excess of cost of investment in investments accounted for using the equity method was HK$4,748,000, HK$5,574,000 and HK$6,431,000, respectively as at 31 December 2022, 2023 and 2024.

Details of the Target Group's principal investments accounted for using the equity method as at 31 December 2022, 2023 and 2024 are as follows:

| Name of company | Place of incorporation/ establishment and form of business structure | Principal place of operation | Percentage of equity interest attributable to the Target Group | | | Nature of relationship | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 2022 | 2023 | 2024 | | |
| Interest indirectly held by the Target Company | | | | | | | |
| 上海建邦餐飲有限公司 | PRC — limited liability company | PRC | 35% | 35% | 35% | Associate | Operating catering business |
| 墨音文化傳媒(上海)有限公司 | PRC — limited liability company | PRC | — | — | 30% | Associate | Operating culture and Arts events |

## 16 Stock of properties

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Completed properties held for sale | 1,831,047 | 1,810,403 | 1,924,600 |

Completed properties held for sale of the Target Group were all located in the PRC and expected to be available for sale within normal operating cycle.

At 31 December 2022, 2023 and 2024, completed properties held for sale of HK$1,831,047,000, HK$1,810,403,000 and HK$1,924,600,000 were pledged as securities for the Target Group's bank borrowings respectively.

For the year ended 31 December 2022, the capitalisation rate of borrowings is 9.4%.

*Accounting policies*

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less all necessary selling expenses, or by management estimates based on prevailing marketing conditions.

**17 Assets classified as held for sale**

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| *Assets classified as held for sale - Investment properties* | | | |
| Opening net book amount | — | — | — |
| Transfer from investment properties (Note 14) | — | — | 1,564,543 |
| Disposal | — | — | (644,057) |
| Exchange realignment | — | — | (9,221) |
| | — | — | 911,265 |

*Assets classified as held for sale*

On 30 April 2024, the Target Group entered into a sale and purchase agreement with the purchaser for two investment properties (collectively, the "Properties") at the aggregated consideration of RMB1,436,553,000 (equivalent to approximately HK$1,564,543,000). The Properties comprise of a property amounted to HK$644,057,000 which was disposed on 27 December 2024, and another property amounted to HK$911,265,000 which is expected to be disposed in 2025.

*Accounting policies*

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered high probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contacts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the consolidated statements of financial position.

## 18 Trade and other receivables, deposits and prepayments

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Trade receivables** | | | |
| Trade receivables from property management and property investment business | 11,636 | 6,409 | 7,227 |
| Less: loss allowance | (11,117) | (5,418) | (5,025) |
| Total trade receivables, net | 519 | 991 | 2,202 |
| **Other receivables and deposits** | | | |
| Advances to staff for business purpose | 1,589 | 1,691 | 1,550 |
| Rental receivables | 33,409 | 55,397 | 79,723 |
| Other receivables and deposits | 17,102 | 28,981 | 10,640 |
| Less: loss allowance | — | (14,916) | — |
| | 52,100 | 71,153 | 91,913 |
| | 52,619 | 72,144 | 94,115 |

At 31 December 2022, 2023 and 2024, the Target Group's trade receivables with carrying values of HK$9,028,000, HK$5,416,000 and HK$6,018,000 were pledged to secure general banking facilities granted to the Target Group respectively.

The Target Group allows an average credit period ranging from 0 to 60 days to its customers of property management and property investment business from invoices issuance dates. The following is an aged analysis of trade receivables presented based on invoice dates at the end of the reporting period:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Aged: | | | |
| 0 to 60 days | 302 | 545 | 1,802 |
| 61 to 180 days | 198 | 355 | 391 |
| Over 181 days | 11,136 | 5,509 | 5,034 |
| | 11,636 | 6,409 | 7,227 |

*Accounting policies*

*(i) Classification of trade receivables*

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Target Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less provision for impairment.

When trade receivables are uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated statements of profit or loss.

*(ii) Impairment assessment and risk exposure*

Management of the Target Group closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality.

The Target Group applies simplified approach to provide for ECL for trade receivables prescribed by HKFRS 9. Details of the ECL of trade receivables, other receivables and deposits, and the Target Group's exposure to credit risk and foreign currency risk were disclosed in Note 3.1.

**19 Cash and cash equivalents**

Bank balances carry interest at prevailing market rates which range from 0.01% to 0.3%, 0.01% to 0.25% and 0.01% to 0.25%, per annum respectively as at 31 December 2022, 2023 and 2024.

At the end of the reporting period, the Target Group has the following cash and bank balances denominated in foreign currencies of the relevant group entities:

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| USD | 241 | 241 | 241 |
| HK$ | 234 | 133 | 114 |
| RMB | 90,921 | 31,477 | 81,849 |
| | 91,396 | 31,851 | 82,204 |

Details of ECL on bank deposits and cash and cash equivalents are set out in Note 3.1. Details of the relevant accounting policies are set out in Note 30.5.

## 20 Trade and other payables

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Trade payables | 99 | 1,346 | 720 |
| Accruals for construction work | 404,220 | 312,791 | 273,901 |
| Deposits received for rental | 20,799 | 68,700 | 92,424 |
| Advance lease payments | 12,074 | 46,282 | 31,059 |
| Contract liabilities | 2,831 | 6,780 | 6,050 |
| Other tax payables | 25,619 | 24,042 | 24,381 |
| Salaries payable and staff welfare payables | 1,614 | 1,577 | 1,388 |
| Other payables and accrued charges | 25,158 | 24,849 | 23,356 |
| | 492,414 | 486,367 | 453,279 |

Trade payables are unsecured and are usually settled within the contract terms. The carrying amounts of trade payables are considered to be the same as their fair values. The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Aged: | | | |
| 0 to 90 days | — | 611 | 338 |
| 91 to 180 days | — | 279 | — |
| 181 to 360 days | — | 178 | 275 |
| Over 360 days | 99 | 278 | 107 |
| | 99 | 1,346 | 720 |

## 21 Bank and other borrowings

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Bank borrowings - secured | 2,787,350 | 2,697,387 | 2,177,684 |
| Other borrowings - unsecured | 96,998 | 95,379 | 93,987 |
| | 2,884,348 | 2,792,766 | 2,271,671 |
| The carrying amounts of the above borrowings are repayable: | | | |
| Within one year | 95,519 | 139,192 | 485,183 |
| Within a period of more than one year but not exceeding two years | 145,513 | 134,869 | 102,576 |
| Within a period of more than two years but not exceeding five years | 436,540 | 427,086 | 359,015 |
| Over five years | 2,206,776 | 2,091,619 | 1,324,897 |
| | 2,884,348 | 2,792,766 | 2,271,671 |
| Less: Amount classified as current liabilities | (95,519) | (139,192) | (485,184) |
| Amount due after one year and classified as non-current liabilities | 2,788,829 | 2,653,574 | 1,786,487 |

*(i) Bank borrowings*

As at 31 December 2022, 2023 and 2024, bank borrowings denominated in RMB of HK$2,787,350,000, HK$2,697,387,000 and HK$2,177,684,000 carried interest at benchmark interest rate as stipulated by Loan Prime Rate ("LPR") minus 40 basis points.

The interest rates of bank borrowings as at the end of the years ended 31 December 2022, 2023 and 2024 for the loans range from 3.9% to 4.2%, 3.8% to 3.9% and 3.2% to 3.6% per annum, respectively.

As at 31 December 2022, 2023 and 2024, other borrowings denominated in RMB of HK$96,998,000, HK$95,379,000 and HK$93,987,000 carried interest at a fixed interest rate of 10%.

At 31 December 2022, 2023 and 2024, below assets were pledged respectively to banks to secure general banking facilities granted to the Target Group:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Property, plant and equipment | 125,677 | 134,260 | 127,908 |
| Investment properties | 6,529,361 | 5,835,204 | 4,153,172 |
| Completed properties held for sale | 1,831,047 | 1,810,403 | 1,924,600 |
| Assets classified as held for sale | — | — | 911,265 |
| Trade receivables | 9,028 | 5,416 | 6,018 |

As at 31 December 2022, 2023 and 2024, the Group has the following undrawn borrowing facilities:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Expiring within one year | — | 588,571 | — |

*(ii) Other financial liabilities*

Shanghai Bund de Rockefeller Group Master Development Co. Ltd. ("Shanghai Rockefeller"), a subsidiary of the Target Company in PRC, has entered into a fund arrangement with an assets management company, pursuant to which the assets management company injected fund to Shanghai Rockefeller. 9.04% of equity interest in Shanghai Rockefeller was held by the assets management company as collateral of which the Target Group is obligated to redeem at predetermined prices. The funds bear fixed interest rate of 10% per annum and repayable in 2065. The Target Group has contractual obligation to repay the loans and thus the funds injected were classified as liabilities in the consolidated statements of financial position. As at 31 December 2022, 2023 and 2024, the other borrowings amounted to HK$96,998,000, HK$95,379,000 and HK$93,987,000 respectively.

*(iii) Accounting policies*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statements of profit or loss as finance costs.

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

Covenants that the Target Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Target Group is required to comply with after the reporting period do not affect the classification at the reporting date.

## 22 Deferred tax liabilities

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| The balance comprises temporary differences attributable to: | | | |
| — Fair value change on investment properties | (665,379) | (521,456) | (415,307) |
| — Withholding tax on interest income | (25,411) | (28,587) | (31,763) |
| — Effective rent | (8,493) | (13,848) | (19,929) |
| Total deferred income tax liabilities | (699,283) | (563,891) | (466,999) |
| Set-off with deferred income tax assets pursuant to set-off provisions | 74,238 | 106,173 | 21,373 |
| | (625,045) | (457,718) | (445,626) |

Movements of deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

| | Fair value change on investment properties | Withholding tax on interest income | Effective rent | Tax losses | ECL provision | Total |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| As at 1 January 2022 | (512,354) | (22,235) | (3,992) | 88,623 | 2,474 | (447,484) |
| Currency realignment | 47,914 | — | 487 | (7,196) | (225) | 40,980 |
| (Charged)/credited to consolidated profit or loss | (200,939) | (3,176) | (4,988) | (9,968) | 530 | (218,541) |
| As at 31 December 2022 and 1 January 2023 | (665,379) | (25,411) | (8,493) | 71,459 | 2,779 | (625,045) |
| Currency realignment | 10,297 | — | 163 | (1,321) | (42) | 9,097 |
| Credited/(charged) to consolidated profit or loss | 133,626 | (3,176) | (5,518) | 34,682 | (1,384) | 158,230 |
| As at 31 December 2023 and 1 January 2024 | (521,456) | (28,587) | (13,848) | 104,820 | 1,353 | (457,718) |
| Currency realignment | 6,373 | — | 266 | (689) | (20) | 5,930 |
| Credited/(charged) to consolidated profit or loss | 99,776 | (3,176) | (6,347) | (84,162) | 71 | 6,162 |
| As at 31 December 2024 | (415,307) | (31,763) | (19,929) | 19,969 | 1,404 | (445,626) |

As at 31 December 2022, 2023 and 2024, deferred tax liabilities has not been provided for in the consolidated financial statements in respect of the withholding tax that would be payable on unremitted earnings of PRC subsidiaries of the Target Group amounting to approximately HK$2,390,337,000, HK$1,784,241,000 and HK$1,826,926,000, respectively, as the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

As at 31 December 2022, 2023 and 2024, the Target Group did not recognise deferred income tax assets of HK$4,577,000, HK$7,677,000 and HK$7,688,000, respectively, in respect of the tax losses which can be carried forward against future taxable income and the expiration periods as below:

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Within 1 year | — | 1,390 | 749 |
| Within 2 years | 1,413 | 760 | 8,183 |
| Within 3 years | 773 | 8,305 | 7,440 |
| Within 4 years | 8,445 | 7,550 | 12,517 |
| Within 5 years | 7,678 | 12,703 | 1,862 |
| | 18,309 | 30,708 | 30,751 |

**23 Share capital**

| | **Number of shares** | **Amount** |
|---|---|---|
| | | *HK$'000* |
| Shares of USD1 each | | |
| Authorised: | | |
| As at 1 January 2022, 31 December 2022, 2023 and 2024 | 50,000 | 400 |
| Issued and fully paid: | | |
| As at 1 January 2022, 31 December 2022, 2023 and 2024 | 1,000 | 8 |

*Ordinary shares of the Target Company*

Under the investment agreement dated 30 November 2005 entered into by, among others, RSI, the Target Company and Sinolink SH ("**Investment Agreement**"), there are three classes of shares in the Target Company, namely Series A Shares, Series B Shares and Series C Shares. As at 31 December 2022, 2023 and 2024, 510 Series A Shares and 490 Series B Shares were issued and fully paid.

*Shareholder voting rights*

Series A Shares entitle the holder to appoint 4 directors and Series B Shares entitle the holder to appoint 3 directors, each director having one vote at a boarding meeting of the Target Company.

With regard to voting at shareholder level, Series B Shares and Series C Shares carry full voting rights. Series A Shares allow the holder to vote at shareholder level in respect of certain prescribed matters paramount to the holder in connection with the project held by the Target Group.

*Shareholder rights to distributions*

Series A Shares entitle the holder to a special dividend totaling US$6,000,000 (equivalent approximately to HK$46,500,000). The special dividend is payable on a cumulative preference basis out of the distributable cash of the Target Company remaining in each year until the US$6,000,000 is paid in full. The special dividend is classified as equity as the distribution of special dividend is at Target Company's discretion.

*Shareholder rights on return of capital*

On a return of capital, the holders of the Series A Shares, Series B Shares and Series C Shares shall each be entitled to share in any surplus assets of the Target Company being returned to shareholders in proportion to funding advanced by each of the shareholders, whether by equity subscription or shareholder loans up to the investment amount. The Series A Shares, Series B Shares and Series C Shares are classified as equity as the return of capital is at Target Company's discretion.

## 24 Commitments

Saved as disclosed elsewhere in the Historical Financial Information, the Target Group has following capital commitment at the end of the reporting period.

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Commitments in respect of completed properties for sale: | | | |
| - contracted for but not provided in the Historical Financial Information | 5,785 | 8,954 | 8,045 |

## 25 Operating lease commitments

***The Target Group as lessor***

The Target Group has lease payments receivable on leases are as follows:

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Within one year | 160,393 | 189,465 | 179,838 |
| In the second year | 130,059 | 185,432 | 85,292 |
| In the third year | 113,358 | 44,119 | 10,147 |
| In the fourth year | 5,355 | 7,444 | 15,686 |
| In the fifth year | 5,838 | 319 | 1,891 |
| After five years | 334 | — | — |
| | 415,337 | 426,779 | 292,854 |

Operating lease payments represent rentals receivable by the Target Group from leasing of its investment properties. As at 31 December 2022, 2023 and 2024, the leases are negotiated and rentals are fixed for original lease term of 1 to 10 years respectively. Certain leases include rentals received with reference to turnover of tenants.

## 26 Notes to consolidated statements of cash flows

### (a) *Reconciliation of profit/(loss) before tax to cash generated from operations*

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Profit/(loss) before income tax | 348,195 | (1,270,708) | (642,894) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 5,089 | 5,495 | 5,815 |
| Interest income | (1,154) | (719) | (1,799) |
| Interest expenses | 457,717 | 773,044 | 770,428 |
| Impairment losses/(reversal of) impairment losses on financial assets, net | 2,122 | 9,438 | (15,290) |
| Fair value changes on investment properties | (678,334) | 577,735 | 48,407 |
| Gain on disposal of property, plant and equipment | (165) | (14) | — |
| Share of results of investments accounted for using the equity method | — | — | 196 |
| | 133,470 | 94,271 | 164,863 |
| **Operating cash flows before movements in working capital** | | | |
| Increase in stock of properties | (331,250) | (6,975) | (121,128) |
| Decrease/(increase) in trade and other receivables, deposits | 11,580 | (8,035) | (9,566) |
| Increase/(decrease) in trade payables, deposits received and accrued charges | 277,227 | 53,726 | (31,697) |
| Increase in amounts due to related parties | — | 1,159 | 2,885 |
| Cash generated from operations | 91,027 | 134,146 | 5,357 |

*(b) Proceeds from disposal of property, plant and equipment comprise:*

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Net book amounts | 172 | 80 | — |
| Gain on disposal of property, plant and equipment | 165 | 14 | — |
| Proceeds from disposal of property, plant and equipment | 337 | 94 | — |

*(c) Reconciliation of liabilities arising from financing activities*

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

| | **Bank and other borrowings** |
|---|---|
| | *HK$'000* |
| As at 1 January 2022 | 3,061,286 |
| Drawdown of bank borrowings | 152,599 |
| Repayments of bank borrowings | (70,812) |
| Currency realignment | (258,725) |
| As at 31 December 2022 and 1 January 2023 | 2,884,348 |
| Drawdown of bank borrowings | 79,038 |
| Repayments of bank borrowings | (122,568) |
| Currency realignment | (48,052) |
| As at 31 December 2023 and 1 January 2024 | 2,792,766 |
| Repayments of bank borrowings | (488,259) |
| Currency realignment | (32,836) |
| As at 31 December 2024 | 2,271,671 |

## 27 List of subsidiaries

| Name of company | Place of incorporation/ establishment and form of business structure | Principal place of operation | Percentage of equity interest attributable to the Target Group 2022 | 2023 | 2024 | Issued and fully paid up share capital/ registered capital | Principal activities |
|---|---|---|---|---|---|---|---|
| *Interest directly held by the Target Company* | | | | | | | |
| Rockefeller Group WTY-I Development SRL | British Virgin Islands | British Virgin Islands | 100% | 100% | 100% | USD1,000 | Investment holding |
| *Interest indirectly held by the Target Company* | | | | | | | |
| Shanghai Bund de Rockefeller Group Master Development Co., Ltd. 上海洛克菲勒集團外灘源綜合開發有限公司 | PRC — limited liability company | PRC | 100% | 100% | 100% | USD 125,000,000 | Property development and property investment |
| Shanghai Rock Bund Source Property Management Co., Ltd. 上海洛克外灘源物業管理有限公司 | PRC — limited liability company | PRC | 100% | 100% | 100% | RMB 5,000,000 | Property management |
| Shanghai Rock Bund Source Art Products Co., Ltd. 上海洛克外灘源美術品有限公司 | PRC — limited liability company | PRC | 100% | 100% | 100% | RMB 5,000,000 | Art purchase, design and exhibition |

Except for the investment holding companies or dormant companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

## 28 Related party transactions

The major related parties that had transactions with the Target Group were as follows:

| Name of related parties | Relationship with the Target Group |
|---|---|
| Sinolink Shanghai Investments Limited ("Sinolink Shanghai") | Shareholder of the Target Company |
| 上海百仕達西郊地產發展有限公司 | Related party of the Target Company |
| 香港百仕達有限公司 | Related party of the Target Company |
| 深圳市百仕達資訊諮詢有限公司 | Related party of the Target Company |

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Target Group and its related parties, and the balances arising from related party transactions.

***(a) Transactions***

| Name of related party | Nature of transaction | Year ended 31 December 2022 | 2023 | 2024 |
|---|---|---|---|---|
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| Sinolink Shanghai Investments Limited ("Sinolink Shanghai") | Project management fee | 26,195 | 26,195 | — |

The transactions were entered into at prices and terms mutually agreed by the relevant parties.

***(b) Year-end balances with related parties***

| | As at 31 December 2022 | 2023 | 2024 | Nature |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | |
| **Amounts due from a related party:** | | | | |
| 上海百仕達西郊地產發展有限公司 | 157 | 154 | — | Non-trade |

The balance was unsecured, interest free and repayable on demand. This balance was denominated in RMB.

| | As at 31 December 2022 | 2023 | 2024 | Nature |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | |
| **Amount due to related parties:** | | | | |
| 深圳市百仕達資訊諮詢有限公司 | — | 21,883 | — | Non-trade |
| 香港百仕達有限公司 | 115 | 1,044 | 3,718 | Non-trade |
| | 115 | 22,927 | 3,718 | |

The balance was unsecured, interest free and repayable on demand. This balance was denominated in HK$.

| | | | | |
|---|---|---|---|---|
| **Amounts due to a shareholder — Non-current:** | | | | |
| Sinolink Shanghai Investments Limited ("Sinolink Shanghai") (note i) | 6,328,869 | 6,604,994 | 6,881,119 | Non-trade |
| **Amounts due to a shareholder — Current:** | | | | |
| Sinolink Shanghai (note ii) | 364,656 | 393,646 | 382,345 | Trade |

*Note i:* The amounts represent a shareholder's loans payable for financing the Target Group's property development and property investment project, which carry a 20% coupon interest rate per annum. The balance was denominated in USD, unsecured and has no fixed term of repayment which will not be repayable within one year from the end of the reporting period, they were classified as non-current liabilities accordingly.

*Note ii:* The balance was denominated in USD, unsecured and repayable on demand.

## 29 Contingent liabilities

As at 31 December 2022, 2023 and 2024, the Target Group did not have any contingent liabilities.

## 30 Summary of other accounting policies

This note provides a list of other accounting policies adopted in the preparation of the Historical Financial Information. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Target Group consisting of the Target Company and its subsidiaries.

### 30.1 Principles of consolidation and equity accounting

*(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Target Group has control. The Target Group controls an entity where the Target Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company 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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

*(b) Associates*

Associates are all entities over which the Target Group has significant influence but not control or joint control. This is generally the case where the Target Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognised at cost.

Gains or losses on deemed disposal on dilution arising from interests in associated companies are recognised in the consolidated statements of profit or loss.

The Target Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Target Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

*(c) Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Target Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Target Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates or joint venture are recognised as a reduction in the carrying amount of the investment.

Where the Target Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Target Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Target Group and its associates and joint venture are eliminated to the extent of the Target Group's interest in these associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 30.4.

*(d) Changes in ownership interests*

The Target Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Target Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Target Company.

When the Target Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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 are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**30.2 Foreign currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in Hong Kong dollar ("HK$"), which is the Target Company's presentation currency while United States Dollar ("USD") is the functional currency of the Target Company.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated statements of profit or loss.

All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within "other losses, net".

*(c) Group companies*

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this 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

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

**30.3 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Target Group and the cost of the assets can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to consolidated statements of profit or loss during the reporting period in which they are incurred.

The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 30.4).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and these are included in the consolidated statements of profit or loss.

**30.4 Impairment of non-financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**30.5 Investments and other financial assets**

*(a) Classification*

The Target Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statements of profit or loss or other comprehensive income.

The Target Group reclassifies debt investments when and only when its business model for managing those assets changes.

*(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Target Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Target Group has transferred substantially all the risks and rewards of ownership.

*(c) Measurement*

At initial recognition, the Target Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Target Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Target Group classifies its debt instruments:

- Amortised cost

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised in the consolidated statements of profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of profit or loss and presented in "other losses, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss.

- FVTOCI

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in consolidated statements of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to consolidated statements of profit or loss and recognised in "other losses, net". Interest income from these financial assets is recognised in the consolidated statements of profit or loss using the effective interest rate method. Foreign exchange gains and losses are presented in "other losses, net" and impairment expenses are presented as separate line item in the consolidated statements of profit or loss.

- FVTPL

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statements of profit or loss and presented net in the period in which it arises.

*Equity instruments*

The Target Group subsequently measures all equity investments at fair value. Where the Target Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to consolidated statements of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statements of profit or loss when the Target Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the consolidated statements of profit or loss as applicable. Investments in equity instruments at FVTOCI are not subject to impairment assessment.

*(d) Impairment of financial assets*

The Target Group's financial assets measured at amortised cost, including trade receivables arising from contracts with customers, loans receivables, finance lease receivables, other receivables and deposits, bank deposits, pledged bank deposits, cash and bank balances, and other items (financial guarantee contracts) are subject to Expected Credit Loss ("ECL") model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade receivables and finance lease receivables, the Target Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Target Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1 details how the Target Group determines whether there has been a significant increase in credit risk.

### 30.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 30.7 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 30.8 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 30.9 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 30.10 Borrowing costs

General and specific borrowing costs that are 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 capitalised during the period of time that is required to complete and prepare the asset for its 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 30.11 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

*Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Target Company and its subsidiaries 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Target Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

*Deferred income tax*

Deferred income tax is provided in full, 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. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through use.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Target Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**30.12 Employee benefits**

*(a) Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

*(b) Defined contribution plans*

A defined contribution plan is a pension plan under which the Target Group pays contributions into a separate entity. The Target Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the employee pension schemes established by municipal government in The People's Republic of China ("PRC") are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

The obligations are presented as current liabilities in the consolidated statements of financial position if the Target Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**30.13 Provisions**

Provisions are recognised when the Target 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 can be reliably estimated. 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**30.14 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 Target 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 measured reliably.

A contingent liability, other than that assumed in a business combination, 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.

**30.15 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Target Group's activities. Revenue is shown, net of value-added tax. The Target Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Target Group's activities, as described below.

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

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 Target Group's performance as the Target Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Group and the Target Group has an enforceable right to payment for performance completed to date.

**30.16 Contract liabilities**

Upon entering into a contract with a customer, the Target Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceed the measure of the remaining rights.

Contract liabilities are recognised as revenue when the Target Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

**30.17 Interest income**

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**30.18 Dividend income**

Dividends are recognised as other income in the statement of profit or loss when the right to receive payment is established.

**30.19 Leases**

*The Group as a lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group leases various properties. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

## III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of its subsidiaries in respect of any period subsequent to 31 December 2024.