



新鴻基有限公司  
SUN HUNG KAI & CO. LIMITED

Stock Code: 0086



**2025**  
ANNUAL REPORT

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## ABOUT US

Sun Hung Kai & Co. Limited ("SHK & Co.", SEHK: 86) is a principal-led alternative investment platform based in Hong Kong. Since 1969, with its roots in wealth management, SHK & Co. has built a unique investment capability by investing across a wide range of alternative asset classes including hedge funds, private equity, private credit, and various real assets, consistently generating solid long-term risk-adjusted returns.

SHK & Co's vision is to realise the full potential of its alternative investment expertise through a strategy centred on alignment – creating value for both its own capital and that of external partners, including institutions and family offices, enhanced by its relationships with leading alternative investment managers.

As at 31 December 2025, SHK & Co. held approximately HK\$38.7 billion in total assets, with total assets under management (Total AUM\*) of HK\$24.6 billion (~US\$3.2 billion), reflecting 81% per annum growth over the past three years.

*\*Definition of the Total AUM please refer to page 15 of this annual report*

## OUR JOURNEY OF TRANSFORMATION

### **55+ Years of Excellence**

in Financial Markets



### **HK\$38.7 billion\*** **total assets**

Committed to generating long-term capital growth for shareholders

*\*as at 31 December 2025*

### **1969-1995**

- SHK & Co. founded in 1969 as a pioneer in the brokerage industry
- Listed in Hong Kong in 1983

### **2015-2020**

- 70% of Sun Hung Kai Financial acquired by Everbright Securities in 2015 and the remaining 30% in 2020
- Established Mortgage Loans business operated by Sun Hung Kai Credit ("SHK Credit") in 2015
- Built Investment Management business in 2015

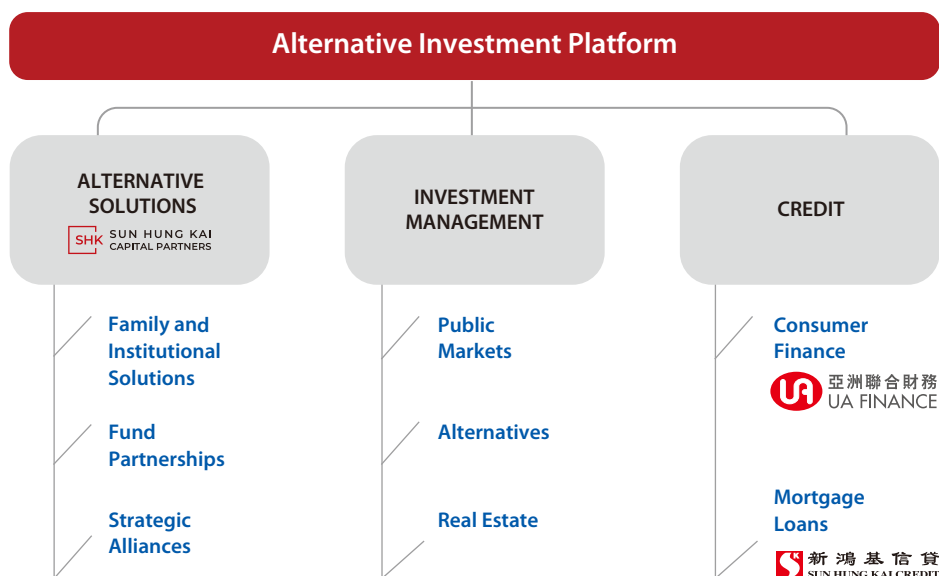
### **1996-2014**

- Allied Properties acquired a majority stake in 1996
- Entered Consumer Finance with acquisition of United Asia Finance ("UAF") in 2006
- UAF commenced business in Mainland China in 2007

### **2021 and Beyond**

- Launched Funds Management (renamed as Alternative Solutions) platform, Sun Hung Kai Capital Partners ("SHKCP") in 2021
- Obtained full Type 1, 4, 9 SFC licenses
- Launched the multi-family office platform, Family Office Solutions in 2022
- UAF launched SIM Credit Card in 2023
- SHK Credit launched the Mortgage Serving Business in 2024
- Celebrating SHK & Co.'s 55th anniversary in 2024
- Launched Institutional Solutions to cater the investment needs for institutional clients in 2025
- SHK & Co. has transformed into a leading principal-led alternative investment platform

## OUR BUSINESS



### Credit Business

This segment consists of a diversified loan portfolio covering Consumer Finance and Mortgage loans. Our Credit business provides us with steady returns that are largely uncorrelated to capital markets, which are highly complementary to our Investment Management and Alternative Solutions businesses. The Credit business also equips us with market leading asset origination and servicing platforms, as we develop alternative investment products in the lending industry.

#### Consumer Finance

##### United Asia Finance Limited ("UA Finance" or "UAF")

UAF primarily offers unsecured and secured loans to individuals and small businesses in Hong Kong and Mainland China through a well-established branch network and sophisticated online platforms. It is a market leader in unsecured loans in Hong Kong with its over 30 years' root in the market and launched its new product SIM Credit Card in 2023 serving customers who seek on-demand card with speedy response. In the Mainland it holds an internet loan licence and offline money lending licences in major cities across the nation. In recent years, UAF has undergone a strategic shift toward secured lending in Mainland China.

#### Mortgage Loans

##### Sun Hung Kai Credit Limited ("Sun Hung Kai Credit" or "SHK Credit")

Building upon the Group's credibility and expertise, SHK Credit provides first mortgage and second mortgage loans to property owners and potential property owners, as well as customised financing solutions to property investors in Hong Kong. Established in 2015, SHK Credit has become a household brand name as a mortgage loan provider in the Hong Kong market. In 2024, SHK Credit launched the Mortgage Servicing Business to manage residential mortgage portfolios owned by institutional investors and property developers.

### Investment Management

The Company's Investment Management division leverages the Group's expertise and global network to seek investment opportunities with strong risk-adjusted returns. Our investment portfolio covers a wide spectrum including Public Markets, Alternatives and Real Estate. The Investment Management segment has become a key excess return contributor to the Group over the mid-to-long term.

#### Public Markets

The Company manages a diverse portfolio of Corporate Holdings, which is an internally managed public equity strategy, and a Strategic Holdings portfolio.

#### Alternatives

The Company has sought to invest on the Group's balance sheet prudently and build an alternatives portfolio to maximise risk-adjusted returns and diversify our exposure by industry and geography. The portfolio is invested through a combination of direct or co-investments, and external managers of both private equity funds and hedge funds who are selected on performance, strategic fit, as well as access to markets and sectors. We are also increasing our focus on Special Situations & Structured Credit aiming to capture the opportunities arising from market dislocations leveraging on our financial strength to create attractive returns with robust defensive characteristics.

#### Real Estate

The Company is highly selective on the opportunities with strong downside protection and the portfolio comprises investments in transparent and developed economies across Asia-Pacific and Europe. Being nimble and flexible, the Company makes investments through equity ownership of real estate, co-investments, and structured credit.

OUR BUSINESS

## Alternative Solutions (formerly known as Funds Management)

(“Sun Hung Kai Capital Partners Limited” or “SHKCP”)

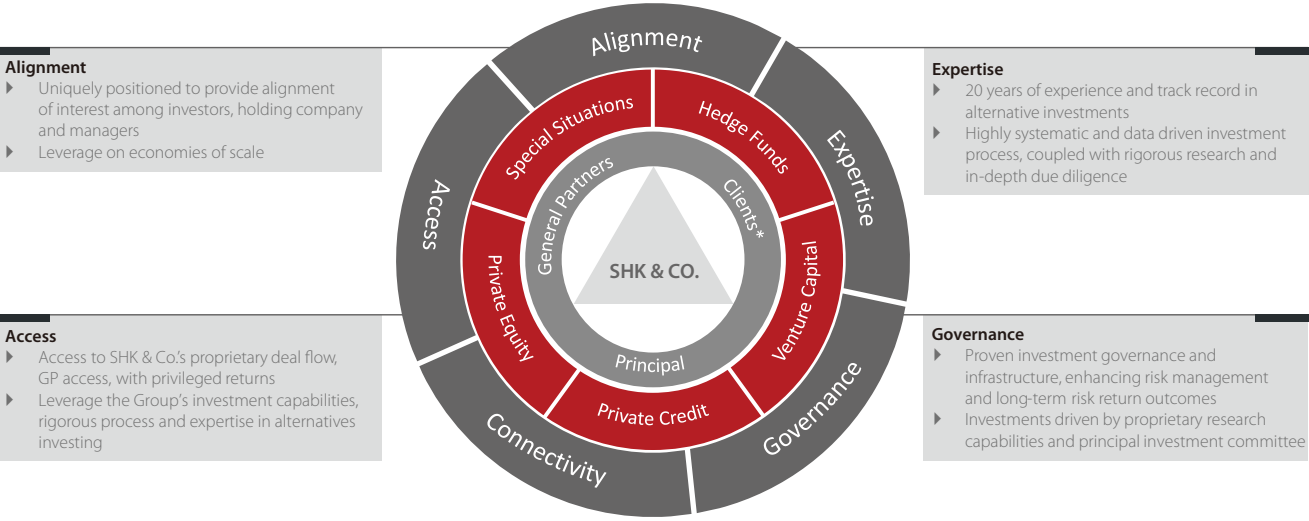
Along with the strong cash flows from our Credit business, the expertise, network and capital gains contributed by Investment Management have well positioned the Company to expand to the next phase to manage third-party capital. The Group’s Alternative Solutions platform – SHKCP was officially launched in 2021, which now holds SFC Type 1, 4 and 9 licences.

With a solutions-oriented business model, SHKCP creates a holistic ecosystem for alternative investment stakeholders. Leveraging the Group’s principal capital, backed by over 20 years of proven track record and deep investment expertise, SHKCP pursues a growth strategy by investing alongside and providing tailored solutions to its institutional and ultra-high-net-worth family office clients. In linking limited partners (LPs) with general partners (GPs), SHKCP fosters mutual benefit and ensures the strongest alignment of interests.

Since its establishment, SHKCP has expanded its global partnership network and evolved into a leading alternative investment platform. It effectively matches capital partners with a curated alternative managers and investment opportunities.

### SOLUTIONS ORIENTED BUSINESS MODEL

A holistic ecosystem for alternative investment stakeholders



*\*\*Family Office Solutions and Institutional Solutions*

# CHAIRMAN'S LETTER

## Dear Shareholders,

The global economic environment in 2025 remained challenging. Ongoing trade frictions, geopolitical fragmentation created continued volatility throughout the year, compounded by the onslaught of AI disruption and persistently weak domestic demand in Greater China economy. Against this backdrop, our business demonstrated resilience and delivered strong risk-adjusted returns.

2025 marked a clear inflection point in the Sun Hung Kai & Co. Limited (the "Company" or "SHK & Co.", together with its subsidiaries, the "Group")'s evolution. With the completion of our strategic transformation, our three complementary platforms – Alternative Solutions (formerly known as Funds Management), Investment Management, and Credit – are now working seamlessly together and fully aligned. This integrated model has strengthened recurring revenue, profitability, and capital efficiency, positioning the Group as a leading alternative investment platform. Profit attributable to owners increased by more than three times year-on-year, albeit off a low base, supported by a robust and resilient balance sheet.

## Financial Highlights, Capital Management & Dividends

Our strong financial performance in 2025 reflects disciplined execution and effective risk management. Profit attributable to owners reached HK\$1,593.1 million (2024: HK\$377.7 million), driven primarily by robust investment returns. Basic earnings per share increased to HK81.4 cents, while return on equity and return on assets improved to 7.3% and 4.8% respectively (2024: 1.8% and 1.5%, respectively).

Cost discipline remains a key differentiator. In 2025, a cost-to-income ratio of approximately 30% and EBIT margin of around 50% underscore the strength of our operating model and support our objective of being best in class.

We continued to optimise our capital structure through proactive balance sheet management, including the repurchase of US\$26.2 million in Medium-Term Notes during the year. Since 2022, cumulative MTN repurchases and redemptions have reached US\$460.3 million, reducing net gearing to 25.8%.

The board (the "Board") of directors (the "Directors") of the Company declared a second interim dividend of HK15 cents per share. Together with the interim dividend of HK12 cents per share, total dividends for 2025 are HK27 cents per share (2024: HK26 cents per share), increased by 3.8% year-on-year ("YoY"), reflecting our commitment to sustainable shareholder returns.

## Business Updates

We continued to scale our Alternative Solutions platform, Sun Hung Kai Capital Partners Limited ("SHKCP"), with further institutionalisation of infrastructure, technology, and governance to deepen the unique alignment of interest we offer investors and fund partners. Total AUM\* increased to approximately US\$3.2 billion, representing 57% year-on-year growth. This strong expansion validates our solutions-led business model and its ability to generate durable, recurring fee income and long-term cashflows.

Our long investment track record and resilient balance sheet continue to underpin the growth of external capital, deepen external investment partnerships, and support expansion across adjacent businesses.

We further expanded our global partnership network, building on existing alliances with GAM Investments and Wentworth, and welcoming Mubadala Capital and Janus Henderson Group. These partnerships create significant platform benefits, enhance global capital access and improve differentiated product offerings for ultra-high-net-worth and institutional investors seeking global alternative risk/return.

Investment Management delivered another strong year, leveraging proprietary sourcing and disciplined structuring to capture mispriced opportunities with downside protection. Over the past five years, this approach has generated approximately HK\$4 billion in realised gains. In 2025, segment profit before tax increased to HK\$1,826.4 million, with positive contributions across most asset classes. Our HK\$9.4 billion Private Equity portfolio – with about HK\$2 billion in publicly listed holdings providing liquidity flexibility – delivered an IRR of 16.3% since inception, supported by successful listings, secondary sales, and distributions. We deliberately increased our allocation to the Special Situations and Structured Credit asset class during the year to balance downside protection with upside potential, and this strategy delivered strong results.

## CHAIRMAN'S LETTER

Cross-platform collaboration continued to deepen. Closer integration between Investment Management and Alternative Solutions enhanced access to exclusive opportunities for third-party investors, demonstrating the benefits and alignment of our principal-led alternative investment platform.

In Credit, we adopted a more cautious origination approach amid softer loan demand, while focusing on portfolio management, operational efficiency, and diversification. Our Mortgage Loans business worked closely with the Special Situations and Structured Credit team to capture opportunities arising from market dislocations. By extending into a Mortgage Servicing platform, we are able to serve more institutional clients and property developer partners, which creates a new, scalable fee-based income stream. Consumer Finance remained resilient, contributing pretax profit of HK\$793.5 million. UAF's SIM credit card business posted solid performance, with an expanded customer base and increased transaction volumes contributing to the results.

## People, Technology and Community

Our people remain central to our success. Continued investment in talent development, together with our Employee Ownership Scheme, reinforces alignment with shareholders and supports long-term growth.

During the year, we increased investment in technology infrastructure, including the rollout of AI-enabled tools, alongside targeted hiring. These initiatives are improving analytical capability, operational efficiency, and business traction across the Group.

We also continued to strengthen our ESG framework, with notable improvements in external disclosure and risk ratings, alongside ongoing environmental and community initiatives.

## Outlook

Looking ahead to 2026, we remain cautiously optimistic despite ongoing geopolitical and macroeconomic uncertainty. With the completion of our strategic transformation, we have shifted our focus from consolidation to targeted growth. We are positioned to capitalise on the secular growth of alternative investments within a growing market, supported by our proven track record of investment success.

Our commitment to expanding global investment partnerships remains steadfast. We are dedicated to unlocking our platform potential by investing in excellence and scaling our solutions-driven model for the benefit of all stakeholders. Our people are our unique advantage, and we will continue to invest in technology to support operational excellence and enhance capital efficiency.

Anchored by a strong balance sheet, deep investment experience, and an integrated platform, we are well positioned to deliver sustainable growth and enduring value for shareholders. With a clear business strategy and a strong monetisation model, we are confident in our ability to navigate this dynamic environment and position ourselves for sustainable long-term success. As always, I remain grateful to our stakeholders for their trust and support on this journey.

**Lee Seng Huang**

*Group Executive Chairman*

Hong Kong, 19 March 2026

\* Definition of the Total AUM please refer to page 15 of this annual report

## FINANCIAL HIGHLIGHTS

**HK\$5,474m**

**Total income**

+28.4%

**HK\$38,709m**

**Total asset**

+3.8%

**HK\$2,672m**

**EBIT**

+50.1%

**HK\$11.4**

**Book value per share**

+5.6%

**HK\$1,593m**

**Attributable profit**

+321.8%

**HK27 cents**

**Dividend per share**

+3.8%

**HK81.4 cent**

**Basic earnings per share**

+321.8%

**25.8%**

**Net gearing ratio**

-540bps

### Alternative Solutions

**HK\$24,607m**

**Total AUM\***

(equivalent to USD3,162m)

+56.7%

### Investment Management

**HK\$15,717m**

**Investment Assets**

(equivalent to USD2,020m)

+18.9%

### Credit - Consumer finance

**HK\$11,810m**

**Gross Loan Balance**

(equivalent to USD1,518m)

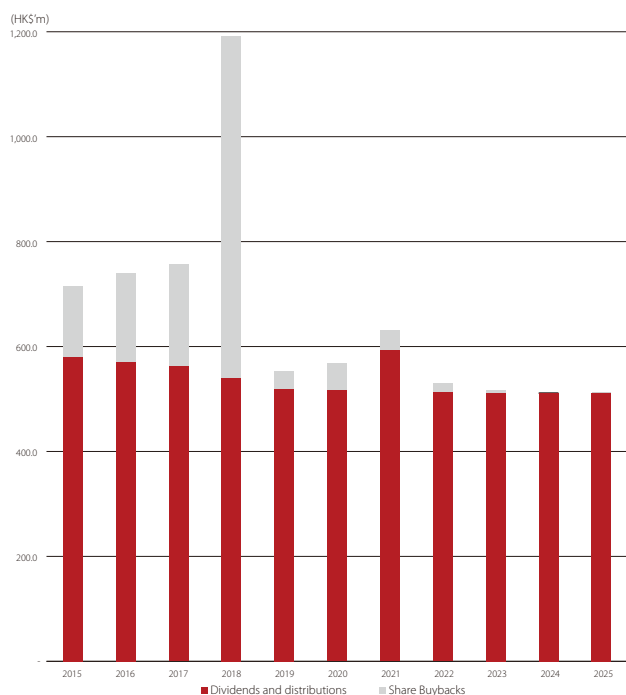
+6.0%

\* Definition of the Total AUM please refer to page 15 of this annual report

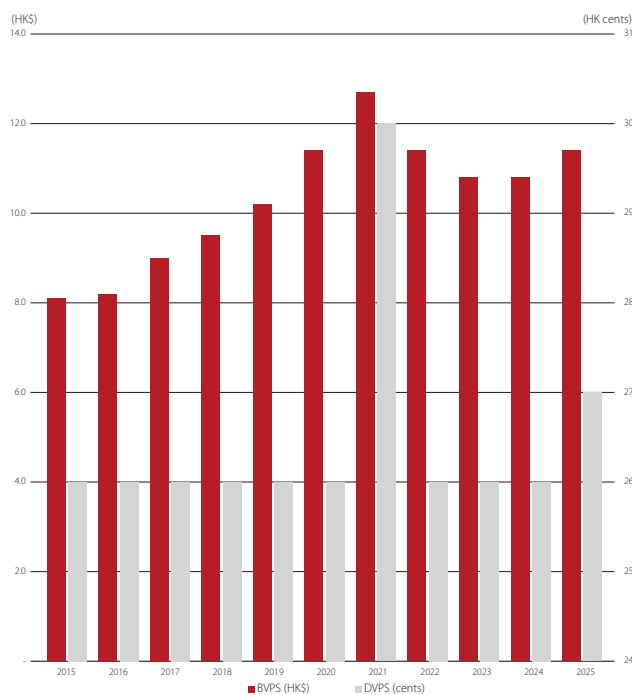
## CREATING VALUE FOR SHAREHOLDERS

SHK & Co. has a solid track record of delivering returns to shareholders through dividends and distributions, share repurchases and long-term capital growth. Since 1997, the Group has returned HK\$15.9 billion to shareholders in the form of dividends and share buybacks.

### Track Record of Capital Return



### Value Growth



### Five-Year Financial Summary

	2021	2022	2023	2024	2025	% change
<b>Results for the year ended 31 Dec (HK\$ Million)</b>						
Total income	6,940.2	2,410.3	3,520.0	4,262.3	<b>5,473.6</b>	+28.4%
Profit/(Loss) attributable to owners of the Company	2,813.7	(1,534.8)	(471.4)	377.7	<b>1,593.1</b>	+321.8%
<b>Balance Sheet data as at 31 Dec (HK\$ Million)</b>						
Total assets	48,790.1	42,914.7	40,869.5	37,300.1	<b>38,708.8</b>	+3.8%
Total liabilities	20,250.9	17,358.6	16,473.9	13,046.9	<b>13,176.9</b>	+1.0%
Shareholders' equity	25,075.2	22,358.1	21,268.0	21,147.5	<b>22,338.2</b>	+5.6%
<b>Share Data</b>						
Basic EPS (HK cents)	142.7	(78.2)	(24.1)	19.3	<b>81.4</b>	+321.8%
Diluted EPS (HK cents)	142.5	(78.1)	(24.0)	19.3	<b>81.3</b>	+321.2%
DPS (HK cents)	30.0	26.0	26.0	26.0	<b>27.0</b>	+3.8%
BVPS (HK\$)	12.7	11.4	10.8	10.8	<b>11.4</b>	+5.6%
Total number of shares at year end (Million)	1,973.3	1,967.4	1,965.2	1,965.0	<b>1,965.0</b>	0.0%

## OUR AWARDS AND RECOGNITIONS



2018-2025

Bloomberg Businessweek/Chinese Edition  
**Listed Enterprises of the Year**



2024-2025

Bloomberg Businessweek/Chinese Edition  
**Listed Enterprises – Best Risk Management**



2024-2025

Corporate Governance Asia  
**Asian Excellence Awards – Asia's Best CEO**



2017-2018,  
2023, 2025

Corporate Governance Asia  
**Asian Excellence Awards – Asia's Best CFO**



2024-2025

Corporate Governance Asia  
**Asian Excellence Awards – Asia's Best CSR**



2016-2019,  
2023-2025

Corporate Governance Asia  
**Asian Excellence Awards – Best Investor Relations Company**



2023-2025

Corporate Governance Asia  
**Asian Excellence Awards – Best Corporate Communications**



2025

Corporate Governance Asia  
**Asian Excellence Awards – Sustainable Asia Award**

OUR AWARDS AND RECOGNITIONS



2024-2025

Roadshow China  
**China IR Annual Awards – Best Value Creation Award**



2021-2025

World Green Organisation  
**Green Office Award & Eco-Healthy Workplace**



2021-2025

Happy Index Foundation and Hong Kong Productivity Council  
**Happy Company**



2022-2023, 2025

The Hong Kong General Chamber of Small and Medium Businesses  
**Partner Employer Award**



2014-2025

Mandatory Provident Fund Schemes Authority  
**Good MPF Employer**

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Highlights<sup>1</sup>

(HK\$ Million)	Year ended		Change
	2025	2024	
<b>Total income by segment<sup>2</sup></b>			
Fees and interest based	<b>3,584.6</b>	3,467.2	3.4%
Investment	<b>2,115.2</b>	439.6	381.2%
Corporate	<b>(226.2)</b>	355.5	N/A
	<b>5,473.6</b>	4,262.3	28.4%
<b>Total operating cost by segment</b>			
Fees and interest based	<b>1,117.3</b>	1,059.5	5.5%
Investment	<b>166.6</b>	107.7	54.7%
Corporate	<b>202.2</b>	274.2	-26.3%
	<b>1,486.1</b>	1,441.4	3.1%
<b>Pre-tax profit/(loss)</b>			
Fees and interest based	<b>863.2</b>	895.8	-3.6%
Investment <sup>3</sup>	<b>1,826.4</b>	52.7	3,365.7%
Corporate <sup>3</sup>	<b>(679.3)</b>	(87.2)	679.0%
	<b>2,010.3</b>	861.3	133.4%
<b>Profit/(loss) attributable to owners of the Company</b>			
Fees and interest based	<b>424.2</b>	433.5	-2.1%
Investment <sup>3</sup>	<b>1,826.5</b>	55.8	3,173.3%
Corporate <sup>3</sup>	<b>(657.6)</b>	(111.6)	489.2%
	<b>1,593.1</b>	377.7	321.8%
<b>Excluding non-recurring items<sup>4</sup> (net of non-controlling interest):</b>			
DTA Written off	<b>22.9</b>	55.9	-59.0%
Withholding tax on dividends declared from PRC subsidiaries	<b>9.0</b>	-	N/A
Exchange loss from liquidation of subsidiaries	<b>61.1</b>	29.0	110.7%
<b>Adjusted profit attributable to owners of the Company</b>	<b>1,686.1</b>	462.6	264.5%
<b>Basic earnings per share</b> (HK cents)	<b>81.4</b>	19.3	321.8%
<b>Second Interim dividend</b> (HK cents)	<b>15.0</b>	14.0	7.1%
<b>Book value per share (HK\$)</b>	<b>11.4</b>	10.8	5.6%

While global financial conditions stabilised in 2025, the business environment remained fragmented amid ongoing trade tensions and uneven growth. Despite these challenges, overall economic activity surpassed expectations, as labour markets remained robust, primary equity markets reopened for new issues and sustained capital investment provided meaningful tailwinds.

Having completed our strategic transformation, as a principal-led alternative investment platform, we naturally benefit from market volatility and, additionally, given our prudence, we operate from a position of capital strength and ample liquidity. In short, the flexibility offered by this has allowed us to capture opportunities in volatile markets, for the benefit of ourselves and our clients, and thus drive recurring revenue growth, and ultimately enhance long-term shareholder value.

Going forward, with this renewed focus, we expect to continue to increase our shareholder value by systematically monetising our alternative investment capabilities through the provision of solutions for our clients, our investment partners and our principal investment teams.

Profit attributable to the owners of the Company was HK\$1,593.1 million, an over 3 times increase YoY (2024: HK\$377.7 million). The strong recovery was primarily driven by Investment business, where increased exit events and a more favourable market sentiment towards China related assets contributed to robust gains. Basic earnings per share was HK81.4 cents (2024: HK19.3 cents).

The Board has declared a second interim dividend of HK15 cents per share for the year ended 31 December 2025 (2024: HK14 cents per share), increased by 7.1% YoY. During the year, the Group repurchased medium-term notes ("MTN") totalling US\$26.2 million (2024: US\$37.9 million).

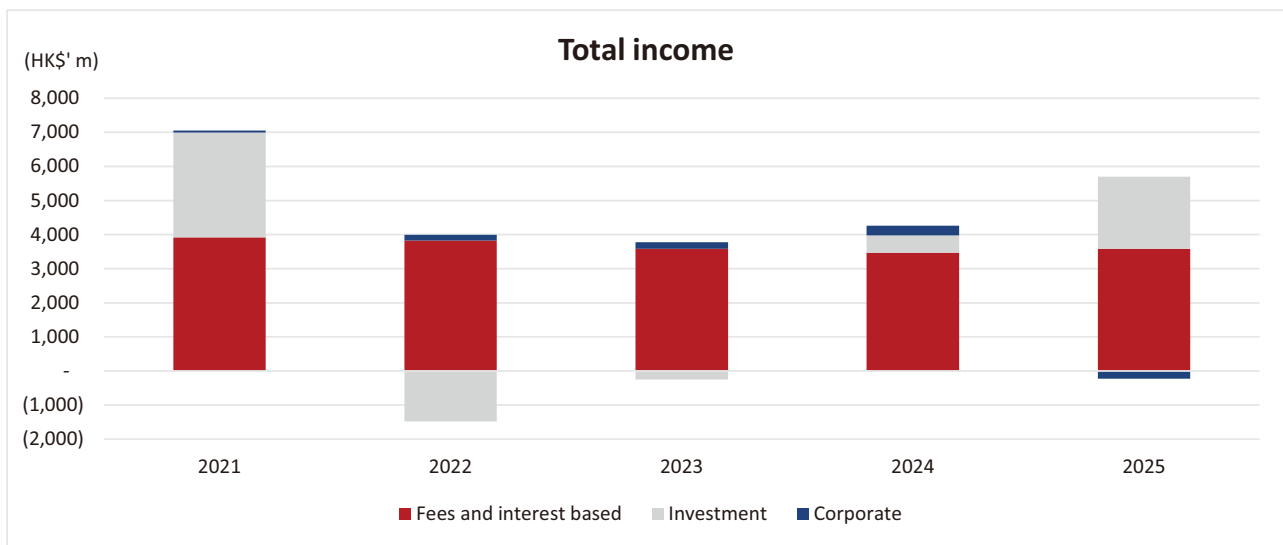
As of 31 December 2025, the Group's book value per share was HK\$11.4, an increase of 5.6% from the end of 2024 (HK\$10.8).

- To better reflect each segment's revenue generating model, we grouped our business segments as follows:
  - Fees and interest based: Credit and Alternative Solutions (formerly known as Funds Management)
  - Investment: Investment Management
  - Corporate: Group Management and Support, or GMS
 Certain items previously grouped under Investment Management have been reclassified to GMS
- We reclassified net gain/(loss) on financial assets and liabilities at fair value through profit and loss as well as dividends from listed and unlisted investments as net investment income starting from the reporting period beginning 1 January 2025.
- Re-presented for 2024 as we discontinued the internal cost of capital charged by GMS to Investment Management since 2025, and allocated finance cost between the two segments based on their respective average asset balance.
- Items that are non-cash and/or non-operating in nature are presented separately and excluded to arrive at the adjusted profit attributable to owners of the Company. We believe this allows for a clearer representation of the financial results derived from our core operations.

## Results Analysis

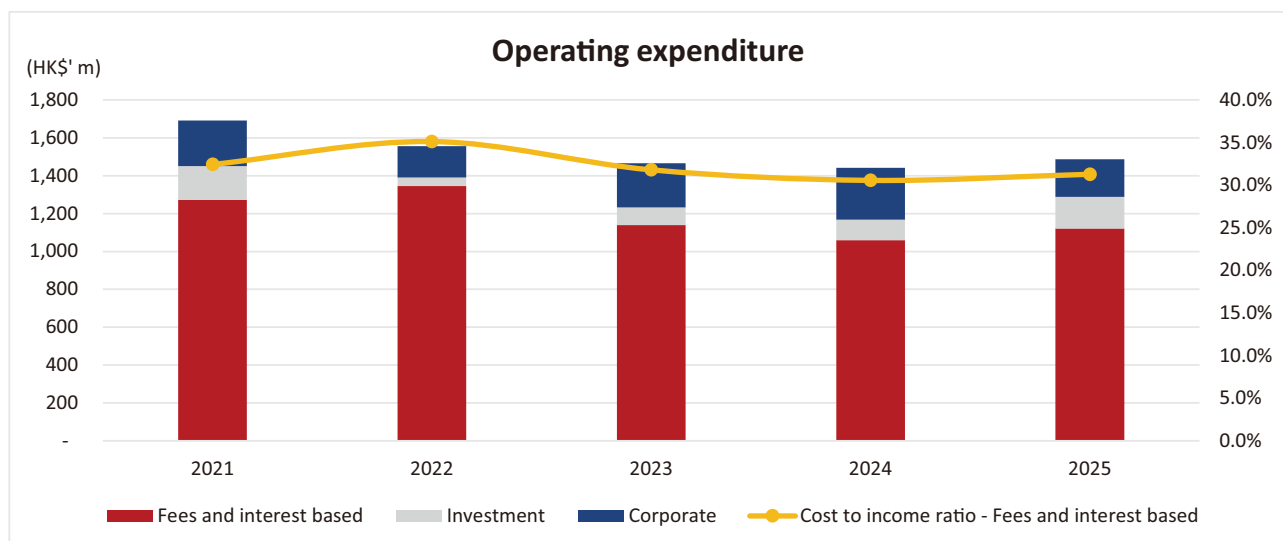
The Group's total income in 2025 was HK\$5,473.6 million (2024: HK\$4,262.3 million). Fees and interest-based businesses, which include Credit and Alternative Solutions (formerly known as Funds Management) segment, collectively contributed HK\$3,584.6 million (2024: HK\$3,467.2 million). Investment business recorded HK\$2,115.2 million (2024: HK\$439.6 million), and the Group Management and Support incurred a loss of HK\$226.2 million (2024: gain of HK\$355.5 million). Loss in Group Management and Support is mainly due to the unrealised loss of certain corporate projects.

Below table summarizes the trend of total income in last five years:

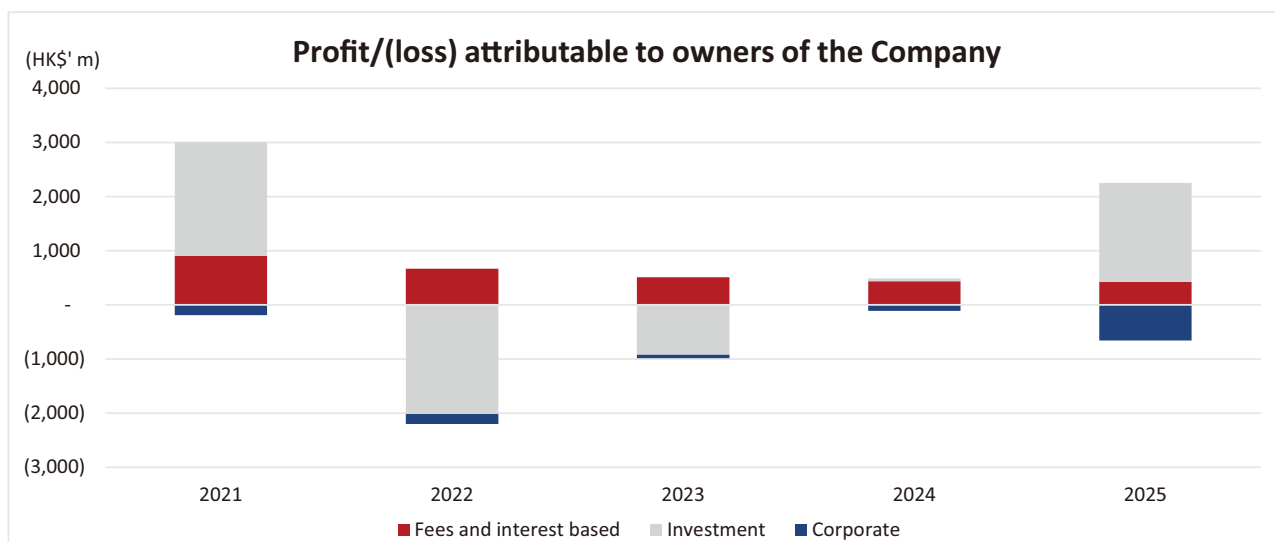


Operating costs were HK\$1,486.1 million (2024: HK\$1,441.4 million), an increase of 3.1% YoY. When looking at the cost-to-income ratio of the fees and interest-based businesses was 31.2% (2024: 30.6%). We have consistently maintained our disciplined expense management.

Below table summarizes the trend of total operating costs in last five years:



Profit attributable to the owners of the Company was HK\$1,593.1 million, an over 3 times increase YoY (2024: HK\$377.7 million). EBIT was HK\$2,671.9 million (2024: HK\$1,780.0 million), an increase of 50.1% YoY. Below table summarises the trend of profit/(loss) attributable to the owners of the Company in last five years:



## Business Review

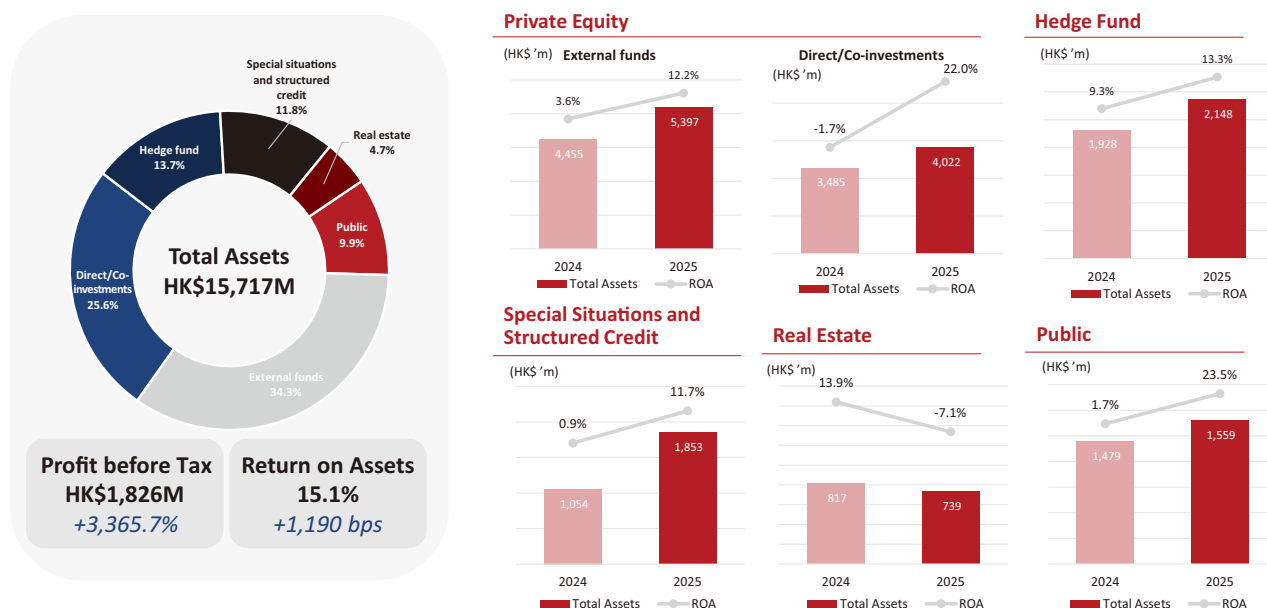
### Segment Information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 6 to the consolidated financial statements.

### Investment Management

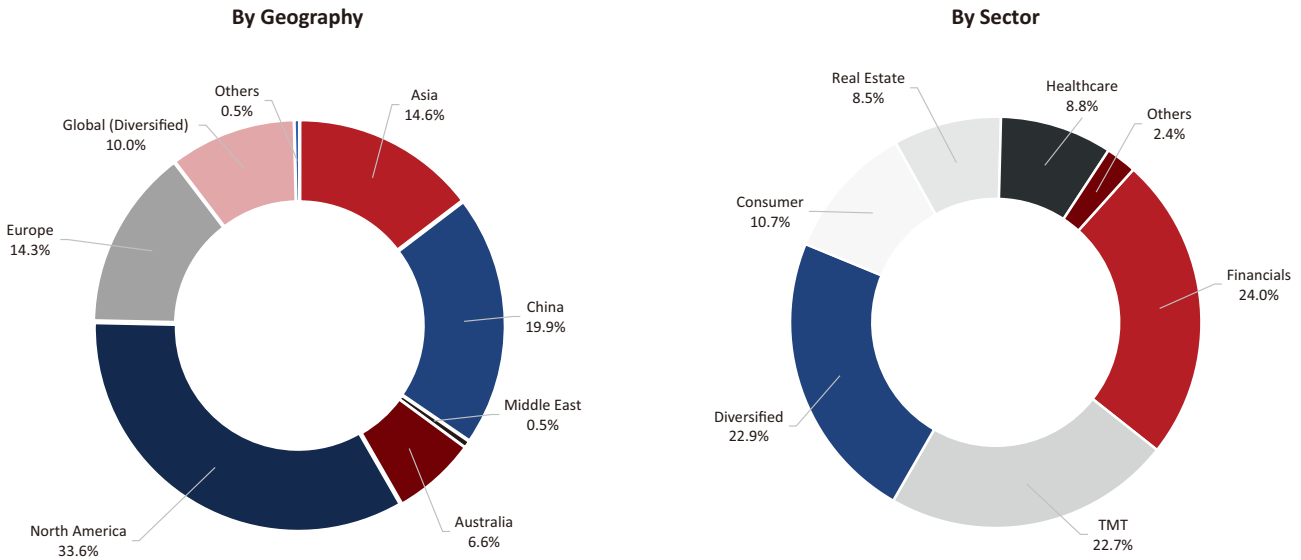
The Investment Management business recorded a profit before tax of HK\$1,826.4 million (2024: HK\$52.7 million). The significant increase compared to 2024 was due to the increase in net investment income from nearly all the asset classes.

As at the end of 2025, the segment's investment balance stood at HK\$15,717.4 million (2024: HK\$13,217.3 million). The portfolio is led by Private Equity external funds and direct/co-investments, which comprise 59.9% (2024: 60.1%) of the total. Throughout the year, we deliberately increased our exposure to the Special Situations and Structured Credit asset class aiming to position the portfolio for downside-protected returns whilst keeping exposure to upside asymmetry.



MANAGEMENT DISCUSSION AND ANALYSIS

The portfolio is well diversified by geography and by sector, and managed using total portfolio approach.



In 2025, the key contributor to our investment income was from the Private Equity segment. The recovery of investment capital was driven by liquidity events (such as IPO, M&A, etc.), allowing us to unlock the embedded value in the investment portfolio by secondary sales and ongoing distribution receipts. Of our HK\$9.4 billion Private Equity portfolio, approximately HK\$2 billion is already publicly listed, offering us liquidity flexibility.

Our Special Situations and Structured Credit segment also delivered strong performance with income profit primarily driven by our co-investment in a US-based payments business and a European hotel platform.

Alternative Solutions

Sun Hung Kai Capital Partners Limited (“SHKCP”) serves as the Group’s regulated entity for its Alternative Solutions platform (formerly known as Funds Management). This renaming reflects the segment’s expanded scope, which encompasses a broader range of activities focused on providing alternative investment solutions for clients’ capital and GP investment partners.

**HK\$24,607m**

**Total AUM\***

+56.7%

**HK\$104m**

**Fee Income**

+83.4%

**HK\$63m**

**Profit before Tax**

+28.8%

Existing and Upcoming Partnerships

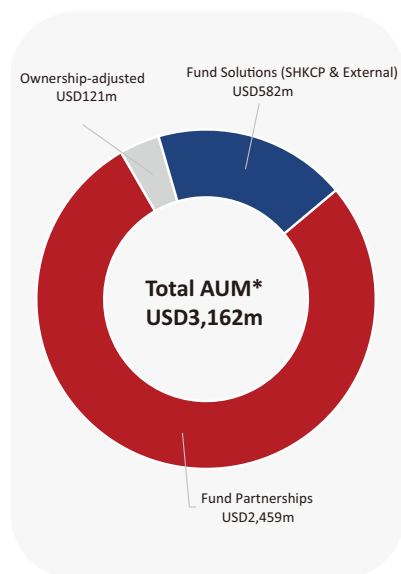


WENTWORTH



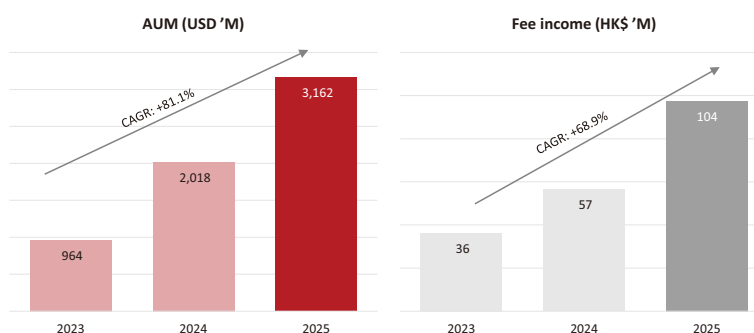
\* Definition of the Total AUM please refer to page 15 of this annual report

The Alternative Solutions business recorded a pre-tax profit of HK\$63.1 million (+28.8% YoY). Accelerating growth in fee income (+83.4% YoY) and AUM are the main drivers, partly offset by the increase of operating and reorganisation costs associated with winding down of the MCIP fund and time taken to ramp up our investments with Wentworth.



SHKCP has achieved almost 60% growth in the Total AUM\*, reaching US\$3.2 billion amid 2025's challenging fundraising environment. This strong growth was attributed to net capital inflows, the robust market performance across nearly all strategies and as well as new strategic partnerships.

AUM (USD 'M)	Beginning AUM	Net Cashflow	Market	Ending AUM
<b>Fund Partnerships</b>	1,310	877	272	<b>2,459</b>
<b>Fund Solutions (SHKCP &amp; External)</b>	590	(53)	45	<b>582</b>
<b>Ownership-adjusted</b>	118			<b>121</b>
<b>Total AUM*</b>	<b>2,018</b>	<b>824</b>	<b>317</b>	<b>3,162</b>



Building on our strategic investment into Wentworth in the beginning of 2025, we deepened our partnership by seeding its newly established Australian real estate private credit platform which launched in December 2025. We also committed to co-invest in the take private of Janus Henderson, a leading global asset manager with a 91-year heritage through our partnership with Triam Partners and General Catalyst in December. In addition, our strategic partnership with Mubadala Capital – the asset management arm of Mubadala Investment Company – has created a powerful conduit for privileged access to the deal flows and co-investment opportunities of the Abu Dhabi sovereign wealth fund. We also continue to build out our partnership with GAM to leverage its established European distribution network for our funds, opening new avenues for growth and fostering synergies with our platform's General Partners. Together, these new investments and partnerships continue to build out our alternative investment ecosystem to access differentiated investment opportunities for ourselves, as well as, for our ultra-high-net-worth and institutional investors that have joined our platform.

\* "Total AUM" refers to total value of the following:

1. Assets managed by SHKCP's fund partners, with which seeding arrangements have been entered into;
2. Assets managed by SHKCP, as well as assets under advisory and dealing/distribution services by SHKCP;
3. Ownership adjusted AUM of managers in which SHK & Co. has equity stakes.

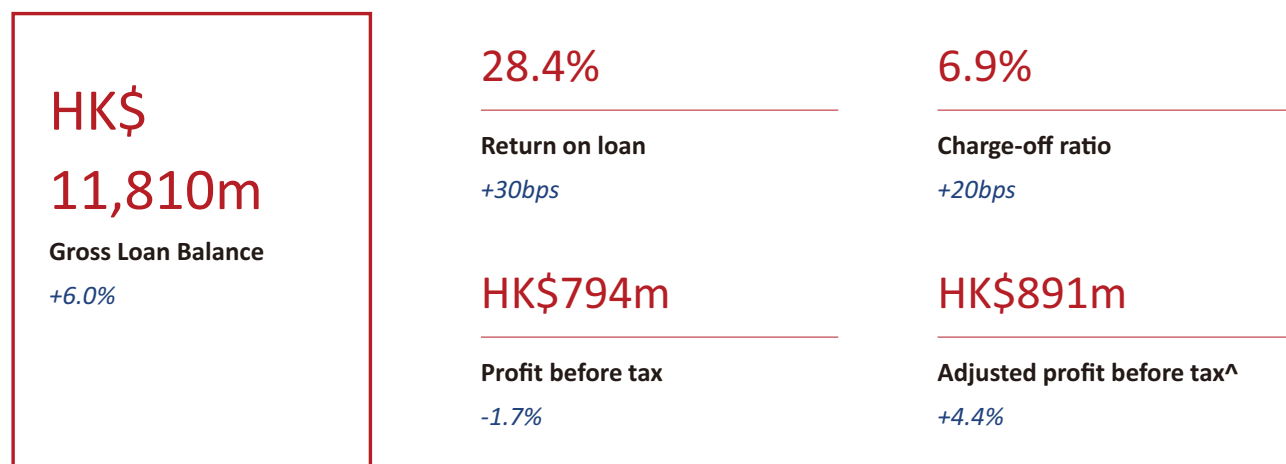
Please note that (1) our methodology for determining AUM reflects our different business lines and is based on our economic interests and/or control in the assets, this differs from the methodology for calculating our AUM for regulatory filings; and (2) we rely on the AUM figures reported by third party managers, who may apply different methodologies, assumptions and valuation approaches in determining their respective AUMs.

## MANAGEMENT DISCUSSION AND ANALYSIS

## Credit Business

The Group's Credit business principally operates in the Greater China region, where it is subject to the impact of local economic conditions, financing costs, and regulations.

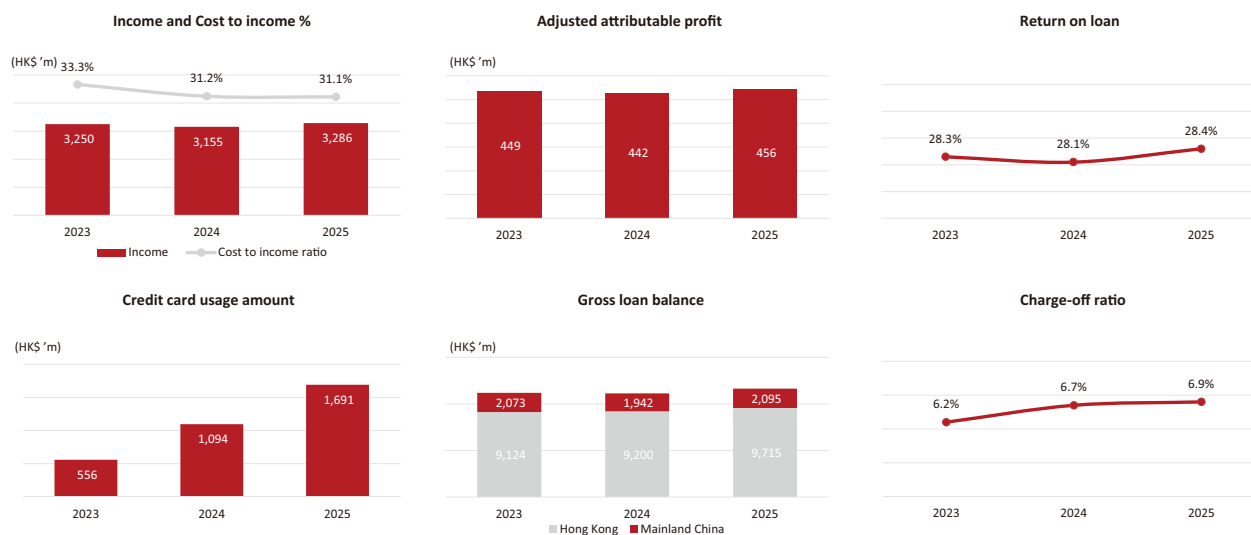
## Consumer Finance



<sup>^</sup> After excluding non-recurring items that are non-cash and/or non-operating in nature.

Our Consumer Finance business, conducted by United Asia Finance Limited ("UAF"), recorded a pre-tax profit of HK\$793.5 million (2024: HK\$807.3 million).

During the year, its business in Hong Kong generated growth in both profitability and transaction volume. UAF tightened its measures to mitigate credit risks and manage loan charge-offs. Its SIM credit card operations delivered solid results supported by a substantially expanded customer base with increase in transaction volume. In 2025, UAF launched the Loan-on-Card service, enabling credit card customers to access cash advances against their approved credit limits. In view of the challenging operating conditions in Mainland China, it continued to reduce operating costs and focused on its shift from unsecured to secured lending. As at 31 December 2025, the consolidated consumer finance gross loan balance amounted to HK\$11,810.1 million. There were 12 branches in Mainland China and 45 branches in Hong Kong. Improved financial results and key ratios over a three-year period are shown in the diagrams below.



## Mortgage Loans

<p><b>HK\$1,061m</b></p> <p><b>Servicing Portfolios</b> +34.3%</p>	<p><b>HK\$4m</b></p> <hr/> <p><b>Loan servicing income</b> +2,050.0%</p>	<p><b>6.6%</b></p> <hr/> <p><b>Net impairment losses ratio</b> +340bps</p>
<p><b>HK\$1,233m</b></p> <p><b>Direct Lending</b> -42.5%</p>	<p><b>HK\$7m</b></p> <hr/> <p><b>Profit before tax</b> -83.3%</p>	<p><b>10.0%</b></p> <hr/> <p><b>Return on loan</b> +30bps</p>

Our Mortgage Loan business, conducted by Sun Hung Kai Credit Limited ("SHK Credit"), recorded a pre-tax profit of HK\$6.6 million (2024: HK\$39.5 million). It decreased materially from last year due to the drop in loan book size and increase of impairment losses made for the year. The return on loans improved to 10.0%, indicating enhanced profitability despite prevailing market pressures.

In recent years, Hong Kong developers have sought to optimise their balance sheets by offloading mortgage portfolios and simplifying loan administration. In response, SHK Credit extended into Mortgage Servicing Business in late 2024. Within months, it was appointed servicer for two portfolios totalling US\$170 million, owned by developers and institutional investors. We will continue to build out our capabilities as we expand the credit business to serve more institutional clients and property developer partners apart from individual borrowers.

## Outlook

There is no doubt that global uncertainties are set to persist into 2026, with ongoing trade negotiations and geopolitical tensions and the onslaught of AI disruption continuing to shape the economic environment. With a clear strategy in place and strong alignment across our three business segments, we will maintain our focus on capital efficiency and prudent risk management as we navigate volatile markets.

We will remain agile and vigilant, adapting to market developments and seeking quality opportunities for superior risk-adjusted returns. Our focus on integrated capabilities and strategic partnerships will enable us to access a deep and broad array of investment talent to enable us to serve our clients and partners more effectively, ensuring the Group continues to thrive and deliver long-term shareholder value.

## Long Term Corporate Strategies

The Group focuses on building systematic and repeatable growth to deliver shareholder value consistently.

To achieve our goals, the Company has set the following long-term strategies:

### SHK & Co. Business Objectives

- Seek to partner with excellent alternative investment talent in an aligned manner
- Produce superior long-term risk-adjusted returns through our Credit, Investment Management and Alternative Solutions businesses
- Be a trusted and principal-led leader in alternative investing serving ultra-high-net-worth families and institutions
- Build trusted, aligned and long-term relationships with all stakeholders

### Core Principles

- Reliable, fair, consistent and transparent communication and relationships with all stakeholders
- Robust risk management policy with regular evaluation of risk factors
- Flexible, diverse, inclusive and open culture to attract and retain talents
- Investing in our communities and protecting the environment

## MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### Financial Resources, Liquidity, Capital Structure and Key Performance Indicators

(HK\$ Million)	31 Dec 2025	31 Dec 2024	Change
<b>Capital Structure</b>			
Equity attributable to owners of the Company	<b>22,338.2</b>	21,147.5	5.6%
Total cash	<b>4,978.1</b>	5,007.2	-0.6%
Total borrowings <sup>1</sup>	<b>10,738.3</b>	11,612.3	-7.5%
Net debt <sup>2</sup>	<b>5,760.2</b>	6,605.1	-12.8%
Net debt to equity ratio <sup>3</sup>	<b>25.8%</b>	31.2%	
<b>Liquidity</b>			
Interest cover <sup>4</sup>	<b>4.04</b>	1.94	108.2%
<b>Return Ratios</b>			
Return on assets <sup>5</sup>	<b>4.8%</b>	1.5%	
Return on equity <sup>6</sup>	<b>7.3%</b>	1.8%	
<b>Key Performance Indicator</b>			
Book value per share (HK\$)	<b>11.4</b>	10.8	5.6%
Dividend per share (HK cents)	<b>27</b>	26	3.8%

<sup>1</sup> Bank and other borrowings and notes payable

<sup>2</sup> Total borrowing minus total cash

<sup>3</sup> Net debt/equity attributable to owners of the Company

<sup>4</sup> Earnings before interest and tax/interest expense

<sup>5</sup> Profit including non-controlling interests/average assets

<sup>6</sup> Profit attributable to owners of the Company/average equity attributable to owners of the Company

The Group manages its capital to ensure it continues as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. As at 31 December 2025, the Group's total cash remained at similar level when compared to 2024. Total borrowings and net debt decreased due to the repayment during the year. 78.3% of the total borrowings was repayable within one year which was partly refinanced after the end of the reporting period (31 December 2024: 59.2%). The Group maintained a balanced mix of funding from various sources. Bank and other borrowings accounted for 74.3% of total borrowings (31 December 2024: 73.6%) and were mainly at floating interest rates, primarily denominated in Hong Kong dollars and US dollars. The remaining is 5% 2026 notes with nominal value of US\$350.1 million as at 31 December 2025 which the Group repurchased an aggregate principal amount of US\$26.2 million during the year. The repurchased notes were cancelled. There were no known seasonal factors in the Group's

borrowing profile. For the foreign currency risk management, the Group maintained foreign currency positions to manage its present and potential operating and investment activities. Part of the non-US or non-HK dollar investment assets were hedged against currency fluctuations. Exchange risks were closely monitored by the Group and held within monitored ratios.

For the financial ratios, when compared to 2024, net gearing ratio decreased and interest cover was improved. Both return on equity and return on assets were improved as a result of better financial performance.

### Significant Investments

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31 December 2025.

### Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During 2025, the Group had no material acquisitions and disposal of subsidiaries, associates and joint ventures.

### Important Events After the End of the Financial Period

In January 2026, the Group completed issuance of US\$250 million of 6.75% 2029 notes. For the 5% 2026 notes, a settlement of tender offer was completed with US\$152.0 million in principal amount of the notes were purchased and redeemed by the Company and have been cancelled. US\$198.1 million of the aggregate principal amount of the 2026 notes remain outstanding.

Other than the above, there are no important events affecting the Group which have occurred after the end of the financial period ended 31 December 2025 and up to the date of this report that requires disclosure.

### Charges on Group Assets

Properties of the Group with a total book value of HK\$591.0 million and investments funds invested by the Group with a total book value of HK\$1,741.0 million were pledged by subsidiaries to banks for facilities granted to them as at 31 December 2025. No secured loan was drawn down as at 31 December 2025.

As at 31 December 2025, no mortgage loans receivable was pledged for a securitisation financing transaction (31 December 2024: HK\$156.3 million).

### Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2025.

## People & Culture

As at 31 December 2025, the Group employed 926 staff (31 December 2024: 978), with 77 in corporate and Investment Management roles and the remainder in UAF and SHK Credit. The reduction was mainly due to UAF's branch consolidation and the expansion of our online presence in our consumer finance sector. Staff costs rose to HK\$643.1 million (2024: HK\$593.2 million), reflecting improved Group performance.

Compensation structures are tailored by role, combining base salary with bonuses or performance incentives. The Group also offers competitive benefits, including enhanced medical and dental coverage and an Unlimited Annual Leave policy. Under the Employee Ownership Scheme ("EOS"), 4,251,000 shares were granted to selected employees and directors during the year, with 1,282,000 shares vested in 2025. Outstanding EOS shares totaled 5,166,000 as at 31 December 2025.

### Key people initiatives include:

- Comprehensive health, wellness, and insurance benefits
- Flexible work arrangements (remote/hybrid)
- Market-competitive pay, bonuses, and equity
- Career development and training programs
- A collaborative, inclusive culture with regular engagement surveys
- Investment in learning platforms and personalized development budgets
- Sponsorship of specialized courses for key talent

These initiatives support our goal to be an employer of choice, fostering a high-performance, engaged, and sustainable workforce.

## Relevant Laws & Regulations

The Group is committed to complying with laws and regulations that govern our businesses. As a Hong Kong incorporated

company listed on the Stock Exchange of Hong Kong, we abide by the relevant laws and regulations in Hong Kong including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Securities and Futures Ordinance.

The Group has built a strong compliance culture over the years. Internal policies and procedures have been put in place to regulate the Group's activities. A variety of trainings on regulations and compliance matters are also provided internally or through professional institutions.

The Alternative Solutions business which holds licences from the Hong Kong Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) in Hong Kong comply with the Securities and Futures Ordinance and all applicable SFC rules and regulations. We have also strengthened our compliance and risk monitoring framework to protect the interests of investors. Additional third-party compliance consultants and fund administrators were contracted to conduct extensive compliance work for the funds.

Our consumer finance and mortgage loan businesses in Hong Kong are governed by the Money Lenders Ordinance, Cap. 163 of the Law of Hong Kong. The lending business in the PRC is operated in accordance with the requirements of the national government, based on policy guidelines including "Guiding Opinions of the China Banking Regulatory Commission ("CBRC") and the People's Bank of China ("PBOC") on the Pilot Operation of Small Loan Companies" (CBRC Issuance [2008] No. 23), as well as "Interim Measures for Supervision and Administration of Small Loan Companies" (NFRA regulation [2024] No. 26). It also follows the Special Rectification Documents of their special working group on cash loans, online small loans and P2P loans, including "Notice on Printing and Distributing the Implementation Plan for the Special Rectification of the Risks of Online Small Loan Business Conducted by Small Loan Companies (Online Loan Rectification Letter [2017] No. 56)", "Notice on the Special Rectification and Acceptance for the P2P Online Lending Risks (Online Loan Rectification Letter [2017] No. 57)", and "Notice on Regulating and Rectifying the "Cash Loan" Business (Rectification Office Letter [2017] No. 141)".

During the reporting year, the Group was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact on the Group. For further details, please refer to "Legal & Compliance Risk" in Risk Management Report.

## RISK MANAGEMENT REPORT

### Risk Management

Effective risk management is important to achieve our strategic goals. We manage risk across multiple domains, including but not limited to strategic, credit, market, liquidity, operational, legal, compliance and tax, external, and human resources risks. Business operations are managed in line with risk appetite tolerances set by the Board.

Our objectives include producing attractive risk-adjusted returns through Credit, Investment Management and Alternative Solutions businesses; seeking new business opportunities leveraging its extensive networks and robust financial position; building trusted relationships with all stakeholders; and generating strong financial results with a mid-to-long term focus and consistent leadership. Our corporate values are Endure, Adapt, Excel which support reliable, consistent, and transparent communication with investors and stakeholders; robust risk management culture with a regular evaluation of risk factors; a flexible, diverse, inclusive and open culture to attract and retain talent; and investing in its communities and protecting the environment. Having completed the strategic transformation, our diversified and complementary platforms are increasingly creating synergies, driving recurring revenue growth, and enhancing long-term shareholder value.

We aim to maintain sufficient capital and liquidity to meet our regulatory and operational obligations, which require us to have financial resources to cover potential losses and liquidity needs from the volatility of the market. As a business, we need to maintain adequate liquidity for working capital and funding strategic development objectives while ensuring the appropriate balance between risk and shareholder returns. We aim to maintain stakeholder trust by avoiding business practices that could lead to reputational damage or harm to us. Therefore, we seek to operate within all relevant rules and regulations and to avoid disruptions to our business operations that would have a negative impact on stakeholders.

### The Risk Management Framework

We adopt a comprehensive approach to risk management. The Risk Management Committee of the Board (“Risk Committee”), a standing committee reporting to the Board, acts to oversee our risk management and monitors internal controls. The Risk Committee considers the principal risks by identifying the nature and extent of significant risks and ensures critical judgments and decisions on risk control are taken. Internal audits are carried out periodically to examine internal controls.

### Risk Governance

Our risk governance structure is based on a “Three Lines of Defence” model, with oversight and directions from the Board, the Risk Committee, and our Management through the Group Enterprise Risk Management (“ERM”) Coordinator.



## Risk Management Process

Our ERM Framework, approved by the Board, mandates a consistent and effective approach applied across the Group to manage the risks associated with its business and operations.

The following illustrates the key processes adopted under the Group ERM Policy:

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7
<b>Establish Context</b>	<b>Risk Identification</b>	<b>Risk Analysis</b>	<b>Risk Evaluation</b>	<b>Risk Treatment</b>	<b>Risk Mapping and Aggregation</b>	<b>Risk Monitoring and Reporting</b>
Determine the scope and extent of the risk assessment process	Business functions identify the risks that potentially impact the key processes of their operations	Prepare the likelihood estimation and consequence analysis	A Risk Heat Map is prepared based on the risk ratings	Mitigate the risks in particular when the risks are rated as Critical or High, as appropriate	Measure the amount of risk taken by individuals/ businesses and the process of aggregating them across	Monitor the risks and the mitigating activities regularly. Regular reporting for the Board/ management oversight

The Risk Committee identifies principal risks by considering an array of aspects such as business strategy, financial position, our operating environment, human resources risk and external risk factors including economic conditions, major regulations and government policies. Our principal risks are reviewed and updated by the Risk Committee annually, with a focus on identifying those risks that could threaten business development, operational and financial performance, our treasury management and credit management. Emerging risks affiliated to principal risks are also monitored on an ongoing basis to assess any potential impact on us and to determine whether any actions are required.

## Summary of Work During the Year

Key developments in our risk management practices have been made during the year, which include:

1. **Improvement of controls:** Additional controls have been implemented, and existing controls have been strengthened, leading to a reduction in overall risk levels. These measures enhance our ability to identify, assess and manage risks, thereby safeguarding our operations and assets.
2. **Staff awareness on risk and controls:** Ongoing efforts have been made to increase staff awareness and understanding of risk management and internal controls. This includes the organisation of risk training sessions such as cybersecurity tabletop exercise, business continuity plan training, distribution of regular ERM updates and implementation of call tree test.
3. **Enhancement of electronic risk management system and the content of reporting:** Continuous enhancement of the electronic risk management system has been carried out along with more efficient collection of information and preparation of reporting.
4. **We maintain a vigilant approach in monitoring both emerging risks and existing risks through regular Risk Committee meetings.** During these quarterly meetings, in-depth discussions are conducted to address specific risks that we deem of high importance or are emerging. By proactively assessing and analysing these risks, we ensure a comprehensive understanding of potential challenges and can implement and/or improve risk mitigation strategies.

These initiatives collectively demonstrate our commitment to proactive risk management, an enhanced control environment and the continuous improvement of risk-related policies and practices.

## Outlook

Looking ahead to the next financial year, we will continue to monitor the impacts of the relevant risks with a particular focus on the potential impact of emerging risks. We will continue to refine our cyber security, data governance, artificial intelligence and business continuity and resilience risk framework to ensure that we maintain proper procedures and controls that effectively mitigate the corresponding risks and ensure ongoing resilience. Overall, we will keep strengthening the risk and control environment.

## Principal Risks

We face a number of principal risks and uncertainties that, if not properly managed, could create an exposure for the Group. Thorough risk assessment and mitigation help ensure these risks are well managed and governed effectively with focus on the following principal risks.

Principal risks	Risk Description	Key controls and mitigation
Strategic risk	<ul style="list-style-type: none"> <li>– Strategic risk that jeopardises the achievement of corporate objectives and values.</li> </ul>	<ul style="list-style-type: none"> <li>– Analyze industry trends and competitors.</li> <li>– Monitor and prepare analysis on changes in regulations affecting the Group.</li> </ul>
Credit risk	<ul style="list-style-type: none"> <li>– Borrower or counterparty fails to meet obligations.</li> </ul>	<ul style="list-style-type: none"> <li>– Underwriting and investment policies and systems.</li> <li>– Implement default management and recovery procedures.</li> <li>– Establish an experienced credit risk management function within the Group.</li> </ul>
Market risk	<ul style="list-style-type: none"> <li>– Market price movements and potential losses due to financial performance. Market risk includes interest rate risk, foreign exchange risk, equity risk, commodity risk and valuation risk.</li> </ul>	<ul style="list-style-type: none"> <li>– Maintain diversified funding sources, review asset pricing.</li> <li>– Hedge foreign exchange and equity risk where appropriate and in accordance with policy.</li> </ul>
Liquidity risk	<ul style="list-style-type: none"> <li>– The risk that an asset might not be able to be liquidated according to the investment strategy or we are unable to meet any payment obligations.</li> </ul>	<ul style="list-style-type: none"> <li>– Manage a variety of funding sources.</li> <li>– Maintain appropriate levels of liquid assets and committed/uncommitted bank lines.</li> <li>– Use stress tests and liquidity ratios to ensure adequate liquidity.</li> </ul>
Operational risk	<ul style="list-style-type: none"> <li>– Risk from multiple sources, including fraud, failure in processes and procedures, and technology and systems.</li> </ul>	<ul style="list-style-type: none"> <li>– Clearly segregate duties and responsibilities.</li> <li>– Monitor reliability of systems and data regularly.</li> <li>– Provide training sessions to employees to increase awareness of cyber risk.</li> <li>– Ensure proper information security policy and contingency planning in place.</li> </ul>

## RISK MANAGEMENT REPORT

Principal risks	Risk Description	Key controls and mitigation
Legal, compliance and tax risk	<ul style="list-style-type: none"> <li>– Failure to comply with applicable laws; failure to comply with contractual obligations, failure to license, failure to supervise and ensure high standards of conduct and integrity to meet regulatory expectations.</li> </ul>	<ul style="list-style-type: none"> <li>– Conduct legal review of contracts.</li> <li>– Monitor and review changes to applicable laws and regulations.</li> <li>– Enhance compliance policies.</li> <li>– Educate staff on regulatory changes and internal policies.</li> </ul>
External risk	<ul style="list-style-type: none"> <li>– Activities of major competitors, as well as domestic and international political, economic, societal and environmental conditions.</li> </ul>	<ul style="list-style-type: none"> <li>– Monitor news and comments in traditional and social media.</li> <li>– Collect stakeholders' feedback through an annual survey.</li> <li>– Review products, competitiveness and suitability regularly.</li> </ul>
Human resource risk	<ul style="list-style-type: none"> <li>– Employee-related risks that might impact performance.</li> </ul>	<ul style="list-style-type: none"> <li>– Focus on improving approach and process of managing employees by offering professional development, competitive compensation and benefits, supportive working environment and culture.</li> <li>– Remain aware of competitive labor market, focus on talent and leadership development.</li> </ul>

More information about the climate-related risks faced by the Group is set out in the 2025 ESG Report.

# CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance within a sensible framework, with an emphasis on the principles of integrity, transparency, accountability and independence. The Board of Directors of the Company (the “Board”) believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholder’s value. The Company has established a long-term business strategy in order to generate long-term risk adjusted returns for the shareholders of the Company (the “Shareholders”). Details can be found in the “Chairman’s Letter”, “Management Discussion and Analysis” and “Environmental, Social and Governance (ESG) Report” sections of this Annual Report.

## Corporate Governance Code

In light of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Board has reviewed the corporate governance practices of the Company with the adoption of various enhanced procedures which are detailed in this report. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the year ended 31 December 2025, except for certain specific deviations as set out below with explanation for such deviations. The Board has reviewed the practices at least annually and made appropriate changes if considered necessary.

## The Board

During the year 2025 and up to the date of this report, the composition of the Board is set out as follows:

### Executive Directors:

Lee Seng Huang  
*(Group Executive Chairman)*  
Antony James Edwards  
*(appointed on 21 March 2025)*  
Brendan James McGraw

### Non-Executive Directors:

Simon Chow Wing Charn  
Peter Anthony Curry

### Independent Non-Executive Directors:

Evan Au Yang Chi Chun  
David Craig Bartlett  
Alan Stephen Jones  
Vivian Alexa Kao  
Jacqueline Alee Leung  
Wayne Robert Porritt  
William Thomas Royan  
*(appointed on 21 March 2025)*

The brief biographical details of the current Directors, including their length of tenure, current period of appointment, are set out in the “Profiles of Directors” section of the Directors’ Report of this Annual Report. A list of Directors and their Roles and Functions is also available on the websites of the Stock Exchange and the Company.

## Board Process

As at the date of this report, the Non-Executive Directors of the Company (“NEDs”) (seven of whom were Independent Non-Executive Directors (“INEDs”)) provided the Company and its subsidiaries (collectively the “Group”) with a wide range of expertise and experience. Their active participation in Board and committee meetings brought independent judgment on issues relating to the Group’s strategy, performance and management process, at the same time taking into account the interests of all Shareholders.

Throughout the year and up to the date of this report, at least one of the INEDs has the appropriate professional qualifications or accounting or related financial management expertise specified under Rule 3.10(2) of the Listing Rules. The Board has received from each INED an annual confirmation of his/her independence and considers that all the INEDs are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operations and financial performance of the Group. The Board also meets to review and approve the Group’s annual and interim results and other ad hoc matters which need to be dealt with by the Board. Relevant senior executives and team heads are invited to attend Board meetings to make presentations and answer the Board’s enquiries.

## CORPORATE GOVERNANCE REPORT

During the year, four Board meetings were held. Directors may participate in such meetings in person, via telephone or video-conferencing. The individual attendance records of each Director at the meetings of the Board, the Nomination Committee, the Remuneration Committee, the Audit Committee, the Risk Management Committee, the Environmental, Social and Governance Committee (also known as the ESG Committee) and the annual general meeting of the Company during the year ended 31 December 2025 are set out as follows:

Name of Directors	Number of meetings attended/held						Annual General Meeting
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Risk Management Committee	ESG Committee	
<b>Executive Directors:</b>							
Lee Seng Huang	4/4	1/1					1/1
Antony James Edwards <sup>1</sup>	3/3				5/5	3/3	1/1
Brendan James McGraw <sup>2</sup>	4/4			4/4	5/5	3/3	1/1
<b>Non-Executive Directors:</b>							
Simon Chow Wing Charn	4/4						1/1
Peter Anthony Curry	4/4			4/4			1/1
<b>Independent Non-Executive Directors:</b>							
Evan Au Yang Chi Chun	4/4	1/1	1/1	4/4	4/5		1/1
David Craig Bartlett	4/4	1/1	1/1	4/4		3/3	1/1
Alan Stephen Jones	4/4	1/1	1/1	4/4			1/1
Vivian Alexa Kao	1/4				4/5	2/3	1/1
Jacqueline Alee Leung	3/4	1/1	1/1	2/4			0/1
Wayne Robert Porritt	3/4				5/5	3/3	1/1
William Thomas Royan <sup>3</sup>	3/3						1/1

## Notes:

1. Mr. Antony James Edwards was appointed as an Executive Director on 21 March 2025. He has been a member of the Risk Management Committee and the ESG Committee since 19 January 2024 and 21 March 2024, respectively.
2. Mr. Brendan James McGraw is not a member of the Audit Committee, but he attended all of its meetings in his capacity as Group Chief Financial Officer to answer questions from the Committee.
3. Mr. William Thomas Royan was appointed as an Independent Non-Executive Director on 21 March 2025 and as a member of the Risk Management Committee on 19 March 2026.

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, approval of Directors' appointment or re-appointment (based on the recommendations made by the Nomination Committee), material contracts and transactions, corporate governance as well as other significant policies and financial matters. The Board has delegated the daily operations and administration responsibilities to the executive management under the instruction/supervision of the Executive Committee in accordance with its specific written terms of reference. The respective functions of the Board and management of the Company have been formalised and set out in writing. The Board reviews these procedures from time to time to ensure that they are consistent with the existing rules and regulations.

The Board is committed to ensuring independent views and input are available for the Board's discussion. The Chairman of the Board meets at least once annually with INEDs without the presence of other Directors. Regular annual Board meetings are scheduled in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussions in the agenda. The agenda and the accompanying Board papers are normally sent to all Directors at least three days prior to the proposed date of a Board meeting (and so far as practicable for such other Board meetings). In addition, any Director may make a written request to the Chairman of the Board to seek independent professional advice to assist the relevant Director to discharge his/her duties. During the year, the Board has reviewed the implementation and effectiveness of this mechanism to ensure the provision of an independent view to the Board.

The Company Secretary assists the Chairman in preparing the agenda for meetings, and ensures that all applicable rules and regulations are complied with. Draft minutes of each Board meeting are circulated to all Directors for their comments before being tabled at the following Board meeting for approval. Minutes of meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter cannot be dealt with by a written resolution of the Board but will be dealt with by the Board at a duly convened Board meeting. The articles of association of the Company (the "Articles") also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting on the relevant Board resolution and not be counted in the quorum at meetings of the Board for approving any contract or arrangement in which such Director or any of his/her close associate(s) has a material interest. The Board will also follow relevant rules stipulated in the Listing Rules in this regard.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors are continuously updated on major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure has been in place since June 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

## Directors' Continuous Professional Development

For continuous professional development, in addition to Directors' attendance at meetings and review of papers and circulars sent by management, Directors participated in the following activities:

Name of Directors	Reading regulatory updates	Attending seminars (provided by external providers)^	Meeting with business/functional team leads quarterly for business updates, risk management and internal controls
<b>Executive Directors:</b>			
Lee Seng Huang	√	√	√
Antony James Edwards	√	√	√
Brendan James McGraw	√	√	√
<b>Non-Executive Directors:</b>			
Simon Chow Wing Charn	√	√	√
Peter Anthony Curry	√	√	√
<b>Independent Non-Executive Directors:</b>			
Evan Au Yang Chi Chun	√	√	√
David Craig Bartlett	√	√	√
Alan Stephen Jones	√	√	√
Vivian Alexa Kao	√	√	√
Jacqueline Alee Leung	√	√	√
Wayne Robert Porritt	√	√	√
William Thomas Royan	√	√	√

^ Including trainings/briefings/online seminars/conferences relevant to Directors' duties

## Roles of Chairman and Chief Executive

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Under the current organisational structure of the Company, the functions of a chief executive are performed by the Group Executive Chairman, Mr. Lee Seng Huang, in conjunction with the Deputy Chief Executive Officer, Mr. Antony James Edwards (“Mr. Antony Edwards”), and the Group Chief Financial Officer, Mr. Brendan James McGraw (“Mr. Brendan McGraw”). The Group Executive Chairman oversees the Group’s Investment Management business with support from the management team of the division, as well as its interest in United Asia Finance Limited (“UAF”) whose day-to-day management lies with its designated Chief Executive Officer. Mr. Antony Edwards assists the Group Executive Chairman on the strategic development of the Group and providing management oversight support to Alternative Solutions (formerly known as Funds Management) business, whilst Mr. Brendan McGraw assists the Group Executive Chairman to oversee the Group’s financial, operational, treasury and risk management functions.

The Board believes that this structure spreads the workload that would otherwise be borne by an individual chief executive, allowing the growing businesses of the Group to be overseen by appropriately qualified and experienced senior executives in those fields. Furthermore, it enhances communications and speeds up the decision-making process across the Company. The Board also considers that this structure will not impair the balance of power and authority between the Board and management of the Company. An appropriate balance can be maintained by the operation of the Board, which holds at least four regular meetings a year to discuss business and operational issues of the Group.

The Group Executive Chairman is responsible for the leadership of the Board, ensuring that all key and significant issues are discussed by the Board in a timely and constructive manner, all Directors are properly briefed on issues arising at Board meetings, and the Directors receive in a timely manner, adequate information which is accurate, clear, complete and reliable.

The Chairman, the Deputy Chief Executive Officer and the other Directors do not have any financial, business, family, material or other relevant relationships with each other saved as disclosed in the “Profiles of Directors” section of the Directors’ Report of this Annual Report.

## Appointment and Re-Election of Directors

The terms of reference of the Nomination Committee include a nomination procedure specifying the process and criteria for selection and recommendation of candidates for directorships of the Company.

Every newly appointed Director will receive an induction package from the Company Secretary on the responsibilities and ongoing obligations to be observed by a Director pursuant to the Companies Ordinance, Listing Rules and Securities and Futures Ordinance. The package will also include materials briefly describing the operations and businesses of the Company, the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. Senior management will subsequently conduct such briefings as necessary to provide the new Director with detailed information on the Group’s businesses and activities. In addition, a newly appointed Director will also receive legal advice from a firm of solicitors qualified to advise on Hong Kong law by way of a training regarding the functions, duties and obligations required of a director of a company listed on the Stock Exchange and the responsibilities as a Director of the Company, including but not limited to, those set out in the Listing Rules and all other laws and regulations from time to time applicable and in force. Mr. Antony Edwards and Mr. William Thomas Royan were appointed as an Executive Director and an Independent Non-Executive Director of the Company respectively on 21 March 2025. They received training and obtained legal advice separately from a firm of solicitors in Hong Kong on 19 March 2025 and 18 March 2025 respectively, before their appointments became effective, and the Company received their confirmations that they understood their obligations as a director of a listed issuer.

Since 1 January 2023, the NEDs (including the INEDs) of the Company were not appointed for a specific term and shall hold office until terminated by either party by giving to the other not less than one month’s prior notice in writing, and are subject to the relevant provisions of the Articles or any other applicable laws/rules whereby the Directors shall vacate or retire from their offices but are eligible for re-election.

According to Article 94 of the Articles, any Director appointed to fill a casual vacancy shall hold office until the Company's next following general meeting and shall be eligible for re-election. Any Director appointed as an addition to the Board shall hold office until the next following annual general meeting ("AGM") of the Company and shall be eligible for re-election at that meeting. Furthermore, pursuant to Article 103 of the Articles, at each AGM of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at least once every three years. Mr. Antony Edwards and Mr. William Thomas Royan were appointed by the Board with effect from 21 March 2025. They held office until the 2025 AGM held on 27 May 2025, at which they were re-elected.

## Diversity

The Company recognises and embraces the benefits of having a diverse Board, and considers increasing diversity at Board level an essential element in maintaining an effective Board and a sustainable business, thereby enhancing overall performance. The Board adopted the Board Diversity Policy on 1 September 2013 with the aim of promoting broad experience and diversity on the Board. The policy is reviewed by the Board annually.

The objectives of the Board Diversity Policy include:

- (i) Ensuring that the Board possess a balanced mix of skills and experience appropriate for the requirements of the businesses of the Company. Directors should have a range of finance, legal and management qualifications, together with considerable experience across diversified business sectors;
- (ii) taking into account a broad range of perspectives when selecting candidates for directorship, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- (iii) encouraging Directors (especially the NEDs) to participate in Board meetings to bring independent judgment, promote critical review, and contribute a wide range of business and financial experience to support the effective direction of the Company.

Appointments to the Board are made in the context of complementing and expanding the skills, knowledge and experience of the Board as a whole, and candidates are assessed against these objectives, taking into account the Company's business and needs.

The Board has reviewed, according to the Terms of Reference of the Board and through the Nomination Committee, the structure, size, composition and diversity of the Board, as well as the implementation and effectiveness of the Board Diversity Policy and the nomination and appointment procedure of directors during the year. For the year ended 31 December 2025 and as at the date of this report, the Board consists of ten male Directors and two female Directors, meeting the gender requirement under Rule 13.92(2). The Board considers itself sufficiently diverse in terms of gender, balance of skills and experience.

In addition to the Board-level diversity, the Company acknowledges that a diverse workforce is a significant asset. The Company is committed to fostering a culture of diversity and inclusion and to providing equity opportunities in all aspects of employment (including senior management). The Company's policies relating to workforce diversity, specifically equal opportunities and non-discrimination, are set out in its Code of Conduct.

As at the date of this report, there is no senior management as defined under paragraph 12 of Appendix D2 to the Listing Rules required disclosure. The gender ratio of the Company's workforce for the year ended 31 December 2025 comprised approximately 51% female and 49% male employees. This composition reflects the Company's commitment to achieving a good balance of gender diversity within the workforce and to fostering an inclusive environment that values the contributions of both male and female employees.

The Company will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and the senior management.

## Directors' Time Commitment

All Directors should ensure that sufficient time and attention are allocated to the Company to discharge their responsibilities. They are required to disclose to the Company the number and nature of offices held in public companies or other organisations and his or her significant commitments at the time of his or her appointment, and any subsequent changes thereto in a timely manner.

The Nomination Committee has reviewed and assessed each Director's time commitment and contribution to the Board during 2025. The Nomination Committee considered that each Director had given sufficient time and attention to the affairs of the Company and had undertaken his or her responsibilities effectively during 2025, having regard to (i) the Directors' skills and experience; (ii) each Director's role and positions at the Company; and (iii) each Directors' attendance record at the Board and committee meetings of the Company (see the "Board Process" section above) during the year. In addition to attendance at the physical Board and committee meetings held during the year, more than ten Board resolutions, along with the relevant materials, were circulated for approval, some of which required prompt responses that were duly provided.

## Corporate Governance Functions

To maintain a high standard of corporate governance within a sensible framework, with an emphasis on the principles of integrity, transparency, accountability and equity, the Company has adopted a Corporate Governance Policy and terms of reference of the Board with effect from 1 April 2012. Such policy and terms of reference have been reviewed by the Board annually.

The major duties of the Board in respect of performing corporate governance functions include:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices for compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manuals applicable to employees and Directors; and
- (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

In 2025 and up to the date of this report, the Board has performed its corporate governance duties in accordance with its terms of reference.

## Board Committees

The Board has established various committees, including the Nomination Committee, the Remuneration Committee, the Audit Committee, the Executive Committee, the Risk Management Committee and the ESG Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decisions and recommendations where appropriate. The procedures and arrangements for a Board meeting have been adopted for the committee meetings so far as practicable.

### Nomination Committee

The Nomination Committee has been established since April 2012 and, as at the date of this report, consists of the Group Executive Chairman and four INEDs, including Messrs. Lee Seng Huang (Chairman), Evan Au Yang Chi Chun, David Craig Bartlett, Alan Stephen Jones and Ms. Jacqueline Alee Leung, which complies with code provision B.3.5 of the CG Code. The Nomination Committee is provided with sufficient resources to perform its duties, including, where necessary, seeking independent professional advice at the Company's expense. The duties and authorities of the Nomination Committee are set out in its terms of reference, which fully comply with code provision B.3.1 of the CG Code and are available on the websites of the Stock Exchange and the Company.

The Nomination Committee has formulated and set out its nomination policy (the "Nomination Policy") in its terms of reference. The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company, contribution to the diversity of the Board and ability to effectively carry out the Board's responsibilities. Further details of the selection criteria and the procedure are set out in the terms of reference of the Nomination Committee.

The Nomination Committee will meet as and when necessary in accordance with its terms of reference. In 2025, one Nomination Committee meeting was held and the attendance of each member at the meeting is set out in the "Board Process" section of this report. The work performed by the Nomination Committee in 2025 is summarised as follows:

- (i) reviewed the structure, size, composition, diversity of the Board and the implementation and effectiveness of the Board Diversity Policy;
- (ii) assessed the independence of the INEDs;
- (iii) reviewed the proposed re-election of Directors at the 2025 AGM with recommendations to the Board for approval; and
- (iv) considered the nomination of the potential candidates as independent non-executive directors in the context of succession planning of the Board.

After the end of the reporting period, a Nomination Committee meeting was held in March 2026 to review the structure, size, composition and diversity of the Board, assess the implementation and effectiveness of the Board Diversity Policy, review the Board succession planning, assess the independence of the INEDs, reviewed the time commitment of Directors for performance of their responsibilities, and review the proposal for the retirement and re-election of Directors at the upcoming 2026 AGM.

### Remuneration Committee

The Remuneration Committee has been established since April 1985 and, as at the date of this report, consists of four INEDs including Messrs. Evan Au Yang Chi Chun (Chairman), David Craig Bartlett, Alan Stephen Jones and Ms. Jacqueline Alee Leung. The Remuneration Committee is provided with sufficient resources to perform its duties, and, where necessary, to seek independent professional advice, at the Company's expense. The duties and authorities of the Remuneration Committee are contained in its terms of reference which are available on the websites of the Stock Exchange and the Company.

The terms of reference of the Remuneration Committee adopted by the Company are in compliance with code provision E.1.2 of the CG Code but with a deviation from the code provision that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to executive directors and senior management under the code provision). The reasons for the above deviation are summarised as below:

- (i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior management and that this evaluation process is more effectively carried out by the Executive Directors; and
- (ii) the Executive Directors must be in a position to supervise and control senior management and thus should be able to control their compensation.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. One Remuneration Committee meeting was held in 2025 and the attendance of each member at the meeting is set out in the "Board Process" section of this report.

The work performed by the Remuneration Committee during 2025 is summarised as follows:

- (i) reviewed the existing policy and structure for the remuneration packages of Directors;
- (ii) reviewed the remuneration packages of the Executive Directors including the payment of bonuses with a recommendation to the Board for approval;
- (iii) reviewed the remuneration of Non-Executive Directors with recommendations to the Board for approval; and
- (iv) considered the remuneration packages for the newly appointed Directors with a recommendation to the Board for approval.

Each of the NEDs (including INEDs) is entitled to a director's fee. The remuneration packages of the Directors for their responsibilities and services were determined in accordance with their respective contractual terms under their employment contracts or appointment letters as approved by the Board on the recommendation of the Remuneration Committee.

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Directors' remuneration would be determined with reference to his/her duties and responsibilities with the Company, the prevailing market conditions and the terms of the Company's remuneration policy. Details of the Directors' remuneration for the year ended 31 December 2025 are set out in Note 8(a) to the consolidated financial statements. In addition, the five highest paid individuals in the Group and the annual remuneration payable to members of senior management by band are set out in Notes 8(b) and 8(c) to the consolidated financial statements, and the movement of share awards granted to the Directors during the reporting year are set out in the "Share Award Scheme" section of the Directors' Report of this Annual Report. Details of the remuneration policy of the Group are also set out in the "People & Culture" section in the "Management Discussion and Analysis" section of this Annual Report.

During 2025, there were no material matters relating to SHK Employee Ownership Scheme (the "Share Award Scheme") that required review or approval by the Remuneration Committee or disclosure in this report. No shares were granted to Directors and senior management with vesting periods shorter than 12 months. Details of the Share Award Scheme and the movement of share awards during the year are set out in the "Share Award Scheme" section of the Directors' Report of this Annual Report.

After the end of the reporting period, a Remuneration Committee meeting was held in March 2026 to review the summary compensation report which includes the information provided by independent professional consultants, policy and structure of Directors' remuneration, and remuneration packages of the Directors. The Remuneration Committee made the following recommendations to the Board which were subsequently approved (where appropriate) by the Board:

- (i) the payment of discretionary bonuses for the year 2025 to the three Executive Directors:
  - HK\$30.0 million cash to Mr. Lee Seng Huang ("Mr. Lee");
  - HK\$5.0 million to Mr. Antony Edwards, comprising approximately HK\$2.0 million cash and such number of Shares to be awarded under the Share Award Scheme equivalent to HK\$3.0 million; and
  - HK\$4.0 million to Mr. Brendan McGraw, comprising approximately HK\$1.6 million cash and such number of Shares to be awarded under the Share Award Scheme equivalent to HK\$2.4 million;
- (ii) a 2.2%, 2.9% and 3.9% increase in monthly salary for the Executive Directors, Mr. Lee, Mr. Antony Edwards, and Mr. Brendan McGraw respectively, commencing from January 2026; and

- (iii) a 5.0% increase in the annual directors' fee of the INEDs and NEDs, commencing from the year 2026. The annual directors' fees will remain unchanged for Directors retiring by rotation at the forthcoming annual general meeting who are not offered for re-election.

For the purpose of Rule 13.51B(1) of the Listing Rules, the amount for the monthly rental-related expenses which form part of the emoluments of Mr. Lee under his employment contract are varying in nature and has changed during the year.

### Audit Committee

The Audit Committee has been established since April 1985 and, as at the date of this report, consists of four INEDs and one NED. To retain independence and objectivity, the Audit Committee is chaired by an INED who possesses appropriate professional qualifications or accounting or related financial management expertise. The current members of the Audit Committee are Messrs. Alan Stephen Jones (Chairman), Evan Au Yang Chi Chun, David Craig Bartlett, Ms. Jacqueline Alee Leung and Mr. Peter Anthony Curry. The Audit Committee is provided with sufficient resources to perform its duties and has access to independent professional advice according to the Company's policy, when necessary. The responsibilities and duties of the Audit Committee are contained in its terms of reference which are available on the websites of the Stock Exchange and the Company.

The terms of reference of the Audit Committee of the Company are revised from time to time to comply with the code provision D.3.3 of the CG Code, but with deviations from the code provision regarding the Audit Committee's responsibilities to:

- (i) implement policy on the engagement of the external auditor to supply non-audit services;
- (ii) ensure that management has performed its duty to have effective risk management and internal control systems;
- (iii) ensure co-ordination between the internal and external auditors; and
- (iv) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

The Board considers that the Audit Committee of the Company shall recommend (as opposed to implement under the code provision) the policy on engaging the external auditor to supply non-audit services for the following reasons:

- (i) it is proper and appropriate for the Board and its committees to develop policy and make appropriate recommendations;
- (ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and

- (iii) the INEDs are not in an effective position to implement the policy and follow up implementation of the same on a day-to-day basis.

Furthermore, the Board considers that the Audit Committee only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have an effective risk management and internal control systems. The Audit Committee is not equipped to ensure that the same is in place, as this would involve day-to-day supervision and the employment of permanent experts. The Audit Committee is not in a position to ensure coordination between the internal and external auditors, but it can promote the same. Similarly, the Audit Committee cannot ensure that the internal audit function is adequately resourced and has appropriate standing within the Company but it can check whether it is adequately resourced and has appropriate standing within the Company, and recommend the correction of any identified deficiency.

The Audit Committee shall meet at least three times a year in accordance with its terms of reference. Four Audit Committee meetings were held in 2025 and the attendance of each member at each meeting is set out in the "Board Process" section of this report. The Audit Committee also dealt with some matters by way of circulation of written resolutions.

The work performed by the Audit Committee in 2025 and up to the date of this report is summarised as follows:

- (i) considered and approved the terms of engagement and fees proposed by the external auditor regarding the interim results review, the final audit of the Group and annual review of continuing connected transactions of the Group;
- (ii) considered the audit plan for the year ending 31 December 2026;
- (iii) reviewed the reports from the external auditor and management representation letters in relation to the final audit of the financial statements of the Group;
- (iv) reviewed the report from the external auditor and management representation letter in relation to the interim results review of the financial statements of the Group;
- (v) reviewed the Group's half-yearly and annual financial reports and recommended approval by the Board;
- (vi) reviewed the management reports on key financial matters;
- (vii) reviewed the effectiveness of the risk management and internal control system, and the effectiveness of the internal audit function and recommended action to the Board where appropriate;
- (viii) reviewed various internal audit review reports prepared by the internal audit function and the 2026 internal audit plan;

- (ix) reviewed the risk management report;
- (x) reviewed the proposed changes in presentation in the financial statements and management discussion and analysis contained in the interim and annual reports;
- (xi) considered the selection of additional service provider, the independent valuation specialist, for preparing valuation, and recommended approval by the Board; and
- (xii) reviewed the amendments to the Group Whistleblowing Policy.

### Executive Committee

The Executive Committee (the "Exco") has been established since November 1983 and, as at the date of this report, consists of two Executive Directors, Messrs. Lee Seng Huang (Chairman) and Brendan McGraw. The Exco is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the terms of reference of the Exco.

The Exco is mainly responsible for undertaking and supervising the day-to-day management of the Group, and is empowered, subject to the general policies adopted by the Board:

- (i) to formulate and implement policies for the business activities, internal control and administration of the Group; and
- (ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.

### Risk Management Committee

The Risk Management Committee (the "RMC") has been established since January 2007 and, as at the date of this report, consists of four INEDs, two Executive Directors and other members from the Company's management, being Messrs. Wayne Robert Porritt (Chairman), Evan Au Yang Chi Chun, Ms. Vivian Alexa Kao, Messrs. William Thomas Royan, Antony Edwards, Brendan McGraw, Wong Kin Wing and Ms. Phoebe Yuen Oi Ying respectively.

The major roles and responsibilities of the RMC are:

- (i) to analyse and define risks likely to be encountered by the Group in the various aspects of its operation;

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- (ii) to ensure through appropriate mechanisms including setting up committee(s) and supervision by division/department/team heads, adequate review, assessment, and monitoring the risks which may be encountered by the Group and the effectiveness of the Group's systems of risk management and internal controls, including but not limited to, financial, operational and compliance controls and risk management functions; and
- (iii) to act as a provider of assurance (in conjunction with the Group's internal audit function and the Group's external auditor) to the Board in its annual review of:
  - (a) the changes in the nature and extent of significant risks likely to be encountered by the Group since the last annual review, and the Group's ability to respond to such changes in its business activities and external environment;
  - (b) the scope and quality of management's ongoing monitoring of risks and system of internal controls;
  - (c) the adequacy of the extent and frequency of the communication of the results of monitoring to the Board enabling it and the Audit Committee to develop a cumulative assessment of the state of control in the Group and the effectiveness with which risk is being managed;
  - (d) any major incident that poses substantial risk and/or loss exposure to the Group, whether actual loss is incurred or not; in the event of likely or actual violations of any applicable laws, regulations, regulatory guidelines/codes; significant internal policies, operational or technological failures; and any other significant events that may expose the Group to substantial reputational risk;
  - (e) the effectiveness of the Group's processes relating to financial reporting and Listing Rules compliance;
  - (f) all other relevant issues appropriate to risk identification and management and internal control issues; and
  - (g) to oversee the business continuity planning ("BCP") steering committee of the Company including monitoring the development and implementation of the BCP policy, reviewing the testing results and incident log to integrating lessons learned into the risk management framework.

The work performed by the RMC during the year and up to the date of this report is summarized as follows:

- (i) in-depth review of valuation risk, emerging risk, market risk (including equity risk), business continuity & resilience and cybersecurity risk of the Group;
- (ii) review of the risk management reports from the Group's business segments and headquarters functions;
- (iii) review of the annual risk management reports of the Group;
- (iv) review and assessment of the completed responsibility statements from the relevant business units and team heads regarding their risk management, compliance and internal control procedures;
- (v) consideration of proposed changes to the risk metrics and risk universe;
- (vi) review of UAF's bad debt delinquency analysis;
- (vii) review the proposed changes to the Investment Management Policy with recommendation to the Board for approval;
- (viii) review of the Group BCP framework and business continuity plan;
- (ix) review the gap analysis conducted against the amended Listing Rules Appendix C1 in relation to risk management and internal controls;
- (x) reviewed the quarterly Enterprise Risk Management ("ERM") reports;
- (xi) annual review of the Group's ERM Policy and risk appetite statement with recommendations to the Board for approval; and
- (xii) determined the deep dive topics for 2026.

The RMC will normally meet four times per year and additional meetings may be called as directed by the chairman of the RMC. Five RMC meetings were held in 2025 and the attendance of the Directors at each meeting is set out in the "Board Process" section of this report.

### ESG Committee

The ESG Committee has been established since August 2023 and, as at the date of this report, consists of three INEDs, two Executive Directors and other members from the Company's management and team heads, being Messrs. Wayne Robert Porritt (Chairman), David Craig Bartlett, Ms. Vivian Alexa Kao, Mr. Antony Edwards, Mr. Brendan McGraw, Mr. Gary Chan Ming Tak, Ms. Samantha Che Chi Wing, Mr. Shek Cheuk Man, Ms. Yeung Mei, and Ms. Phoebe Yuen Oi Ying respectively.

The major responsibilities of the ESG Committee are:

- (i) to review, establish and endorse ESG objectives, priorities, strategies, policies and frameworks and make recommendations to the Board for approval;
- (ii) to monitor and assess existing and/or emerging ESG trends and issues related to the Group's ESG objectives, priorities and strategies;
- (iii) to review and oversee the implementation of the Group's ESG policies and practices to ensure that they remain relevant for the purposes and compliant with the applicable legal and regulatory requirements;
- (iv) to review performance of the Group against agreed ESG targets and recommend measures for improvements;
- (v) to identify, monitor and assess ESG risks (including climate-related risks) that are material to the Group; review the integration of the ESG related risks into the Group's broader risk management and internal control system and report to the Board on any material risks and recommend measures to manage the risks;
- (vi) to consider the environmental and social impact of how the Group conducts its business on its stakeholders and the environment; and
- (vii) to review the Company's annual ESG Report and other ESG related disclosures, and provide recommendations to the Board for approval.

The ESG Committee will normally meet twice a year or as directed by the chairman of the ESG Committee. Three ESG Committee meetings were held in 2025 and the attendance of the Directors at the meeting is set out in the "Board Process" section of this report.

The work performed by the ESG Committee during the year and up to the date of this report is summarised as follows:

- (i) received the annual Stakeholder Engagement Survey Report;
- (ii) reviewed the ESG targets;
- (iii) received the Climate-Related Risk Assessment Report;
- (iv) received progress reports on the implementation of the ESG initiatives and the ESG trainings provided;
- (v) considered the nomination of a ESG committee member for approval by the Board;
- (vi) reviewed the proposed changes to the Responsible Investment Policy, Climate Change Policy and the Sustainability Policy, and made recommendation to the Board for approval;
- (vii) consider the proposed change of ESG consultant with recommendation to the Board for approval;
- (viii) discussed the measures for addressing the gap in the ESG ratings;
- (ix) considered the benchmarking analysis on ESG reports;
- (x) reviewed the annual ESG reports with recommendations to the Board for approval.

### Risk Management and Internal Control

The Board acknowledges its responsibility for the establishment and maintenance of sound and effective risk management and internal control systems to safeguard the Group's corporate interests.

Since its establishment in 2007, the Group's RMC has been delegated with the responsibility to assist the Board to review, assess and monitor the various risks, including ESG risks (until the establishment of the ESG Committee in August 2023) which may be encountered by the Group and the effectiveness of the Group's risk management system. The functions and compositions of the RMC are set out in the "Board Committees" section in the earlier part of this report and the risk management mechanism is set out in the "Risk Management Report" section of this Annual Report.

The Group's risk management culture is critical to the effectiveness of the risk management framework. The principal risks are determined through a consideration of the strategy, external risk factors, the operating environment of the Group including risks identified by our peers, and an analysis of individual processes and procedures.

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The review of the Group's principal risks focuses on identifying those risks that could threaten the business model, future performance, capital or liquidity of the business. In identifying these risks, consideration is given to external developments, regulatory expectations and market standards. Our focus includes strategic risk, credit risk, market risk, liquidity risk, operational risk, tax, legal and compliance risk, external risk and human resource risk.

Emerging risks are regularly considered to assess any potential impact on the Group and to determine whether any actions are required.

The Group's risk management and internal control approach is designed to provide reasonable, but not absolute, assurance against material misstatement or loss; to manage prudently but not completely eliminate the risk of system failure. Processes and procedures are put in place to identify, manage and control the risks of different businesses and activities. More detailed discussions of different types of risks are set out in the "Risk Management Report" section in this Annual Report and in Note 46 to the consolidated financial statements – Financial Risk Management.

In addition to safeguarding the Group's corporate interests, the internal control framework is to maintain proper accounting records and to comply with relevant laws and regulations. It provides an independent and objective assurance to safeguard the Group's operations. The Group's internal control functions are either carried out by internal audit teams for material subsidiaries or independent internal auditor. Together with the RMC and the Audit Committee, they play an important role in assuring the Board and management that a sound internal control system is being implemented, maintained, and relevant regulatory requirements are complied with.

Internal audit is an independent control function reporting to the Audit Committee. It applies a systematic and disciplined approach to analyse and independently appraise the adequacy and effectiveness of the Group's risk management and internal control systems. The audit plans, having agreed by the Audit Committee, are risk-based to ensure that a methodical coverage of the Group's operations and resources are focused on high risk areas. Ad hoc reviews are conducted on areas of concern where necessary. Internal audit reports are issued to the Audit Committee, relevant senior management and division/department/team heads at least annually.

Each year, a Group-wide self-assessment is conducted on the effectiveness of the risk management and internal control framework covering all major areas such as front office, legal and compliance, finance, operations and support functions with the purposes of assessing and documenting key risks to enable control improvement. The assessment is performed by each team and co-ordinated by the Group Enterprise Risk Management Coordinator under the Group Chief Financial Officer who reports directly to the Group Executive Chairman. Such review findings are shown in the risk register of each team and summarised as a heat map of the Group. Such results, findings and heatmap are reported to the RMC, the Audit Committee and the Board which have been considered effective and adequate. No significant findings were noted during the year. Other monitoring and review processes on risk exposure to formulate risk management policies is also co-ordinated by the Group Enterprise Risk Management Coordinator who reports directly to the Group Chief Financial Officer.

Management reviews are conducted on new processes and systems to ensure that policies and procedures are updated in accordance with the everchanging risk-related environment. The Group also engages external consultants on an ad-hoc basis to perform independent reviews covering significant parts of the Group's operations, when necessary. Other than the regular updates of the emerging risks as mentioned above, no other significant changes in risk assessment as well as risk management and internal control system were noted during the year.

The Board, through the Audit Committee and the RMC, reviews the adequacy of resources, training programmes, budget, qualifications and experience of the accounting, internal audit and financial reporting staff. The RMC, the Audit Committee and the Board review the effectiveness of the risk management and internal control processes of the Group and fulfill the requirements of the CG Code regarding risk management and internal control processes in general.

## Accountability and Audit

### Financial Reporting

The Directors acknowledge their responsibility, with the support of the finance team, for preparing the consolidated financial statements of the Group. In preparing the consolidated financial statements for the year ended 31 December 2025, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include the Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance have been complied with. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and have ensured that the consolidated financial statements are prepared on a going concern basis.

The reporting responsibilities of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), are set out in the "Independent Auditor's Report" of this Annual Report.

### External Auditor's Remuneration

During the year, the remuneration paid to Deloitte is set out as follows:

<b>Services rendered for the Group</b>	<b>Fees paid</b> <i>(Note)</i> <i>(HK\$ Million)</i>
Audit services	5.5
Non-audit services (taxation and other professional services)	1.7
<b>Total</b>	<b>7.2</b>

Note: Fees paid during the year includes amount accrued in 2024.

## Disclosure of Inside Information Policy

The Board has adopted the Disclosure of Inside Information Policy (the "Policy") effective on 1 January 2013 with respect to the procedures and internal controls for the handling and dissemination of inside information. The Policy sets out guidelines and procedures for the directors and relevant officers of the Group to ensure inside information of the Group is to be disseminated to the public in an equal and timely manner. Directors and relevant officers in possession of potential inside information and/or inside information are required to take reasonable measures to ensure that proper safeguards are in place to preserve strict confidentiality of inside information and to ensure that its recipients recognise their obligations to maintain the information confidential. The Policy shall be updated and revised as and when necessary in light of changes in circumstances and changes in the Listing Rules, Part XIVA of the Securities and Futures Ordinance and relevant statutory and regulatory requirements from time to time.

## Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy

The Board has adopted the Whistleblowing Policy and system to enable employees and other parties who deal with the Group to raise concerns, in confidence and anonymously where required and appropriate, with the Executive Committee or the Audit Committee (as applicable) of the Company about possible improprieties in any matter relating to the Group.

The Board has also adopted the Anti-Bribery and Anti-Corruption Policy in November 2022, setting out responsibilities of the Group's employees to identify and prevent bribery and corruption in order to protect the integrity and reputation of the Group.

## Company Secretary

Mr. Lee Sze Wai is an employee and the Company Secretary of the Company. All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Group Executive Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with Shareholders and management.

Mr. Lee is a member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. During 2025, Mr. Lee undertook over 15 hours of relevant professional training to update his skills and knowledge.

## Codes for Securities Transactions by Directors and Relevant Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specified enquiries of all the Directors, they have confirmed that they have complied with the required standard as set out in the Model Code.

The Company has also adopted the Model Code as the Code for Securities Transactions by Relevant Employees, to regulate dealings in the securities of the Company by relevant employees of the Company or any of its subsidiaries who are considered to be likely to possess inside information in relation to the Company or its securities.

## Communication with Shareholders and Shareholders' Communication Policy

The Board recognises the importance of good communication with Shareholders. Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents, together with the latest corporate information and news, are also made available on the Company's website.

The Company's general meetings are valuable forums for the Board to communicate directly with Shareholders. Code provision F.1.3 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and invite the lead independent non-executive director (if any) and the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In the absence of any committee chairman, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. Such persons should be available to answer relevant questions at the annual general meeting. The chairman of any independent board committee formed as necessary or pursuant to the Listing Rules should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

Code provision C.1.5 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

The 2025 AGM was held on 27 May 2025. Except one Independent Non-Executive Director who is not a committee chairman, all other Directors attended the meeting. For details of the Directors' attendance at the general meeting, please refer to the attendance record of the Directors set out in the "Board Process" section of this report. Separate resolutions are proposed at the AGM for each substantial issue, including the re-election of retiring Directors.

Notice of meetings to Shareholders is to be sent in the case of the AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in case of all other general meetings. An explanation of the detailed procedures of conducting a poll is provided to Shareholders at the commencement of the meeting. The chairman of the meeting answers questions from Shareholders regarding voting by way of a poll. The poll results of the resolutions are thereafter published in the manner prescribed under the requirements of the Listing Rules.

Shareholder(s) representing at least 5% of the total voting rights of all Shareholders having the right to vote at general meetings of the Company can request to convene an extraordinary general meeting according to Article 67 of the Articles and Section 566 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong). The business proposed to be transacted at the meeting must be stated in the related requisition which must be signed and deposited at the registered office of the Company. Besides, Shareholders may make a proposal at a Shareholders' meeting by submitting the proposed resolution in written form to the Board at the registered office of the Company, which shall clearly and concisely set out the proposal for discussion and be relevant to the Company's business scope.

The Board adopted the Shareholders' Communication Policy in March 2012 which sets out the channels of communication with the Shareholders and other stakeholders, including corporate communication which includes documents issued by the Company for the information and action of Shareholders including but not limited to annual/interim reports, circulars and announcements, Shareholders' meetings, corporate website and the rights of Shareholders for convening general meeting. Shareholders may also make reasonable enquiries to the Company for information regarding the Company which has been made publicly available. Such enquiries should be directed to the Company Secretary at the Company's registered office. If a Shareholder wishes to make an enquiry to the Board, it must be served at the registered office for the attention of the Company Secretary. In addition, Shareholders can contact Tricor Investor Services Limited, the share registrar of the Company, for any questions about their shareholdings.

The Articles is available on the websites of the Stock Exchange and the Company. There was no change in the Articles during the year.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the year and considered it able to facilitate an open and ongoing communication with its shareholders on a fair disclosure basis.

## Dividend Policy

The Board has adopted the Company's Dividend Policy at its meeting in November 2018. The Company's Dividend Policy aims at providing reasonable and sustainable returns to Shareholders whilst maintaining a position of financial stability which allows the Company to take advantage of any investment and expansion opportunities that may arise from time to time.

The Board may declare or propose dividends on an annual basis and/or may declare interim dividends or special dividends. All decisions made by the Board are in accordance with the Company's Dividend Policy. The proposal or declaration of dividends by the Board is subject to consideration of the Company's and the Group's operating results, accumulated and future earnings, gearing, liquidity position, capital commitment requirement and future expansion plan as well as general economic conditions and external factors that may have impact on the financial performance and position of the Company and the Group. In addition, as the Company is a holding company, the Board will also consider the dividends received from its subsidiaries as the Company's ability to pay dividends is dependent on the dividends received from those subsidiaries.

The Board will regularly review the dividend policy and will amend and/or modify the dividend policy if necessary.

## Corporate Governance Enhancement

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code, but about promoting and developing an ethical and healthy corporate culture. We will continue to review, and where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our Shareholders to promote and improve our transparency are also welcome.

On behalf of the Board

**Lee Seng Huang**

*Group Executive Chairman*

Hong Kong, 19 March 2026

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## About This Report

Sun Hung Kai & Co. Limited (stock code: 86), referred to as SHK & Co., or the Company along with its subsidiaries (collectively known as the Group), is delighted to present its Environmental, Social, and Governance (ESG) Report setting out the Group's sustainability approach, policies, initiatives, and performance, for 1 January to 31 December 2025 (the Reporting Period).

We prepared the Report in line with the Environmental, Social, and Governance Reporting Code ("ESG Code"), outlined in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and the Global Reporting Initiative ("GRI") Standards 2021. The report has been independently verified by SGS Hong Kong Limited under the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

This report covers SHK & Co.'s Credit, Investment Management, and Alternative Solutions (formerly known as Funds Management) businesses in Hong Kong and Mainland China. It does not extend to companies which have no physical operations nor joint ventures where the Group has no operational control. Unless stated otherwise, the Report encompasses the offices and branches of the following units and their subsidiaries in Hong Kong and Mainland China:

- Sun Hung Kai & Co. Limited (SHK & Co.)
- United Asia Finance Limited (UAF)
- Sun Hung Kai Credit Limited (SHK Credit)

This Report has been compiled using information gathered within the Group. The Group has internal control and formal review processes to check the accuracy and reliability of that information. The Board of Directors (the Board) has reviewed and approved this Report. The HKEX sets out four reporting principles, which we have addressed as follows:

### Materiality

This Report is based on the results of a comprehensive materiality assessment conducted through active stakeholder engagement. The materiality of issues was reviewed and confirmed by the Board and senior management.



### Quantitative

This Report discloses material environmental and social key performance indicators ("KPIs") of the offices and branches from SHK & Co., UAF and SHK Credit.



### Balance

This Report presents an overview of the Group's ESG performance with both achievements and areas of improvements disclosed.



### Consistency

This Report adopts methodologies for the calculation of KPIs that are materially consistent with those of previous years for fair comparison of ESG data over time. For further details of the quantification methodologies, please refer to the "Our Environment" section.



For further background information, please review our Annual Report and Corporate Governance Report.

## Opinion and Feedback

We gather and value feedback on our sustainability performance and targets. Please get in touch to share your views at:

Sun Hung Kai & Co. Limited  
40/F, Lee Garden One  
33 Hysan Avenue, Causeway Bay  
Hong Kong

Tel: (852) 3748 2823

Email: [investor.relations@shkco.com](mailto:investor.relations@shkco.com)

### Board Statement

**We have integrated ESG considerations into our strategy, operations and decision making, confirming these as an important aspect of how we grow and manage the business. We are pleased to report on the progress and fruits of our efforts this year. We remain committed to building resilient, strong foundations for the business, to invest in our people and support our wider community for the long term. The Board thanks our staff for their ongoing efforts to deliver on these shared aims and we commend this report to our stakeholders.**

Governance is the bedrock of our business. Our 2025 materiality assessment, conducted with stakeholder participation, confirmed our view that strong governance is essential and a key driver of trust.

The Board provides strategic direction on ESG matters, supported by the ESG Committee and ESG Working Committee, to embed sustainability considerations across the Group. We strengthened our governance framework with enhanced monitoring mechanisms and more regular performance reviews, furthering ESG initiatives across business units. This whilst maintaining a disciplined, responsible investment approach, applies ESG screening processes across our investment portfolio.

We recognise that sustainability requires attention to our people and culture. We measure success not only through financial performance but through the wellbeing, development, and engagement of our team. In 2025, we improved our programmes supporting work-life balance and personal wellness, health and safety and continued to invest in our people: for the second consecutive year, 100% of SHK & Co. employees took advantage of training opportunities we offer. Additionally, we reach out to the wider community via the Sun Hung Kai & Co. Foundation, which supports for example, Sailability Hong Kong to provide life-changing sailing courses to underrepresented youth and Dalton School Hong Kong’s new campus to nurture future leaders. Our aim: to continue to cultivate a culture and environment where people choose to stay, contribute and grow. Our people and our business are thriving together.

We continued to strengthen engagement with investors through transparent communication on performance. We have improved our own environmental performance and encourage suppliers to do the same.

In particular we are focused on reducing our Scope 2 greenhouse gas (“GHG”) emissions and we consider United Nations Sustainable Development Goals (“UNSDGs”) in investment decisions to be aware of how we can prudently channel capital into areas that matter and can make a difference.

These steps are core to who we are – leading responsibly, promoting environmental stewardship within our control and **“Creating Sustained Value”** for our investors, stakeholders, and communities.

### Creating Sustained Value

<b>Business</b> 	<b>Investors and Customers</b> 	<b>Employees</b> 	<b>Community</b> 	<b>Environment</b> 
 <p>We operate with the high standards of integrity through robust governance while effectively managing ESG risks.</p>	 <p>We safeguard against risks, nurture trusted relationships, and drive continuous improvement in our services.</p>	 <p>A culture of high performance through an inclusive and business aligned people strategy.</p>	 <p>We invest in initiatives that strengthen a sustainable society and develop future leaders.</p>	 <p>Through investment decisions and green practices, we support the global transition to a low-carbon economy.</p>

## ESG Performance Highlights

### Business

Maintain at least

**50%** of the Group's investment portfolio with alignment to UNSDGs annually



Listed Enterprises of the Year by Bloomberg Businessweek



Asian Excellence Awards - Sustainable Asia Award by Corporate Governance Asia



### Environmental

Maintained steady progress towards the target to reduce GHG scope 2

emissions by **35%** by **2030**, compared to FY20 baseline



**100%**

Sustainable paper sourcing achieved (paper purchased)



**Green Office Awards Label and Eco-Healthy Workplace** from World Green Organisation's **Green Office Award Labelling Scheme (GOALS)**



Water usage reduced by

**12%**

compared with 2024 level



Electricity usage reduced by

**17%**

compared with 2024 level



Advancing **Scope 3** emissions measurement



Paper consumption reduced by

**15%**

compared with 2024 level



GHG emissions reduced by

**27%**

compared with 2024 level



**Scope 3** emissions, including waste generated in operation and employee commuting)

### Social

Donated over

**HKD4,000,000**

towards families affected by the Tai Po fire via HKSAR Government's Support Fund for Wang Fuk Court



**98.6%**

training on anti-corruption and anti-bribery



## Our Approach to Sustainability

Our sustainability approach reflects how we operate: prioritising long-term value creation and disciplined, consistent execution. Our Sustainability Policy and Climate Change Policy are guides for our strategic planning, risk management, and decision-making. In addition, UNSDGs are incorporated into our private assets portfolio management system to monitor sustainable investments and track progress, with a target to maintain at least 50% portfolio alignment. Our ESG targets are set in line with international initiatives and progress is reviewed annually by management and overseen by the Board.

Environmental Aspects	Targets	Our Progress as of the End of 2025
General	<ul style="list-style-type: none"> <li>Maintain at least 50% of the Group's investment portfolio with alignment to UNSDGs annually.</li> </ul>	Achieved
	<ul style="list-style-type: none"> <li>Conduct at least one ESG training for all staff annually.</li> </ul>	In Progress
Greenhouse Gases	<ul style="list-style-type: none"> <li>By 2030, reduce GHG scope 2 emissions by 35%, compared to FY20.</li> </ul>	In Progress
Waste	<ul style="list-style-type: none"> <li>By 2025, reduce absolute paper usage (kg) by 35%, compared to FY19.</li> </ul>	Achieved
	<ul style="list-style-type: none"> <li>By 2030, reduce absolute paper usage (kg) by 50%, compared to FY19.</li> </ul>	In Progress
	<ul style="list-style-type: none"> <li>By 2025, maintain use of paper cheques issued for customer funding to be 10% or below at UAF.</li> </ul>	Achieved
	<ul style="list-style-type: none"> <li>Ensure that 90% of office paper is certified FSC or PEFC paper annually.</li> </ul>	Achieved
Electricity	<ul style="list-style-type: none"> <li>By 2025, reduce absolute electricity usage by 25% compared to FY19.</li> </ul>	Achieved
	<ul style="list-style-type: none"> <li>By 2030, reduce absolute electricity usage by 30% compared to FY19.</li> </ul>	In Progress
Water	<ul style="list-style-type: none"> <li>By 2026, reduce the consumption of bottled / barrel water by 30%, compared to FY23.</li> </ul>	In Progress

## Stakeholder Engagement

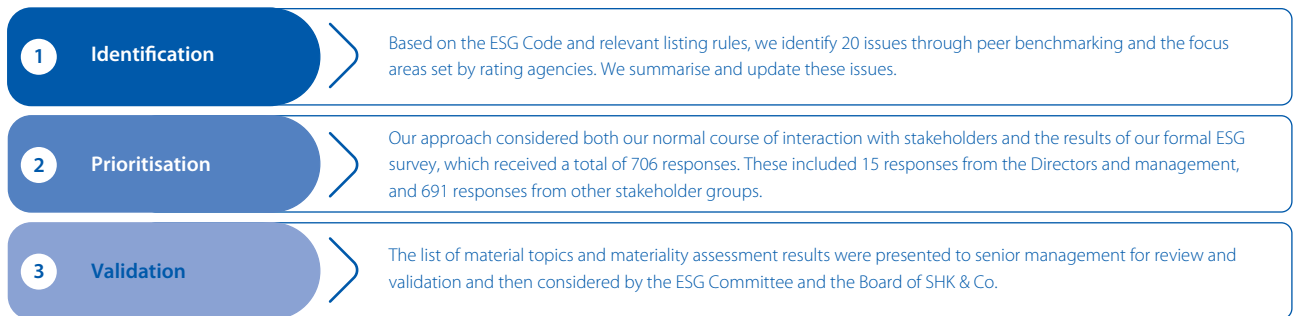
We proactively engage stakeholders to understand their concerns, stay informed on industry trends, and identify effective sustainability measures. We believe that transparent and active stakeholder engagement fosters collaboration to address material challenges and ultimately creates greater value for our stakeholders. We communicate with our stakeholders in many different ways:

Key Stakeholder Groups	Engagement Channels
 <b>Shareholders/Investors</b>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Press releases</li> <li>• Annual/interim reports</li> <li>• Sustainability reporting</li> <li>• Circulars and announcements</li> <li>• Investor meetings, roadshows and correspondences</li> <li>• Stakeholder survey</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Conferences</li> <li>• Goals and performance discussion meetings</li> <li>• Departmental meetings and briefings</li> <li>• Global Townhall</li> <li>• Surveys and comment boxes</li> <li>• Training and orientation programmes</li> <li>• Newsletters</li> <li>• Informal employee events</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Personal contact</li> <li>• Social media</li> <li>• Satisfaction survey</li> <li>• Meetings and correspondences</li> <li>• Circulars and internal memorandum</li> <li>• Mobile applications</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Meetings and correspondences</li> <li>• Stakeholder survey</li> </ul>
 <b>Community Partners/ Non-governmental Organisations</b>	<ul style="list-style-type: none"> <li>• Charity activities</li> <li>• Volunteering opportunities</li> <li>• Sponsored events and projects</li> <li>• Stakeholder survey</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Press releases</li> <li>• Meetings and correspondences</li> <li>• Stakeholder survey</li> </ul>
 <b>Government Bodies</b>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Meetings and correspondences</li> </ul>
 <b>Banks/Brokers</b>	<ul style="list-style-type: none"> <li>• Annual/interim reports</li> <li>• Meetings, emails and correspondences</li> <li>• Compliance reports</li> <li>• Stakeholder survey</li> </ul>
 <b>Fund/Business Partners</b>	<ul style="list-style-type: none"> <li>• Annual/interim reports</li> <li>• Meetings, emails and correspondences</li> <li>• Stakeholder survey</li> </ul>
 <b>Investees/Portfolio Companies</b>	<ul style="list-style-type: none"> <li>• Annual/interim reports</li> <li>• Meetings, emails and correspondences</li> <li>• Stakeholder survey</li> </ul>

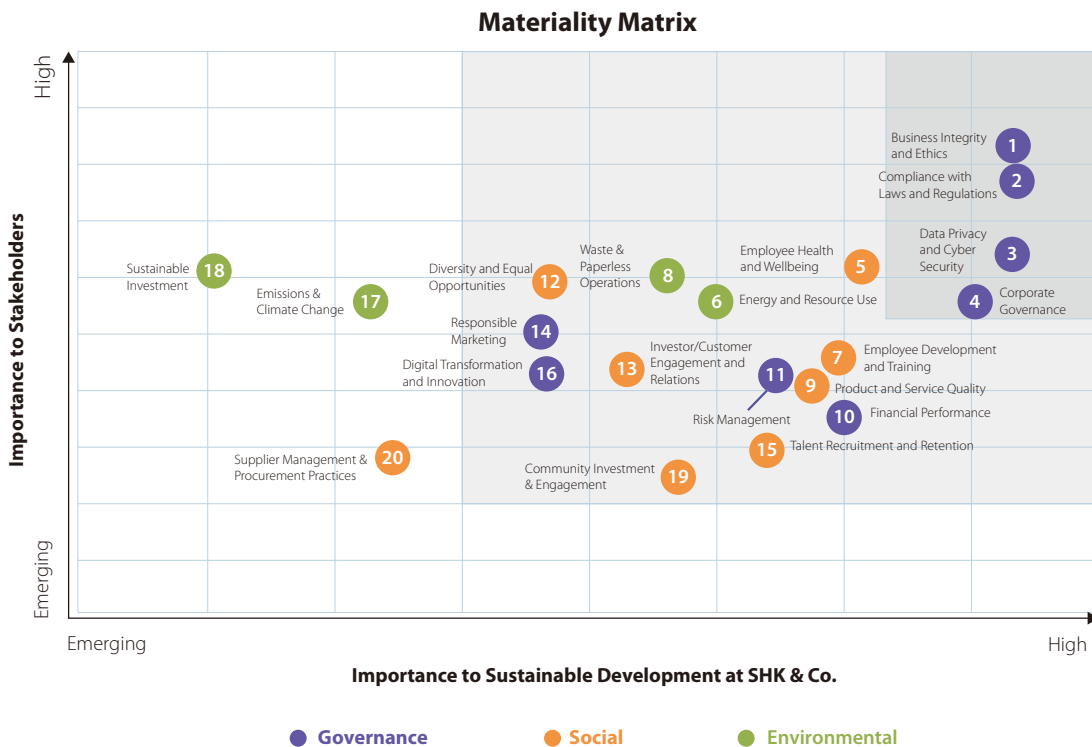
## Materiality Assessment

Materiality guides our sustainability disclosures. We engaged an independent consultant to facilitate stakeholder engagement and evaluate ESG materiality, to be confident that our strategies are both resilient and aligned with the long-term interests of our stakeholders, community, and the environment. In accordance with principles defined by the GRI Standards, we take a three-step approach to assess the materiality of ESG issues:

### Materiality Assessment Approach



The following materiality matrix presents the relative importance of the material issues to our stakeholders and to the sustainable development of the Group.



In 2025, stakeholders continued to prioritise governance issues, identifying business ethics, legal compliance, data security and corporate governance as the most material issues. At the same time, they placed growing emphasis on practical environmental actions, particularly improving energy, resource use, waste and paperless operations. Reflecting evolving priorities, we updated the material issues list by adding two new topics – Digital Transformation and Innovation, and Sustainable Investment, and consolidated community-related topics into Community Investment & Engagement.

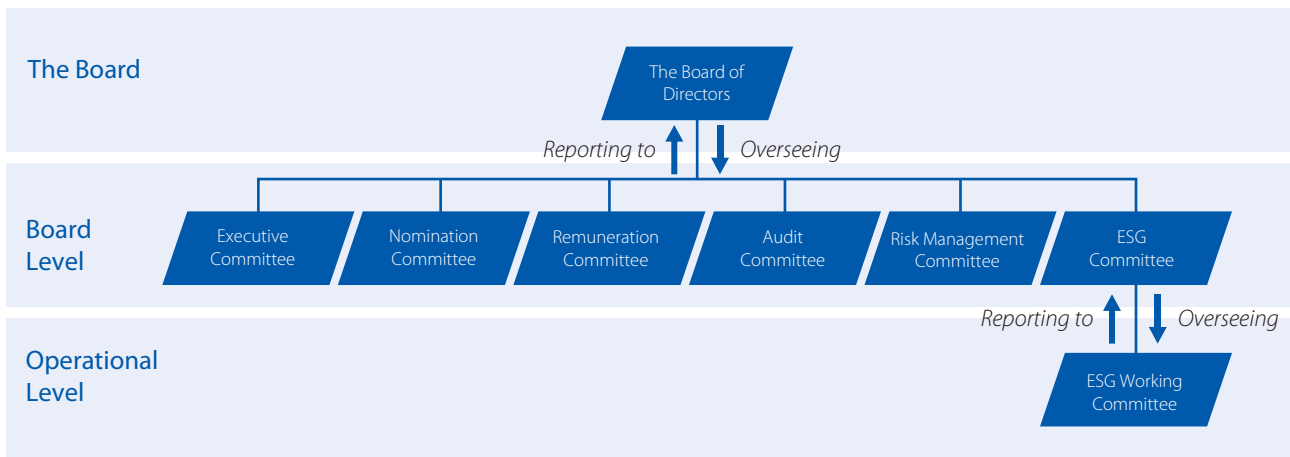
## Our Business and Governance

The Group has incorporated ESG factors into our core strategy to drive sustainable business operations, supported by governance and proactive management. Our governance framework is shaped by years of experience in Hong Kong’s regulatory environment and is designed for stability, effective oversight and support long-term performance. This approach, together with clear ethical standards, underscores our commitment to operating as a trusted and responsible financial institution.

### Corporate Governance Governance Structure

The Group maintains high standards of corporate governance, built on transparency, integrity, accountability, and fairness. Our governance framework helps us to manage risks and seize opportunities, target sustainable growth and safeguard the long-term interests of our stakeholders. To comply with current regulations and best practices, the Board has established six standing committees to assist in discharging its duties. Our Corporate Governance Policy (the “CG Policy”) sets out the roles and responsibilities of the Board, together with the structure and operation of Board Committees, Risk Management, Company Secretary, Internal Control, External Auditors, and shareholder communications.

#### Three-tier Governance Structure



The Group recognises that diversity strengthens board effectiveness and governance. Guided by our Board Diversity Policy, we ensure a well-rounded mix of genders, ethnicities, and professional backgrounds, with expertise across finance, legal, management, and multiple industries. As of the end of 2025, 58.33% of the Board are Independent Non-executive Directors, of whom two are female.

## Sustainability Governance



### Board

The Board serves as the Group's highest management authority and is responsible for overseeing the Group's ESG matters. The Board directs the Group's sustainability governance practices and strategic development by:

- overseeing and encouraging ESG and climate-related strategies
- approving the Group's ESG reports and disclosures
- overseeing the ESG Committee and reviewing ESG performance



### ESG Committee

The ESG Committee is a Board-level committee comprising independent directors, management, and executives across all key business units. It reports to the Board at least twice a year and supports the Board in overseeing sustainability practices by:

- shaping and reviewing the Group's ESG vision, performance, strategies, and practices
- overseeing policy implementation and evaluating ESG performance and targets
- staying abreast of evolving ESG standards and regulations
- organising and evaluating training programmes
- identifying and managing ESG risks for integration into the broader risk management framework
- reporting and recommending strategies to the Board for addressing significant ESG-related risks



### ESG Working Committee

The ESG Working Committee is an operational-level subcommittee comprising dedicated members from key business units across SHK & Co. and its subsidiaries. The ESG Working Committee reports to the ESG Committee and supports the implementation of sustainability strategies by:

- executing and implementing plans in accordance with relevant ESG policies and strategies
- facilitating Group-wide ESG targets
- promoting our ESG commitments and vision internally and externally
- collecting and monitoring the data for the ESG Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Corporate Responsibility**  
**Policy Commitments**

The Group integrates ESG policies on responsible business conduct, covering ethics, environmental management and labour practices, into our operations and reinforces these through training, contractual controls, and regular updates under the oversight of the Board and ESG Committee. During the reporting period, policies were reviewed and updated to align with regulatory changes, business needs, and stakeholder expectations. For full details of our policies, see our ESG Policies section at [www.shkco.com/en/Policy.aspx](http://www.shkco.com/en/Policy.aspx).

**Code of Conduct (Conflict of interests)**

The Group Code of Conduct mandates high ethical standards, requiring employees to avoid conflicts between personal and Group interests. This applies to financial ties with clients, suppliers, or competitors, as well as personal relationships with colleagues or industry peers. Employees must obtain prior written authorisation for any potential conflict, submit an annual declaration of outside interests, and proactively report emerging issues to management. We updated our Code of Conduct to include enhanced Anti-Discrimination and Anti-Harassment trainings, reinforcing our commitment to a respectful workplace.

**Anti-Bribery and Anti-Corruption**

The Group is committed to complying with all applicable laws and regulations, including the Prevention of Bribery Ordinance in Hong Kong and equivalent laws and regulations in Mainland China. Business units are required to develop tailored measures to address applicable licensing and legal requirements. Any breach or suspected breach of the policy will be investigated, with disciplinary actions including termination of employment and reporting to authorities where necessary. To strengthen awareness, the Group regularly provides training for the employees, including sessions delivered by the legal and compliance department, and UAF organised an Independent Commission Against Corruption (ICAC) seminar for all employees to strengthen awareness of corruption risks and enhance skills in identifying and managing potential integrity issues.

**Anti-Money Laundering**

Our Anti-Money Laundering (“AML”) and Counter-Terrorist Financing (“CTF”) Policy sets out controls to combat money laundering, terrorist financing and sanctions evasion. These include monitoring protocols for loan applications and subsequent transactions, and providing AML and CTF training.

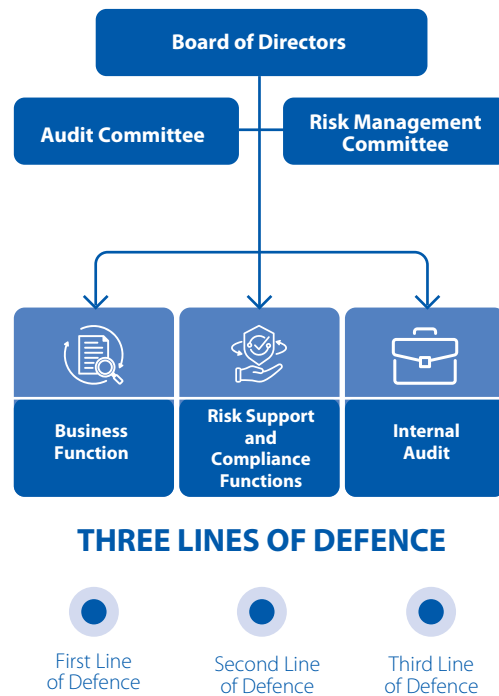
**Whistleblowing**

The Group maintains a Whistleblowing Policy that enables employees and stakeholders to report suspected misconduct confidentially. Any reports are reviewed by the Audit Committee, and the Group enforces zero tolerance for retaliation. During the reporting year, no concerns were reported under this policy.

**Risk Management**

**Risk Management and Structure**

Risk management is a key element of the Group’s governance framework. Our Enterprise Risk Management (ERM) framework is based on the Three Lines of Defence to identify, assess, and monitor risks, with quarterly reviews by the Risk Management Committee and reporting to the Board. The ERM framework, aligned with SFC and Stock Exchange requirements, integrates risk assessment into strategic planning. Regular training, risk bulletins and ongoing risk appetite reviews ensure risk mitigation remains embedded in operations, supporting sustainable growth.



The Board oversees the Group's risk governance framework through the Risk Management Committee and the Audit Committee. The Risk Management Committee identifies, assesses, and mitigates material risks and assesses the adequacy and compliance of risk management systems and internal controls. The Audit Committee enquires as to the effectiveness of these systems and reviews significant investigations and audit findings.

Our risk governance approach follows the "Three Lines of Defence" model. The first line comprises business functions and their line managers, who own and manage risks within their operations. The second line includes risk, support and compliance functions, supported by other oversight functions such as Finance. The third line is the Internal Audit function, which provides independent assurance over the first and second lines, with external consultants engaged as needed to support internal audit reviews.

#### **Disaster Recovery Plan**

We have a comprehensive Disaster Recovery Plan ("DRP") for business continuity and resilience during unplanned incidents, such as natural disasters (e.g. fire and flooding), power outages, cyber-attacks, and other disruptions. Our DRP is reviewed and updated annually to provide clear guidelines for response and escalation procedures. Incidents are classified into four levels of failure based on likelihood and severity, with each level having tailored recovery procedures. These include prioritised recovery of business units, recovery time objectives, recovery point objectives, and escalation paths.

### **Business Integrity and Ethics**

#### **Intellectual Property**

Protecting intellectual property (IP) rights is a core element of ethical business practice. Our Employee Culture Guide and Handbook set out clear guidelines, which are reviewed annually to ensure they remain current and effective. Unauthorised use of the Group's name, slogan, or trademarks for personal benefit or by third parties is strictly prohibited, and formal approval is required for any such use. To safeguard technology integrity, the Information Technology Team conducts regular checks for unauthorised software. As of end of 2025, the Group held 26 trademark registrations in Hong Kong and Mainland China and 55 overseas, reflecting our commitment to protecting IP globally.

#### **Human Rights**

Respecting human rights is fundamental to our corporate values. We maintain a zero-tolerance approach to child and forced labour, a standard that applies equally to our own operations, our suppliers, and the businesses in which we invest. We enforce this through rigorous recruitment due diligence, including identity verification and background checks, and have found no incidents of child labour, forced labour, or other human rights violations related to any of the Group's businesses.

#### **Supplier Management and Procurement Practices**

Our engagements with all suppliers, data providers, and contractors, except financial counterparties, are governed by our Group Procurement Policy, which takes account of ESG considerations.

**Supplier Due Diligence Form:** To manage risk effectively, we conduct comprehensive due diligence for all suppliers with an annual spend exceeding HKD5,000,000. This process assesses partners on critical factors including sustainable development, business ethics, occupational health and safety, data privacy, business continuity, and human rights practices.

Our Supplier Code of Conduct requires all suppliers to comply with relevant laws and international standards on human rights, ethics, equality, and fair employment, ensuring responsible practices throughout our value chain.

- **Business Ethics:** Suppliers must implement their own anti-bribery policies, declare any conflicts of interest, and comply with SHK & Co.'s Anti-Bribery and Anti-Corruption Policy and proactively avoid and declare any conflicts of interest.
- **Data Protection:** Suppliers must implement their own cybersecurity or information security policies and comply with applicable data protection laws, safeguard all personal and confidential data. They are required to protect sensitive data and meet all contractual obligations to ensure compliance with our standards.

As of the end of 2025, the Group had 626 suppliers globally, including those based in Hong Kong, Mainland China, Singapore, the United Kingdom and the United States. In alignment with the Authorised Agents Manual, we partner with external debt collection agencies to support our loan business. Authorised agents undergo regular evaluation focusing on factors such as data management, service effectiveness and relevant compliance.

## Our People and Culture

At SHK & Co., our employees are not just our greatest asset – they are the engine behind our sustainable growth. The Group is committed to enhancing our employee value proposition by creating a safe, inclusive, and dynamic work environment that fosters equality, diversity, and talent development. By cultivating an environment where diversity is valued and talent is nurtured, we ensure that every employee has the tools, opportunities, and support to excel. Our comprehensive approach includes targeted development programs, competitive compensation structures, and integrated well-being initiatives, all designed to unlock individual potential and fuel collective achievement.

Our people strategy is underpinned by the Employee Handbook, which articulates the Group’s guidelines across all key areas including employment, recruitment and promotion, working conditions, benefits and remuneration, training and development and code of conduct. Regularly reviewed and updated by the People & Culture Team, the Handbook remains agile and aligned with evolving business needs, market trends, and legal requirements, ensuring our people practices are not only compliant but also forward-thinking and purpose driven.

### Diversity, Equity and Inclusion Opportunities

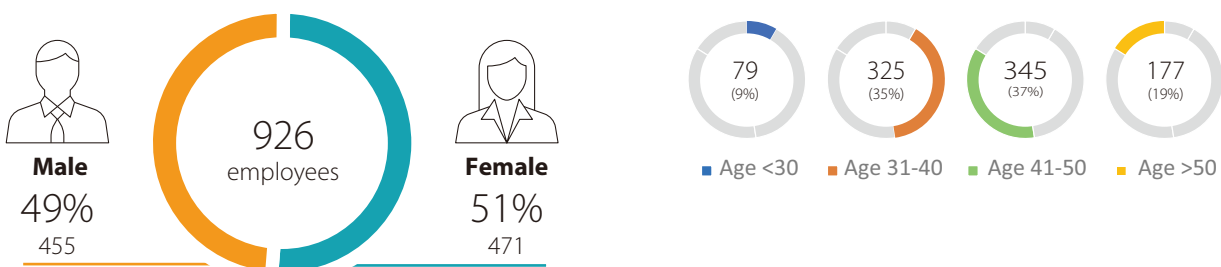
#### *Principles of fairness and equality in our employment practices*

The Group upholds the principle of equitable opportunity across all employment stages, ensuring that people grow based on merit, performance and capability, and fostering a diverse culture where different perspectives drive innovation and organisational performance. As part of this commitment, the Women in Leadership – Fireside Chat brought together senior leaders to share their career journeys, leadership insights and practical ways to empower women in the workplace.

Discrimination is strictly prohibited under our Anti-Discrimination Policy, with explicit safeguards against unfair treatment related to gender, age, race, disability, or other protected attributes. Violations are subject to formal review and appropriate disciplinary measures, in line with our zero-tolerance approach. As a signatory of the Equal Opportunities Commission’s Racial Diversity and Inclusion Charter for Employers, we provide reasonable accommodation for disabilities and encourage reporting of harassment, discrimination, victimisation, or defamation via our established reporting channels. All reports are overseen by the Head of People and Culture to ensure impartial handling and prevent retaliation. At executive level, our Board Diversity Policy ensures that governance reflects a broad range of experiences and perspectives.

### Employee Workforce

#### *Workforce Data*



## Recognising and Rewarding Talents

At the heart of our organisational success lies a culture rooted in trust, where employees feel heard, respected, and empowered to perform at their best. We foster this through active listening, transparent communication, and flexibility, most notably through the Unlimited Paid Leave Policy in SHK & Co. and SHK Credit, which enables employees to manage their time effectively and maintain focus and wellbeing. Our competitive, performance-driven compensation model combines a stable base salary with tailored variable rewards, including bonuses and incentives; sales roles further benefit from structured base pay and incentives programs. Beyond financial remuneration, our comprehensive benefits schemes encompass insurance and healthcare coverage, parental leave, retirement provisions, and participation in the Employee Ownership Scheme for eligible employees at our SHK & Co. and SHK Credit Hong Kong offices.

Recognising our ongoing commitment to employee welfare, both SHK & Co. and UAF have been awarded the "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority for excellence in retirement benefits and MPF administration. They have also been recognised as "Happy Companies," demonstrating our longstanding dedication to employee wellbeing and a supportive organisational culture.

### Diverse Benefits<sup>1</sup>

SHK & Co. and SHK Credit	UAF
Statutory Benefits such as Parental Leave, Retirement Provision and Employer Voluntary MPF Contribution	
<p><b>Monetary Benefits</b></p> <ul style="list-style-type: none"> <li>Discretionary Bonus</li> <li>Long Service Awards</li> <li>Rental Reimbursement Programme</li> <li>Employee Ownership Scheme</li> </ul> <p><b>Paid Leaves</b></p> <ul style="list-style-type: none"> <li>Unlimited Paid Annual Leave</li> </ul> <p><b>Medical and Insurance Coverage</b></p> <ul style="list-style-type: none"> <li>Health Care</li> <li>Life Insurance</li> <li>Accident and Disability Coverage</li> <li>Preventive Checkup and Vaccination</li> </ul> <p><b>Educational Subsidies</b></p> <ul style="list-style-type: none"> <li>Advanced Learning Subsidies</li> </ul>	<p><b>Monetary Benefits</b></p> <ul style="list-style-type: none"> <li>Double Pay &amp; Discretionary Bonus</li> <li>Cash for Marriage and New – Born</li> <li>Long Service Awards</li> <li>Long Service Pension and Social Security</li> <li>Rental Allowance</li> <li>Meal Allowance</li> </ul> <p><b>Paid Leaves</b></p> <ul style="list-style-type: none"> <li>Birthday Leave</li> <li>Compassionate Leave</li> <li>Family-Friendly Leave</li> <li>Marriage Leave</li> <li>Recreation Leave</li> <li>Overtime Compensation Leave</li> </ul> <p><b>Medical and Insurance Coverage</b></p> <ul style="list-style-type: none"> <li>Health Care</li> <li>Life Insurance</li> <li>Preventive Checkup</li> </ul> <p><b>Educational Subsidies</b></p> <ul style="list-style-type: none"> <li>Advanced Learning Allowance</li> </ul>

<sup>1</sup> Benefits provided varies by geographical location.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Employee Health, Wellness and Safety**

The Group is committed to a workplace that is secure, comfortable, healthy, and conducive to employee success and wellbeing. We have established an occupational health and safety ("OHS") management system aligned with key guidelines issued by the Hong Kong Labour Department, including "A Guide on Employer Safety Policy" and the "Occupational Safety and Health Ordinance." This framework outlines our methods to identify, evaluate, and mitigate OHS risks within general office settings and forms the basis for systematic OHS assessment. Oversight of OHS across offices is led by the General Administration Team, with administrative staffs conducting timely site inspections to assess office facilities, maintain safe working conditions and minimise potential health and safety risks. Employees are encouraged to report any OHS risks to the relevant departments so that issues can be addressed promptly. Our Business Continuity Plan, supported by a decision tree guideline, ensures effective response to potential incidents and minimal service disruption.

**Ensuring Workplace Safety****SAFETY MEASURES**

- Trained first aiders on standby for medical emergencies
- Guidelines for handling violent threats follow government recommendations
- Managed access and emergency exits meet safety and security standards

**AWARENESS AND TRAINING**

- Familiarity of employees with fire alarms, equipment, and escape routes
- Organisation of fire safety online seminars by the Building Manager Office
- Annual office safety and emergency preparedness refresher training

**REGULAR INSPECTIONS AND DRILLS**

- Annual and/or half-yearly inspection of the fire alarm system, fire service pump, sprinkler, fire hydrant, hose reel systems, fire extinguishers installation, and emergency exit

We prioritise employee well-being through ongoing investments in the working environment. Initiatives include height-adjustable desks at all workstations for ergonomic comfort, medical-grade antiviral air purifiers for improved indoor air quality, and increased office greenery to enhance oxygen levels, aesthetics, and overall health. These measures reflect our commitment to a safe, sustainable and productive workplace.

**Work-Life Balance and Well-being Support**

SHK & Co. adopts workplace practices that support employee wellbeing and work-life balance, contributing to an inclusive environment and the long-term satisfaction and performance of its workforce. We promote holistic well-being through initiatives encouraging physical health, social connection, and community involvement. These include charitable causes, wellness-focused events, and team-building activities that strengthen relationships and reinforce company's values. Our monthly "Friday at Five" gatherings further enable employees to connect, unwind, and build community spirit. The Group remains steadfastly committed to fostering the holistic well-being and overall satisfaction of our employees.

**SHK & Co.'s Cultural and Team Building Activities in 2025**

- Monthly "Friday at Five"
- Annual Dinner
- Insights Discovery Workshops
- Welcome Lunch and Farewell Gatherings
- Team Building – Company Values and Behaviours
- Sound Bath Wellness Session

**UAF's Cultural and Team Building Activities in 2025**

- Movie Night
- Annual Dinner
- Latte Art Workshop
- Perfume Workshop
- Sponsored Gathering
- Festive Celebrations
- "Let's Chill Out!"



## Development and Training

We empower our employees through continuous training and development, providing them opportunities to acquire new skills and embrace innovation. By closely monitoring market trends and evolving customer expectations, we strengthen our team's resilience and adaptability. This positions the Group to remain agile and resilient in a competitive landscape.

We equip our people with comprehensive training across technical skills such as AI applications, compliance, and anti-corruption – and essential soft skills, including leadership, communication, and impactful presentation. Aligned with our sustainability focus, we deliver targeted ESG training, on ESG fundamentals, ratings, and regulatory compliance. Beyond formal programs, we foster a culture of continuous learning through regular learning sessions that encourage knowledge sharing across teams.

### Training topics provided across the Group include but are not limited to:

 Valuation Approach	 ESG Training
 Financial Markets	 Health and Safety
 Ethical Standards	 Consumer Financial Protection
 Policy and Ordinance	 AI Applications Service
 Impactful Presentation	 Communication and Presentation
 Taxation	 Fraud Awareness
 Information Security Awareness (Privacy and Data Security)	 Operating Procedures
 Compliance (including Anti-bribery, AML and CTF)	 Risk management

Our new hires begin their professional journey at SHK & Co. through an onboarding program led by the People & Culture team which introduces core values, operations, culture and employee welfare while fostering cross-team connections. Supported by our Learning and Development Policy, employees are encouraged to pursue relevant licenses, qualifications, and performance-driven training, supported by an annual learning allowance and a year-round calendar of training workshops. Participant feedback informs ongoing improvement of training quality, and our partnership with the Hong Kong Securities and Investment Institute (HKSI) to further support talent development in the alternative investment sector by offering structured job training and industry exposure for students and young professionals.

Regular performance appraisals are conducted to assess development needs and growing opportunities, which supports job satisfaction, retention and productivity. At SHK & Co., our bi-annual performance reviews, along with an annual 360 degree feedback exercise that incorporates self-assessment, peer input, and feedback from key stakeholders, with people managers also receiving upward feedback. These reviews are followed by constructive discussions to define actionable measurable measures that enable continued growth and performance improvement.

## Employee Engagement

SHK & Co. and SHK Credit rolled out a firmwide employee engagement survey via Culture Amp, a platform for measuring workforce experience. These results were used to inform our focus group discussions, and guide targeted improvements to the employee experience. Ongoing communication is maintained through a quarterly staff newsletter and monthly social events, which share key business updates and recognise employee contributions.

To strengthen employee engagement and better understand their needs and expectations, UAF invited all staff members to participate in the annual online survey. The feedback collected plays a key role in shaping more engaging and practical training programs and activities, while also supporting initiatives that promote a healthy work-life balance.

## Our Community

We recognise our responsibility to society and place community well-being at the core of our mission. Our community strategy focuses on supporting the underprivileged and the elderly, nurturing youth development, and advancing environmental protection. Since 2015, the Sun Hung Kai & Co. Foundation has been central to our community efforts, working with business partners to drive positive change. This year, we strengthened our efforts towards high-impact initiatives that uplift the vulnerable groups and empower young people.

### During the Reporting Period, we:



Supported **15** charitable and community projects



Participated in **780** hours of volunteer services



Gathered **219** volunteers

## Community Investment

### Charitable Donation: Donations Exceeding HKD4,000,000

The SHK & Co. Foundation's supported families affected by the Tai Po fire through a donation to the HKSAR Government's Support Fund for Wang Fuk Court. UAF also contributed to the Conservation International Foundation under Mastercard's Priceless Planet Coalition to advance global forest restoration efforts.

## Community Engagements

### Celebrate Dragon Boat Festival with Elderly Community

Volunteers joined Hong Kong's "Serve-a-thon" to learn the traditional art of making rice dumpling and distribute goodie bags and care cards.



### Pei Ho Counterparts – Boxed Meal Distribution

Free meals are provided to individuals and families in need across multiple districts, supported by a volunteer team that includes 16 UAF employees and serves thousands regularly.



### The Sun Hung Kai Scallywag Foundation Programme

We delivered 449 sailing sessions to over 3,000 participants, including individuals with intellectual disabilities, ASD, and ADHD, supporting personal development and social inclusion. It also contributed to academic research with The Chinese University of Hong Kong on resilience among young people on the autism spectrum.



### Empowering Future Leaders Through Our Fellowship Fund

We support outstanding students for world-class education and developing the skills needed to drive positive social impact in the communities.

*"My journey from Chengdu to Shanghai, China and now to Boston, has been transformative. At HBS, I've connected with brilliant classmates from diverse backgrounds, engaged deeply in the Tech, AI and Greater China communities, and strengthened my commitment to using innovation for social impact. Being recognized with the first-year academic honours and leading as a Co-President of the Greater China Club have been meaningful milestones. These experiences have strengthened my determination to leverage technology to make a meaningful impact on underserved communities and to bridge gaps across regions. Thank you for believing in my potential and supporting my journey."*

Yizhen Luo, Harvard Business School MBA 2026 – SHK & Co. Foundation Fellowship Fund Recipient

### Membership and Associations

In addition to philanthropic initiatives, the Group engages with professional associations, chambers and nonprofit organisations to promote industry standards and best practice sharing.

Position	Institution
<b>SHK &amp; Co.</b>	
<b>Committee Members</b>	The Chamber of Hong Kong Listed Companies
<b>UAF</b>	
<b>Vice Chairman, Yuen Long West District</b>	Scout Association of Hong Kong
<b>Vice Chairman, New Territories Regional Training Committee</b>	Scout Association of Hong Kong
<b>Executive Committee Member</b>	The HKSAR Licensed Money Lenders Association
<b>Vice Chairperson</b>	Home Affairs Department – Road Safety Campaign Organising Committee (Yau Tsim Mong District)
<b>National Security Education District Tutor</b>	The Security Bureau, Home and Youth Affairs Bureau
<b>School Manager</b>	Yaumati Kaifong Association School
<b>Vice Chairman</b>	Yaumati Kai Fong Welfare Advancement Association Limited
<b>Secretary</b>	The HKSAR Licensed Money Lenders Association

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## Our Investors and Customers

Delivering consistent value and fostering enduring relationships with investors and customers is important to us. We are committed to operational excellence and proactive engagement, continually seeking growth opportunities to ensure stable, long-term returns for our stakeholders.

### Responsible Investing

Anchored in the belief that strong financial performance need not “cost the Earth”, we pursue investment opportunities that deliver competitive returns alongside measurable climate and social benefits. For further details, please refer to the full Responsible Investment Policy.

### Customer Satisfaction

Delivering high-quality products and services begins with understanding customer needs, and providing professional support across all touchpoints. This is reinforced by clear internal guidelines, regular service training and oversight from the credit committee. Serving more than 260,000 customer accounts, UAF gathered feedback through regular surveys to measure satisfaction and identify areas for improvement. The Customer Service Department (“CSD”) handles enquiries with professionalism and continuously refines our service processes to ensure a reliable high-quality service experience for all customers.

### Complaint Handling Mechanism

UAF applies a structured and transparent complaint handling procedure to manage customer concerns. All feedback received by the CSD is reviewed promptly, with cases assessed and addressed by staff of appropriate seniority. Response plans are tailored to the nature and seriousness of the issue, ensuring fair outcomes and accountability. During the reporting period, all complaints of UAF were resolved by the CSD and Business Administration offices (“BAO”) with proper records. Sun Hung Kai Capital Partners Limited (SHKCP) has a Complaint Handling Policy in place to ensure complaints are managed in a structured and timely manner, with clear process for investigation, escalation and resolution. Complaints are overseen by the Legal and Compliance team, with appropriate escalation, senior management oversight and proper recordkeeping in accordance with internal policies.

### Financial Protection and Inclusion

Inclusive finance involves expanding access to formal financial systems and empowering individuals financially to foster economic growth. We focus on promoting financial inclusion by providing flexible, accessible solutions to the general public and improving financial access for customers.

### Expanding Financial Accessibility

We recognise our responsibility to drive financial inclusion by enhancing our user-friendly website, mobile applications and the physical accessibility of strategically placed branches. As of the end of 2025, UAF has established a comprehensive network of 45 branches across Hong Kong and 12 key cities in Mainland China.

Through our “YES UA” mobile app, customers also enjoy round-the-clock access to loan services, enabling them to manage their finances anytime and anywhere without needing to visit a branch, while UAF’s “SIM Credit Card” provides digital services that enable all cardholders to manage payments, set credit limit and participate in promotion, supported by a manageable starting limit that helps them build financial independence. SHKCP has also launched the online client portal, enabling clients to access portfolio information easily through digital and mobile platforms.

### Support for Financial Inclusion of SMEs and Underserved Communities

To support customers facing unforeseen circumstances, we have offered diverse loan options tailored to different needs:

- **SHK Credit’s Mortgage Payment Holiday:** This pioneering programme is the first in Hong Kong to incorporate a grace period, helping customers manage unexpected financial challenges during their loan term.
- **Interbank Debt Relief Plan:** UAF participates in this industry-wide framework, a framework agreement jointly formulated by Hong Kong Association of Banks (“HKAB”), The Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies (“DTC Association”) and HKSAR Licensed Money Lenders Association (“LMLA”), enabling eligible customers to adjust repayment schedules and ease hardship.
- **Underprivileged Group and Small Enterprise Support:** Following “Customer First” motto, UAF provides accessible services to underprivileged groups and small businesses to foster social equity. To alleviate immediate cash flow pressures, our Small Enterprise Loan offers simple, flexible solutions with rapid approvals within 24 hours.
- **UAF’s Repayment Grace Period for Customers affected by Wang Fuk Court Fire in Tai Po:** UAF implemented relief measures for affected customers by providing a six-month grace period on all consumer loans and credit card repayments, along with waivers of related interest and fees.

### **Best SME (Small-Medium Enterprise) Partner Award in 4 consecutive years**

In 2025, UAF continued this achievement, receiving the award for the fourth consecutive year, further reinforcing its role as a trusted financing partner for the SME community.



Additionally, UAF supports underserved communities in Hong Kong, including foreign domestic workers and individuals with monthly income not exceeding HK\$10,000. These targeted loans offer flexible loan options tailored to meet their specific financial needs. They reflect UAF's commitment to financial inclusivity, ensuring that we meet the diverse needs of our customers.

### **Consumer Financial Protection**

UAF places the highest priority on treating customers fairly, protecting their personal data, and upholding ethical standards in all sales and lending practices. This commitment fosters a secure and fair financial environment, achieved through employee training and operational guidelines.

**Building an Ethical Sales Culture:** UAF utilises both online and offline training channels to embed ethical selling practices and strengthen employees' ethical standards and regulatory awareness, mandatory training modules cover compliance and risk, fraud awareness and legal training on Money Lenders Ordinance.

**Upholding Data Privacy:** Safeguarding sensitive financial information is important. UAF ensures strict compliance with data protection regulations through specialised training courses, such as the "Personal Data Privacy Ordinance (PDPO)" and "Personal Data Privacy Training".

### **Promotion of Financial Literacy**

We are dedicated to promoting financial understanding within our communities, to navigate today's financial landscape with confidence and competence. To achieve this, UAF utilises its corporate digital platforms in Hong Kong to educate users on Credit Data Smart and responsible debt management, while simultaneously leveraging its official WeChat account in the Chinese market to combat financial crime through engaging comics that simulate real-world scams. Beyond our direct customer engagement, UAF actively contributes to the LMLA website by providing public resources on sustainable debt, thereby fostering a culture of integrity within the wider financial community.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Responsible Products and Services**

Dedicated committees are responsible for overseeing the management of products and services.

<b>Product Governance and Oversight</b>	<p><b>Committee Oversight:</b> The Credit Committee oversees loan approvals and policy implementation, ensuring alignment with current lending guidance and business objectives. In addition, SHKCP has established a New Product Committee to strengthen product governance. The Committee assesses the product features, product risks, and investment structures prior to product approval, ensuring that products distributed, advised on, and/or managed for clients are appropriate and aligned with institutional standards.</p> <p><b>Regular Review:</b> Monthly meetings are conducted by the UAF Board and business teams to evaluate product performance, assess customer impact, and make final decisions on new product launches.</p>
<b>Ethical Debt Collection and Hardship Support</b>	<p><b>Standardised Procedures:</b> UAF prioritises fair practices and consumer protection, staff strictly adhere to comprehensive manuals, including the Debt Collection Department Operational Manual and Credit Control Procedure to ensure fair and consistent practices.</p> <p><b>Customer Support:</b> When defaulted loan payments occur, the Debt Collection Department initiates via SMS, mail, or telephone. UAF prioritises assisting customers facing short-term financial hardship by offering repayment schemes such as interest payment deferral and loan restructuring.</p> <p><b>Escalation Protocol:</b> In instances where these efforts fail or a customer declines to repay, accounts are referred to the Credit Control Department or external agents only when repayment efforts have been exhausted and customers remain unresponsive.</p>

UAF is dedicated to protecting its customers' financial well-being and promoting inclusivity. As a founding and executive committee member of the LMLA, UAF contributed to the drafting of the Code of Money Lending Practice, which sets industry standards on customer relations, anti-money laundering, credit evaluation, debt collection and recovery, and data privacy, strengthening customer confidence and promoting fair conduct across the sector. Representing the LMLA, UAF also worked with HKAB and DTC Association to establish the Consumer Credit Forum ("CCF"), a platform for discussing and formulating strategies on consumer credit-related issues in Hong Kong.

Beyond this, UAF contributed actively to HKAB-led initiatives, including the Multiple Credit Reference Agencies User Group and the development of Credit Card Smart ("CDS"), a model that broadens options for consumer credit references services. A UAF representative also served as chairman of the Hong Kong S.A.R. Licensed Money Lenders Association Limited and supported the successful launch of CDS. In Mainland China, UAF's lending business complies fully with the Money Lenders Ordinance, follows all regulatory guidelines for small loan companies, and meets rectification requirements related to cash loans, online small loans, and P2P lending.

**Responsible Marketing**

UAF maintains a Fair Advertising Policy to ensure all marketing practices are ethical, transparent, and aligned with ESG principles. We conduct internal reviews to prevent misleading or discriminatory content, promote awareness among marketing teams about truthfulness and sustainability impacts. Post-campaign monitoring and feedback help us measure alignment with ESG objectives and drive continuous improvement. The policy emphasises transparency in ESG claims, inclusivity messaging, and regular reviews to reflect evolving standards.

All marketing materials comply with applicable laws, including the Trade Description Ordinance (Cap. 362 of the Laws of Hong Kong) and Guidelines on Additional Licensing Conditions of Money Lenders Licence. We provide clear disclosures and prominent risk warnings in all promotional materials, maintain hotlines for reporting suspected non-compliant advertising, and prohibit any false or exaggerated information. Key product information and advisory documents are available on our website to help customers make informed decisions.

**Anti-Money Lending Scam Guidance Documents**

- Beware of Money Lending Scams leaflet
- Note to Intending Borrowers
- Financial Health leaflet

## Data Privacy and Cybersecurity

### Data Protection

The Group adheres to the Personal Data (Privacy) Ordinance (Cap. 486) and the Code of Practice on Consumer Credit Data, safeguarding client information through internal policies, strong access controls, and advanced encryption technologies. Our Privacy Policy provides transparency on data collection, retention, and use, supported by clear consent procedures and processes for clients to access or correct their personal data. Our Group Information Security Policy outlines a three-tiered approach covering Data Loss Prevention (DLP) and disaster recovery:

1. **Prevention** through access controls, encryption, and regular security training to harden our defences against unauthorised access.
2. **Detection** through network monitoring, intrusion detection, and dark-web surveillance to identify potential threats.
3. **Response** through an established Disaster Recovery Plan (DRP) to contain and resolve incidents swiftly.

In UAF, the Cybersecurity & Data Protection Task Force oversees measures to safeguard organisational data against threats and breaches by working closely with IT Governance, Internal Control, and Internal Audit under the Three Lines of Defence model to ensure strong risk management. The task force conducts regular reviews, support policy development, coordinates incident response planning, and meets monthly to maintain a resilient cybersecurity framework. UAF also maintained a tiered policy structure that includes the Information Classification Policy, which sets access controls by risk levels, and the Personal Data Privacy Management Policy, which empowers our Data Protection Officer (DPO) to manage risk assessments, data processors, and policy reviews. To strengthen Data Loss Prevention, real-time monitoring flags and blocks messages containing sensitive information until dual-level approval is obtained from both line manager and the cybersecurity team.

All employees receive ongoing information security and cybersecurity trainings, including mandatory e-learning on privacy, phishing, fraud prevention and system security, such as "Cybersecurity Training", "Cyber Awareness Training 2025". Staff in the Financial Infrastructure Department also participated in a two-day "Principles of Secure Coding" course on Coursera to reinforce secure-development practices. These collective efforts contributed to UAF receiving the Gold Award for privacy protection at the Privacy-Friendly Awards 2025 organised by the Privacy Commissioner for Personal Data.

## Information Technology ("IT") Resilience

We address critical cybersecurity risks through an infrastructure featuring offsite backups and alignment with the National Institute of Standards and Technology ("NIST") Cybersecurity Framework. Our security controls are regularly validated through external audits and internationally recognised standards.

**Certifications and Compliance:** we are committed to validating our security posture through internationally recognised standards:

- **ISO/IEC 27001 (Information Security Management):**
  - o UAF successfully renewed its ISO/IEC 27001:2022 certification in February 2025, maintaining the accreditation first achieved in 2019, while SHK & Co. attained the same certification in December 2025. The certification covered information security across application lifecycles, IT infrastructure administration, cybersecurity monitoring, and helpdesk support services.
- **PCI DSS (Payment Security):**
  - o UAF achieved Payment Card Industry Data Security Standard (PCI DSS 4.0.1) certification across 100% of its operations this year. By adhering to this stringent global standard, we ensure rigorous protection of private cardholder information, minimising data breach risks and strengthening customer trust.

In line with our commitment to delivering services through digital platforms, we have enhanced our loan and card origination process via the 'YES UA' and 'SIM Credit Card' apps since 2020. These platforms replace physical documentation with digital identity verification, creating a seamless user experience that improves efficiency while materially reducing paper consumption and carbon emissions.



## Our Environment

We recognise the importance of protecting the environment and encouraging a shift towards more sustainable behaviours. During the Reporting Period, no instances of environmental non-compliance were recorded that would significantly impact the Group.

We focus on four strategic objectives: Waste Reduction, Energy Conservation, Water Efficiency, and Carbon Reduction. These are supported by continuous improvements to our systems and transparent reporting to ensure alignment with stakeholder expectations and long-term goals.

### Environmental Initiatives

#### Marine Conservation: Coral Exploration Eco-tour and Volunteer Service

Over 40 volunteers and their families joined a WWF-Hong Kong coral eco-tour at the Hoi Ha Marine Life Centre. Participants supported researchers by collecting air and seawater data for coral restoration and learning about marine conservation.



#### Restoring Ocean Health: Coastal Cleanup

Staff volunteers supported the “Clean Regattas” initiative at Hong Kong Race Week on Middle Island. As the title sponsor for the fourth consecutive year, we help drive ocean protection and removed about 60 kg of marine debris to support a cleaner coastline.



#### Sustainable Agriculture: Eco-Rice Harvesting

At the Ho Sheung Heung wetland, an important habitat for the endangered Yellow-breasted Bunting, we joined The Conservancy Association in eco-rice harvesting, contributed to sustaining the wetland, preserving the tradition of paddy rice farming.

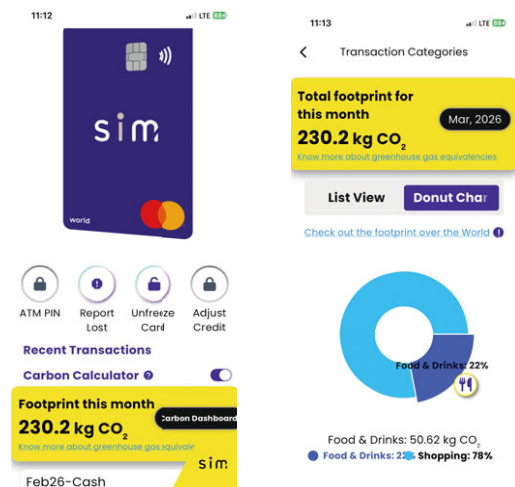


#### Earth Hour 2025

We participated in Earth Hour 2025 by switching off nonessential lighting and electrical equipment for one hour. This event reflects our ongoing support for energy conservation and its commitment to raising awareness of responsible energy use.

#### Promoting Green Awareness through ESG Carbon Calculator

Our ESG Carbon Calculator in the “SIM Credit Card” app tracks users’ carbon footprint based on spending habits, presenting data intuitively to raise awareness and encourage sustainable consumption in a lighthearted way. Through the Priceless Planet Coalition programme, SIM Credit Card is restoring 15,000 trees to offset carbon emissions, while UAF allocates deposits to a sustainable account supporting green projects and has contributed to planting approximately 7,500 trees.



Our ongoing commitment to environmental responsibility has been consistently recognised by the World Green Organisation (WGO), with the Group receiving the “UNSDGs – Green Office Awards Labelling Scheme (GOALS)” certification and the “EcoHealthy Workplace” label for five consecutive years. These achievements reflect our sustained efforts to promote resource efficiency, reduce environmental impact, and maintain a healthy, sustainable working environment.



SHK & Co. has also demonstrated outstanding achievements in implementing sustainable workplace practices, reinforcing our commitment to a greener and more sustainable future.

### Sustainable Sourcing and Consumption



**As of 2025, 100% of our office paper is certified FSC or PEFC.**

Committed to responsible sourcing, the Group minimises waste by selecting suppliers with recognised environmental credentials. This includes sourcing eco-certified furniture and prioritising paper products endorsed by the Forest Stewardship Council (“FSC”) and the Programme for the Endorsement of Forest Certification (“PEFC”), along with transitioning fully to bamboo pulp products and durable tableware to support circularity. We also reduce paper consumption through lower printer density, default duplex printing, and a preference for digital distribution. By collaborating with our employees through regular educational initiatives, we aim to contribute meaningful progress toward our targets, ensuring every team member plays a role in achieving significant improvements in our environmental performance.

Regular campaigns are launched to educate employees on the importance of sustainability practices, such as reducing paper usage and recycling. Complementing these efforts, we adopted technologies such as DocuSign and PDF sign for e-signatures and promoted remote work capabilities through platforms like TEAMS and VPN, further reducing reliance on physical documents and supporting sustainable practices.

### Waste Management



In alignment with Hong Kong’s Waste Blueprint for Hong Kong 2035, the Group adopts a two-pronged approach to waste reduction: controlling waste at its source and leveraging digitisation technologies. We prioritise responsible and sustainable production practices, adhering to strict guidelines for the handling and disposal of both hazardous and non-hazardous waste. Our waste management strategy follows the hierarchy of reducing resource consumption first, then reusing and recycling before disposal. Typical office waste includes paper, cardboard, furniture, equipment, and domestic waste, for which clearly labelled recycling bins and designated collection areas for confidential information are provided for proper segregation.

During the reporting period, we implemented a range of waste reduction and recycling initiatives aimed at promoting resource efficiency and encouraging waste reduction. These initiatives included the recycling of Christmas trees, the collection of red packets for reuse and recycling. In addition, a mooncake box recycling programme was carried out during the Mid-Autumn Festival period to reduce packaging waste associated with seasonal celebrations. We actively promote food waste reduction through initiatives such as donating food to Food Co and collecting food waste during our “Friday at Five” events. These efforts reflect our commitment to minimising the environmental impact of our operations.

### Digitised Operations

Digital transformation remains a vital component of the Group’s operations, driving efficiency and innovation across all facets of our business. We recognise that embracing digital technologies is essential not only for streamlining our processes but also for enhancing customer experiences and staying competitive in the ever-evolving market.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Major Digitised Initiatives:**

- Business Card Digitalisation
- Electronic correspondence and circulation of materials
- Digital employee self-service platform for administrative paperwork
- Digital management process
- Online learning management system
- Marketing through digital channels
- Use of digital media firms
- Digital loan and card application services

**Energy Conservation**

Electricity Usage



~17%

\*Compared to 2024 levels

Our Sustainability Policy places strong emphasis on improving energy performance across our operations. We have implemented a range of measures to reduce energy consumption, such as upgrading to energy-efficient lighting systems, installing smart sensors to optimise electricity usage, and enhancing HVAC systems for better energy control. Additionally, we promote energy-saving practices among employees and leverage digital tools to monitor and manage energy usage effectively, minimise our carbon footprint while supporting long-term operational efficiency.

We successfully achieved our established targets to reduce absolute electricity usage by 41% by 2025, based on the FY19 baseline. This is driven by adoption of energy star-rated appliances such as fridges, air purifiers and copiers, as well as active promotion of energy-saving computer settings at our head office. We further integrated LED infrastructure with centralised control panels and advanced sensing technology, including Lutron Motion and Daylight Sensors. Zoning and dimming systems in key areas such as the reception lobby and meeting rooms maximise efficiency without affecting comfort.

Complementing these operational measures, the Group's head office is in a building that has achieved a Final Platinum rating under Hong Kong's BEAM Plus Existing Buildings (Commercial) Certification, independently validating its high energy efficiency performance.

**Lighting:**

- Use LED, T5, or compact fluorescent lamps with energy labels (EMSD's Grade 1 and 2 or equivalent).
- Affix on/off switch stickers on lighting control panels.
- Ensure lights are switched off when not in use or after office hours.

**Maintenance:**

- Regularly maintain electrical appliances (lamps, computers, water dispensers, fridges, fans) for optimal efficiency.

**Multifunctional Devices:**

- Prioritise devices that combine printing, scanning, photocopying, and faxing.

**Smart Lighting Solutions:**

- Implement light control zones.
- Install motion-sensing light bulbs and LED light bulbs.

**External Lighting:**

- Switch off lighting for decorative, promotional, and advertising billboards and signages after midnight.
- UAF's Participation in Charter on External Lighting for Branches.

Charter on External Lighting  
戶外燈光約章**Water Efficiency**

Water Usage



~12%

\*Compared to 2024 levels

Access to clean and fresh water is vital for our health and well-being. During the Reporting Period, we do not encounter challenges in sourcing water, as we rely on the municipal water supply for our Hong Kong office. We have implemented several measures to promote water conservation, such as installed display signs in pantries and washrooms, reminding our employees about the importance of water conservation and providing them with practical water-saving tips.

## Carbon Management

### Carbon Reduction



~16%

**GHG Emissions (Scope 2)** \*Compared to 2024 levels

We are committed to reducing GHG emissions by addressing climate change appropriately and monitoring our carbon footprint. During the reporting period, the Group's scope 2 GHG emissions amounted to 1159.89 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), we are committed to identifying and implementing practical solutions across our operations to further reduce our carbon footprint and support a sustainable future.

#### Other Major Carbon Reduction

Initiatives	SDGs Alignment
Leveraging Online Collaboration Platforms to Minimise Business Travels	SDG 13
Regular Inspections and Maintenance of Vehicle Fleets	SDG 13
Partnerships with Green Organisations to Promote Low-Carbon Lifestyles	SDG 13 SDG 17

#### Scope 3 Emissions

During the year, the Group expanded its Scope 3 emissions calculations to cover additional value chain categories and

strengthened data collection and measurement processes in line with the GHG Protocol. We also began gathering investment data and calculating financed emissions with reference to the Partnership for Carbon Accounting Financials ("PCAF").

In 2025, we conducted a comprehensive assessment to map our Scope 3 emissions profile. This year, the Group identified two relevant Scope 3 categories: Category 5: Waste generated in operations and Category 7: employee commuting.

Energy and greenhouse gas emissions in tonnes CO <sub>2</sub> -e	
	2025
Scope 1	75.44
Scope 2	1,159.89
Scope 3	238.24
Category 5 (Waste generated in operations) <sup>2</sup> :	44.24
Category 7 (Employee commuting):	194.00

Data in 2025 is subject to an independent third-party limited assurance in accordance with the "International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information". Further details are set out in the third party limited assurance statement in this report (P.67), as well as in the ESG Datapack available at [www.shkco.com/en/EsgReports.aspx](http://www.shkco.com/en/EsgReports.aspx).

## Climate-related Risk Management

Recognising climate change as a critical business challenge, we have adopted a proactive strategy focused on resilience and decarbonisation. This section details our management of these risks and our performance against the HKEX ESG Code – Part D: Climate-related Disclosures.

Governance >	Strategy >	Risk Management >	Metrics and Targets
The governance framework of the Group regarding risks and opportunities related to climate change.	Material information on the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning should be disclosed.	The Group's identification, assessment, and management of climate-related risks.	The metrics and targets used to assess and manage material climate-related risks and opportunities.

<sup>2</sup> For Scope 3 – Category 5 (waste generated in operations), the boundary currently covers only the following waste streams: wastewater treatment and municipal solid waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Governance**

The Group has established a sustainability governance framework to facilitate the effective identification and management of climate-related risks. Climate considerations are embedded into the Group’s broader ESG risk management system, ensuring consistent oversight across all operations. The Board exercises overall accountability, supported by a delegated authority structure that ensures systematic monitoring of risk mitigation strategies.

For more on the Group’s Sustainability Governance, please refer to the “Corporate Governance Report” in the 2025 Annual Report and the “Our approach to Sustainability” and “Our Business and Governance” sections in this Report.

**Strategy**

The Board recognises climate-related physical and transition risks as material to the Group’s long-term resilience and value creation. This understanding informs our strategy to mitigate impacts and capture opportunities in a low-carbon economy.

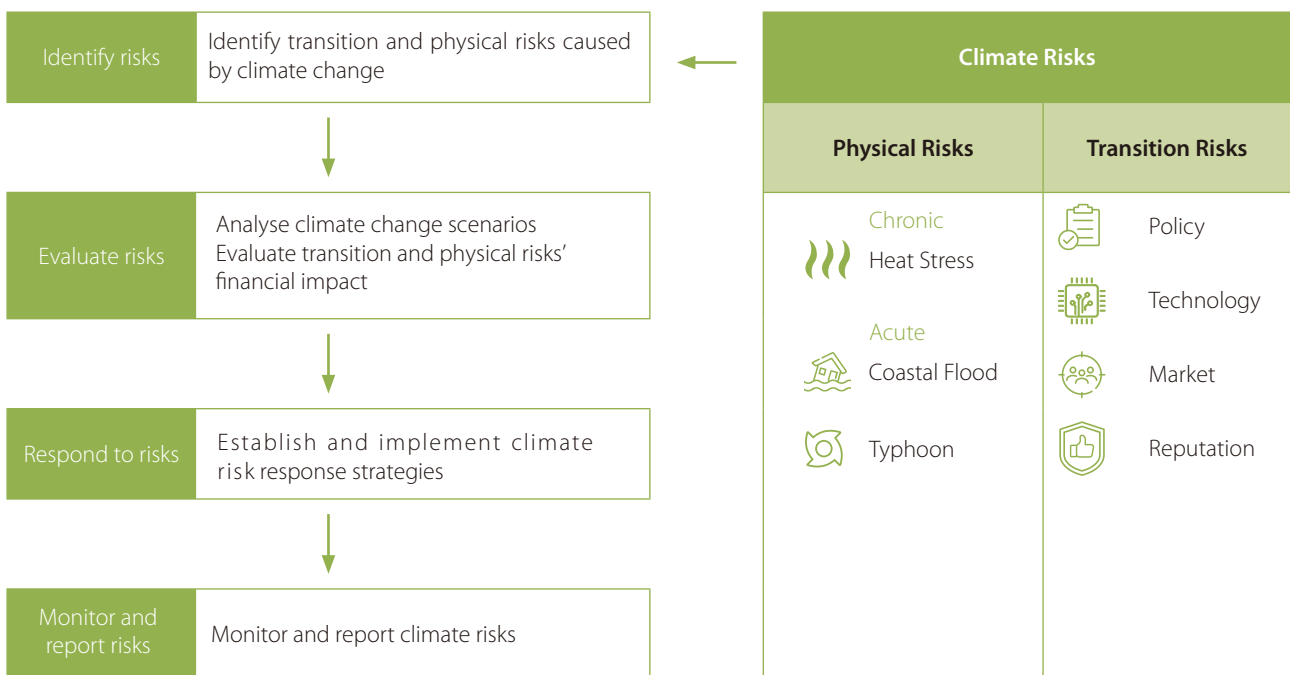
Our Climate Change Policy outlines the actions and plans we have in place for corporate sustainability, climate-resilient investments, stakeholder engagement, and transparent disclosure. All members of the Group should follow these guidelines. Additionally, SHK & Co. has made significant investments in numerous initiatives that utilise cutting-edge technologies in recent years. These initiatives are further detailed in the “Our Investors and Customers” section of this Report. We fulfilled our sustainability commitment through the Group’s Climate Change Policy, which establishes a rigorous governance

framework for corporate sustainability, climate-resilient investment, stakeholder engagement, and transparent disclosure. Adherence to this policy is mandatory across all business units, ensuring a unified approach to risk and compliance. Beyond governance, we actively seize transition opportunities through targeted investments in technology-driven solutions. By backing cutting-edge innovations, we are building a future-ready portfolio (further details in the “Our Investors and Customers” section).

**Climate-related Risks and Opportunities**

The Group adopts a proactive approach to identify material climate risks and opportunities by engaging an ESG consultant to conduct in-depth assessments. To ensure our business remains resilient, we actively manage the financial impacts of climate change through scenario analysis. Climate risk identification and prioritisation are carried out through extensive discussions, meticulous evaluation, and in-depth analysis. We have better understanding of how physical climate events and economic shifts could affect our operations.

Guided by the recommendations of HKEX ESG Code – Part D: Climate-related Disclosures, we conducted a climate scenario analysis to evaluate Physical Risks (such as asset damage from extreme weather) and Transition Risks (including regulatory and market shifts). Through the scenario analysis, we aim to conduct in-depth financial impact analysis for key risks and opportunities. After identifying the most significant climate risks to the Group, we assess these risks using scenarios over three time periods: short-term (2030), medium-term (2050), and long-term (2080).



### Physical Risks

We referred to the Sixth Assessment Report (AR6) issued by the Intergovernmental Panel on Climate Change (IPCC) and adopted the Shared Socioeconomic Pathway (SSP) framework to assess physical climate risks under two scenarios:

SSP2-RCP4.5 "Middle-of-the-road" Temperature Projection: 1.5-3°C	SSP3-RCP7.0 "Regional rivalry" Temperature Projection: >3°C
<ul style="list-style-type: none"> <li>• Stabilised GHG emissions around mid-century</li> <li>• GHG emissions begin to decline after mid-century</li> <li>• Emissions do not reach net zero by 2100</li> <li>• Moderate progress in economic growth and technological advancements</li> <li>• Moderate implementation of climate policies and measures</li> </ul>	<ul style="list-style-type: none"> <li>• Limited progress in addressing climate change</li> <li>• GHG emissions continue to rise throughout the century</li> <li>• Higher population and inequality</li> <li>• Slower and more uneven economic development across regions</li> <li>• Weak and inconsistent implementation of climate policies and measures</li> </ul>

For full details of the physical risks assessment and further details, see "Climate Risk and Opportunities" in our ESG Datapack at [www.shkco.com/en/EsgReports.aspx](http://www.shkco.com/en/EsgReports.aspx).

### Transition Risks and Opportunities

To assess transition risks and opportunities, we applied the Network for Greening the Financial System (NGFS) climate scenarios. NGFS scenarios are standardised pathways developed by a global network of central banks and financial supervisors to help organisations evaluate the potential economic and financial effects of climate change under different transition outcomes. Using this structured framework, we considered how different climate pathways could affect our business, including operating costs, asset values, and market competitiveness. For the assessment, we selected the Current Policies scenario and the Delayed Transition scenario. The key assumptions for each are summarised in the table below.

"Delayed Transition" Temperature Projection: 1.5-3°C	"Current Policies" Temperature Projection: >3°C
<ul style="list-style-type: none"> <li>• Global annual emissions do not decrease until 2030</li> <li>• Policy post-2030 focused on sustainable development</li> <li>• Limited reliance on negative emissions technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Global temperature rises over 3 degrees by 2100</li> <li>• Policy focused on free markets</li> <li>• High economic growth</li> <li>• High consumption</li> <li>• Effective international cooperation</li> </ul>

Our transition risk assessment focused primarily on policy, technological, market, and reputational risks.

For full details of the transition risk assessment, see "Climate Risk and Opportunities" in our ESG Datapack at [www.shkco.com/en/EsgReports.aspx](http://www.shkco.com/en/EsgReports.aspx).

We use climate scenario analysis to strengthen our risk management by helping us reduce climate-related risks and identify opportunities in the shift to a low-carbon economy. The insights guide our strategies to keep the business stable, resilient, and ready for long-term growth. By leveraging these scenarios, we aim to develop strategies to mitigate risks, seize opportunities, and ensure long-term resilience in a transitioning economy.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Risk Management**

We have identified significant physical and transition risks material to our business and assessed their potential impact on our financial stability. To safeguard our operations against these exposures, we developed targeted measures under the supervision of the ESG Committee. We are committed to mitigating business impacts through climate risk management, fostering a sustainable business environment. Our strategic responses to these climate risks are as follows:

<b>Strategy to Manage Climate-related Risks</b>	
<b>Aspect</b>	<b>Description</b>
Electricity Consumption	<ul style="list-style-type: none"> <li>• <b>Target Setting:</b> Establish goals to decrease electricity usage and conduct regular reviews to track progress.</li> <li>• <b>Equipment Upgrade:</b> Systematically replace outdated equipment with energy-efficient alternatives, including Energy Star-rated appliances and smart office facilities.</li> </ul>
Investment Strategies	<ul style="list-style-type: none"> <li>• <b>Investment Management Enhancement:</b> Integrating ESG Considerations into investment decision-making and management practices across the company.</li> <li>• <b>Sustainability Support:</b> Encourage technological innovations that enhance the sustainability of investments.</li> </ul>
Legal and Reporting Compliance	<ul style="list-style-type: none"> <li>• <b>Regulatory Adherence:</b> Maintain compliance with all relevant legal and regulatory frameworks.</li> <li>• <b>International Standards:</b> Utilise guidelines from international publications like the Global Reporting Initiative (GRI) in reporting procedures.</li> </ul>
Employee Training and Awareness	<ul style="list-style-type: none"> <li>• <b>Compliance Training:</b> Provide ongoing training and updates to employees on compliance matters.</li> <li>• <b>ESG Training:</b> Offer specialised ESG-related training to investment teams.</li> </ul>
Transparency and Public Reporting	<ul style="list-style-type: none"> <li>• <b>Carbon Footprint Disclosure:</b> Annually disclose information about the company's carbon footprint and carbon reduction initiatives.</li> <li>• <b>Investment Transparency:</b> Publicly report the status of initiatives on a regular basis.</li> </ul>
Reputation and Collaborations	<ul style="list-style-type: none"> <li>• <b>Associations and Initiatives:</b> Join and participate in associations or global initiatives.</li> <li>• <b>Partnerships:</b> Collaborate with green organisations such as the World Green Organisation (WGO) to support climate change initiatives like tree planting.</li> </ul>

**Metrics and Targets**

We have established various environmental targets focusing on GHG emission reduction, waste management, and electricity and water conservation. An annual review and update is carried out to monitor our environmental performance and progress and ensure that our monitoring efforts remain aligned with our development goals and emerging best practices in the industry. For more details, please refer to "Our Approach to Sustainability" section of this Report.

To make informed investment decisions, we integrate the analysis and assessment of climate-related risks into our processes. Risk analysis is guided by the Group's Climate Change Policy, Responsible Investment Policy, and Enterprise Risk Management Policy. To this end, we have set specific targets aimed at capturing climate-related opportunities across different business units.

To manage climate-related risks, we have set up quantitative metrics and targets covering GHG emissions, energy efficiency, waste management, and water usage across our operations. These measures are strictly aligned with our assessment of material climate risks and the recommendations of the HKEX ESG Code – Part D: Climate-related Disclosures. We regularly evaluate our performance against these targets, calibrating our strategies as necessary to drive continuous improvement in our sustainability practices.

Further information on environmental impacts and emissions metrics is provided in the "Our Environment" sections and "ESG Datapack" at [www.shkco.com/en/EsgReports.aspx](http://www.shkco.com/en/EsgReports.aspx).



# ASSURANCE STATEMENT

## SGS HONG KONG'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ESG REPORT 2025 OF SUN HUNG KAI & CO., LIMITED

### Nature of the Assurance

SGS Hong Kong Limited (hereinafter referred to as "SGS") was commissioned by the Sun Hung Kai & Co. Limited (hereinafter referred to as "SHK & Co.") to conduct an independent assurance of the contents of the ESG Report 2025 (hereinafter referred to as the "Report").

### Intended Users of This Assurance Statement

This Assurance Statement is provided with the intention of informing all Sun Hung Kai & Co.'s stakeholders.

### Responsibilities

The information in the Report and its presentation are the responsibility of SHK & Co. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all SHK & Co.'s stakeholders.

### Assurance Standards, Type and Level of Assurance

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards. The assurance of this report has been conducted according to limited assurance of the ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

### Scope of Assurance and Reporting Criteria

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance data and information included the text and data in accompanying tables contained in the Report. Data and information were included in this assurance process during the period from 1 January 2025 to 31 December 2025. The Report was prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code ("ESG Reporting Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Global Reporting Initiative ("GRI") Sustainability Reporting Standards 2021.

### Assurance Methodology

The assurance comprised a combination of pre-assurance research, data sampling, documentation and record review, calculating and reporting the specified performance data and information. Raw data and supporting evidence of the specified performance data and information were examined during the verification process. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Limitations and Mitigation

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

### **Statement of Independence and Competence**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from SHK & Co., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors of ISO 37001 & ISO 26000, nominated tutor of GRI Standards and experience on the SRA assurance service provisions.

### **Assurance Opinion**

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance data and information included in the scope of assurance is not fairly stated and prepared, in all material respects, in accordance with the above mentioned reporting criteria.

We believe that SHK & Co., has chosen an appropriate level of assurance for this stage in their reporting.

**Signed:**

**For and on behalf of SGS Hong Kong Limited**



**Miranda Kwan**  
**Director**  
**Business Assurance**  
**19 March 2026**

**WWW.SGS.COM**

## DIRECTORS' REPORT

The board (the "Board") of directors (the "Directors") of the Company are pleased to present the 2025 annual report (the "Annual Report") and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025.

### Principal Activities and Business Review

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries, associates and joint ventures are set out in Notes 24 to 26 to the consolidated financial statements respectively. Details and analysis of the main business segments of the Group during the year are set out in Note 6 to the consolidated financial statements.

The business review of the Group for the year ended 31 December 2025 and further discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the section of "Financial Highlights", the relevant sections of "Management Discussion and Analysis", the sections of "Risk Management Report" and "Environmental, Social and Governance (ESG) Report" of this Annual Report.

### Results and Dividends

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss.

An interim dividend of HK12 cents per share was paid to the shareholders of the Company on 19 September 2025. The Directors has declared a second interim dividend of HK15 cents (2024: second interim dividend of HK14 cents) per share for the year ended 31 December 2025 to the shareholders whose names appear on the register of members of the Company on 8 May 2026, making a total dividend for the year 2025 of HK27 cents per share. Dividend warrants of the second interim dividend are expected to be despatched on 22 May 2026.

### Investment Properties

Movements in investment properties during the year are detailed in Note 18 to the consolidated financial statements.

### Property and Equipment

Movements in property and equipment during the year are detailed in Note 19 to the consolidated financial statements.

### Charitable Donations

The total donations made by the Group for charitable purposes during the year amounted to approximately HK\$9,528,000.

### Share Capital and Shares Issued

There was no movement in the share capital of the Company during the year. Details of the share capital of the Company during the year are set out in Note 42 to the consolidated financial statements.

### Debentures

The Group had the following debentures in issue as at 31 December 2025:

US\$450,000,000 5.00% Guaranteed Notes due September 2026 (the "2026 Notes") issued by Sun Hung Kai & Co. (BVI) Limited ("SHK BVI", a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands) under the US\$3,000,000,000 Guaranteed Medium Term Note Programme. The 2026 Notes were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2021 as to US\$375,000,000 and in March 2022 as to US\$75,000,000 (stock code: 40831). As at 31 December 2025, US\$350,057,000 in the principal amount of the 2026 Notes were outstanding.

For further details of the abovementioned issued Guaranteed Notes, please refer to Note 41 to the consolidated financial statements. The Group has not issued any debentures during the year.

### Distributable Reserves

Distributable reserves of the Company as at 31 December 2025 pursuant to the Hong Kong Companies Ordinance and details of the movement in reserves during the year are set out in the Consolidated Statement of Changes in Equity and Note 50 to the consolidated financial statements.

## DIRECTORS' REPORT

## Directors

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

### Executive Directors

Lee Seng Huang (*Group Executive Chairman*)

Antony James Edwards (*appointed on 21 March 2025*)

Brendan James McGraw

### Non-Executive Directors ("NEDs")

Simon Chow Wing Charn

Peter Anthony Curry

### Independent Non-Executive Directors ("INEDs")

Evan Au Yang Chi Chun

David Craig Bartlett

Alan Stephen Jones

Vivian Alexa Kao

Jacqueline Alee Leung

Wayne Robert Porritt

William Thomas Royan (*appointed on 21 March 2025*)

In accordance with Article 103 of the Company's Articles of Association (the "Articles"), one-third of the Directors for the time being shall be subject to retirement by rotation, and eligible for re-election, at each Annual General Meeting of the Company ("AGM"). Accordingly, Mr. Lee Seng Huang, Mr. Simon Chow Wing Charn, Ms. Jacqueline Alee Leung and Ms. Vivian Alexa Kao, the Directors who have been in office for the longest since the last election, will retire by rotation at the forthcoming AGM. Among them, Mr. Lee Seng Huang and Ms. Jacqueline Alee Leung, being eligible candidates, have offered to stand for re-election at the AGM. Mr. Simon Chow Wing Charn and Ms. Vivian Alexa Kao have informed the Board that they wish to devote more time to pursue their personal activities and commitments and as such both will not seek re-election at the forthcoming AGM and will retire as a NED and an INED respectively after the conclusion of the AGM.

A list of names of all the directors who have served on the boards of directors of the Company's subsidiaries during the year and up to the date of this report is available on the website of the Company under the "Corporate Citizenship\Environmental, Social and Governance (ESG)\Corporate Governance Documentation" section.

## Profiles of Directors

### Executive Directors

**Lee Seng Huang**, aged 51, was appointed as an Executive Director and has been the Group Executive Chairman of the Company since 1 January 2007. Mr. Lee was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He is the executive chairman of Mulpha International Berhad (a Malaysian listed conglomerate with operations in Malaysia, Australia, New Zealand, the United Kingdom and Singapore) as well as the chairman of Mulpha Australia Limited. Mr. Lee is a trustee of Lee and Lee Trust, a discretionary trust owning a controlling interest in Allied Group Limited ("AGL"), which is listed on the Stock Exchange and the ultimate holding company of the Company. Mr. Lee also holds directorships in certain subsidiaries of the Company.

**Antony James Edwards**, aged 58, was appointed as an Executive Director of the Company on 21 March 2025. He joined the Company as Deputy Chief Executive Officer in December 2023. Mr. Edwards started his career in the 1990's, in Asian investment banking, and from 2000 onwards, he developed a track record of growing, managing and realigning investment management businesses whilst at AllianceBernstein, Neuberger Berman, Robeco and Arisaig Partners. He was the Chief Operating Officer of Arisaig Partners and the Chief Executive Officer of Robeco Asia-Pacific. He has delivered high-performance outcomes across operational, distribution, investment and governance functions, in both large institutional, start-up and boutique investment managers. He is experienced at designing and managing change management to enable technology development, operational processes, sales and marketing engagement, and enhanced risk management, typically through the alignment of organisational priorities and culture. In business development he has worked with many global and local investment advisors and consultants, Asian and Middle Eastern sovereigns, central banks, Australian and Asian Institutional capital allocators, high-net-worth and retail client-channels, always with a strong personal belief in a colligate approach to accessing growth and investment success.

In addition to building businesses, Mr. Edwards is experienced in traditional and alternative portfolio management, in both global and local settings, public and private. He has also managed businesses within various license settings, including but not limited to the U.S. Securities and Exchange Commission (SEC), The Securities and Futures Commission of Hong Kong (SFC), The Australian Prudential Regulation Authority (APRA) and Monetary Authority of Singapore (MAS). Mr. Edwards holds a Bachelor of Science Degree in Business Information Technology from Central University of Lancashire and is a Chartered Director and Fellow of the Institute of Directors. He is also a director of certain subsidiaries of the Company.

**Brendan James McGraw**, aged 53, was appointed as an Executive Director of the Company on 1 July 2023. He joined the Company as Group Chief Financial Officer in July 2021. He has more than 20 years of international finance and corporate treasury experience spanning across Asia and Europe and has worked extensively on finance transformation and treasury fundraising in his previous roles. Prior to joining the Company, Mr. McGraw was the Chief Financial Officer at Amret Microfinance Institution in Cambodia, where he oversaw the Finance Division, including the treasury and strategic planning functions and IFRS 9 loan loss controllership. Before that, Mr. McGraw was the Group Treasurer at CLSA and then Head of Treasury at CITIC Securities International, before becoming the Group Chief Financial Officer for CITIC CLSA in Hong Kong, where he led group reporting, budgeting and planning, product control, tax and treasury. Mr. McGraw spent his early career in treasury and finance roles within manufacturing and services sectors across Europe. He graduated from The London School of Economics and Political Science with a Bachelor of Science degree in Economics and Economic History and is a Chartered Management Accountant (CIMA) and a qualified Treasurer (ACT). He also holds directorships in various subsidiaries of the Company.

### Non-Executive Directors

**Simon Chow Wing Charn**, aged 71, was appointed as an Executive Director of the Company on 3 June 2015 and was redesignated as a Non-Executive Director on 1 July 2023. He joined the Company as the Group Deputy Chief Executive Officer in December 2014 until his retirement on 1 July 2023. Mr. Chow has more than 30 years' experience in the banking and financial services industry. Prior to joining the Group, he has been with Citibank for 18 years and his last position was the country manager for China consumer bank of Citibank. Before that, he held senior roles with UBS, Lehman Brothers, British Columbia Hydro and Power Authority and PricewaterhouseCoopers. He is a member of the Institute of the Chartered Accountants of Canada. Mr. Chow holds a Bachelor of Science Degree and a Licentiate in Accounting Degree from the University of British Columbia.

**Peter Anthony Curry**, aged 73, was appointed as an Executive Director of the Company on 1 January 2011 and was redesignated as a Non-Executive Director on 1 September 2018. He joined the Company as the Group Chief Financial Officer in November 2010 until his retirement in September 2018. Mr. Curry has over 50 years of business experience. He joined Peat Marwick Mitchell (now known as KPMG) in Australia in 1974 upon graduation and worked as Tax Partner in 1983. Since that time he has worked in different listed and unlisted companies in Australia as executive director/managing director specialising in natural resources, corporate finance, mergers and acquisitions etc. He has been involved in a range of public and private capital raisings, initial public offering related services and providing corporate and financial advisory services in relation to a range of business transactions including a wide range of mining projects. Mr. Curry holds a Bachelor of Commerce Degree and a Bachelor of Laws Degree from the University of New South Wales. He became a Chartered Accountant and a barrister (non-practising) in Australia in 1978. Mr. Curry is also the non-executive chairman of Tian An Australia Limited, an indirect subsidiary of AGL listed on the Australian Securities Exchange, and a non-executive director of Air Change International Limited, a company listed on the National Stock Exchange of Australia Limited. Effective from 15 October 2025, Mr. Curry was appointed as a joint company secretary and the authorised representative of Dragon Mining Limited, a company listed on the Stock Exchange.

## DIRECTORS' REPORT

**Independent Non-Executive Directors**

**Evan Au Yang Chi Chun**, aged 54, was appointed as an Independent Non-Executive Director of the Company on 22 March 2018. Mr. Au Yang is the Group President of Animoca Brands, a global digital asset leader that harnesses tokenization and AI to power consumer-facing and institutional ventures, while curating an investment portfolio of more than 600 companies. Mr. Au Yang is also an independent non-executive director of Asia Financial Holdings Limited, a company listed on the Stock Exchange. He also serves as a board director of Innovation City Authority of Ras Al Khaimah, United Arab Emirates since 7 January 2026. He chairs public policy think tank Civic Exchange and serves on the board of Voyage, a poverty and youth-focused nonprofit, since 17 October 2025. He also holds advisory roles at Our Hong Kong Foundation, HKTDC's Innovation and Technology Advisory Committee, the Web3 Development Task Force's Subcommittee on Ecosystem and Infrastructure, the Hong Kong Council of Social Service's Development Fund Committee, and Brown University's Institute at Brown for Environment and Society.

Prior to joining Animoca Brands, Mr. Au Yang was the managing director and head of GLG International (Gerson Lehrman Group), leading business growth across 15 EMEA (Europe, the Middle East and Africa) and APAC locations for the expert insight platform. Previously, he served as deputy managing director of The Kowloon Motor Bus Co. (1933) Ltd. and an executive director of the board of its parent, Transport International Holdings Limited, a company listed on the Stock Exchange. Earlier, he was an associate partner at McKinsey & Company and worked in Citigroup's Derivatives Structuring and Marketing unit. Mr. Au Yang obtained his undergraduate degree in Economics and Political Science from Brown University, and his MBA degree from the Kellogg School of Management.

**David Craig Bartlett**, aged 60, was appointed as an Independent Non-Executive Director of the Company on 26 November 1999. Mr. Bartlett graduated with honours in law from Exeter University in the United Kingdom in 1988 and subsequently qualified as a solicitor in England & Wales, the Republic of Ireland and the Hong Kong Special Administrative Region. A former partner of the international law firm Clyde & Co., he regularly acted for and advised the Company and its subsidiaries before leaving private practice for a career in industry. He held senior legal roles with General Electric and Apollo Global Management. Now based primarily in England, Mr. Bartlett is also an independent non-executive director of AGL.

**Alan Stephen Jones**, aged 82, was appointed as an Independent Non-Executive Director of the Company on 3 January 2006. Mr. Jones, a Chartered Accountant, has extensive experience in management, administration, accounting, property development, carpark management, finance and trading, and has been involved in successful mergers and acquisitions of a number of public companies in Australia and internationally. He is an independent non-executive director of AGL. Mr. Jones is also an independent non-executive director of MGX Resources Limited (formerly Mount Gibson Iron Limited), a company listed on the Australian Securities Exchange and the non-executive chairman of Air Change International Limited, a company listed on the National Stock Exchange of Australia Limited, as well as a non-executive director of Mulpha Australia Limited.

**Vivian Alexa Kao**, aged 44, was appointed as an Independent Non-Executive Director of the Company on 26 May 2021. Ms. Kao has held a number of senior roles at technology startups. Ms. Kao was Chief Growth Officer of WeLab, where she played a key role in the strategic vision and growth of the company and helped to secure financing from investors for the company's business. Prior to that, she was General Manager of Chope, an online restaurant booking platform based in Singapore with operations across Asia. Currently, she is Chief Executive Officer of Tamarind Global, a family office where she manages a diverse portfolio of assets. She commenced her career at Goldman, Sachs & Co. Ms. Kao holds a Bachelor of Arts Degree with Honors in Economics and Chinese Studies from Wellesley College. She also received a Master's Degree in Business Administration from Harvard Business School.

**Jacqueline Alee Leung, JP.**, aged 65, was appointed as an Independent Non-Executive Director of the Company on 1 November 2014. Ms. Leung is the president and managing director of Leighton Investments Limited and Leighton Textiles Company Limited. She was with Deloitte Touche Tohmatsu from February 2001 to August 2014. Prior to that, she worked at the mergers and acquisitions department of Oppenheimer & Co. Inc. in New York City. Over the years, she held various positions in charitable organisations in Hong Kong, such as the fundraising chairman for the Hong Kong Cancer Fund and a director at Po Leung Kuk.

Ms. Leung is an active civic volunteer in Hong Kong society. She has served as a member of the Investment Committee of the HKSAR Government Scholarship Fund (GSF) and the Self-financing Post-secondary Education Fund Investment Committee (SPEF) respectively since November 2023, a co-opted member of the Advisory Committee on Donation and Development Matters (ACDDM) of the Hospital Authority since April 2024, and a member of The Council of Lingnan University since 2020. Effective from 1 January 2025, Ms. Leung was appointed as a member of the Immigration Department Users' Committee. From 1 November 2025, she was appointed as a member of the Court of Hong Kong Metropolitan University (HKMU). She also served as a member of The Financial Infrastructure and Market Development Sub-Committee (FIMC) of The Exchange Fund Advisory Committee (EFAC) of the Hong Kong Monetary Authority from 2016 to 2021, as a co-opted member of the Hospital Governing Committee (HGC) of the Prince of Wales Hospital (PWH) from 2017 to 2023 and as a member of the Committee on Self-financing Post-secondary Education (CSPE) from 2010 to October 2025.

Ms. Leung holds a Bachelor of Arts Degree in Economics and a Bachelor of Science Degree with honors in Mechanical Engineering from Brown University in the United States.

**Wayne Robert Porritt**, aged 58, was appointed as an Independent Non-Executive Director of the Company on 26 May 2021. Mr. Porritt is an accomplished global risk professional having extensive experience in banking and finance industry specialising in risk, corporate credit, global financial restructuring, and insolvency engagements for corporate and financial institutions. He has held senior positions with Standard Chartered Bank and Bank of America and has extensive exposure across Asia, United States, United Kingdom, Middle East and Africa. He previously worked for Standard Chartered Bank holding the position of regional chief risk officer for the Greater China & North Asia Region, and a non-executive director on the boards of the Bank's South Korea and Taiwan subsidiaries. Mr. Porritt started his career at the State Bank of New South Wales and then Ernst & Young and Société Générale Australia. Mr. Porritt is a graduate member of the Australian Institute of Company Directors.

## DIRECTORS' REPORT

Mr. Porritt holds various directorships and advisory roles in both corporate and not-for-profit organisations. He is an independent non-executive chairman of Global Invacom Group Limited, a company listed on the Mainboard of the Singapore Exchange Limited. Mr. Porritt is also a director of August Gold Limited and Green Heaven Investments Limited. In March 2025, Mr. Porritt was appointed as a director of certain companies of Bruny Island Cheese Co., an Australian group involved in cheese and dairy production based in Tasmania. Effective from 20 May 2025, he was also appointed as a non-executive director and a member of the Audit and Risk Management Committee of Tasmanian Ports Corporation Pty Ltd ("TasPorts"), a state-owned company in Tasmania responsible for various Tasmanian ports and the Devonport Airport, as well as the chairman of the board of Bass Island Line Pty Ltd, a subsidiary of TasPorts. From 24 September 2025, Mr. Porritt was appointed to the board of Standard Chartered Bank (Taiwan) Limited as an independent non-executive director and a member of the Audit Committee.

Mr. Porritt is also a director of Asia Society Australia, which is a business and policy think-tank and membership organization dedicated to Asia, a director of Dalton School Hong Kong Foundation, and a council member and a member of Fundraising and Communications Committee of Oxfam Hong Kong. In October 2024, Mr. Porritt was appointed a member of the New South Wales Executive Committee of Australia China Business Council and was designated as vice president in November 2025. In January 2025, Mr. Porritt was appointed as the chairperson of the Council of Oxfam Hong Kong. Effective from 27 June 2025, he was appointed as advisor of Our Hong Kong Foundation. Mr. Porritt was previously a member of Finance, Risk & Audit Committee of Oxfam Hong Kong and the vice chairman of Fund Raising and Communications Committee of Oxfam Hong Kong.

**William Thomas Royan**, aged 58, was appointed as an Independent Non-Executive Director of the Company on 21 March 2025. Mr. Royan is a Founding Partner of Markets Infrastructure Partners LP, a New York-based specialist alternative asset manager dedicated to investments in the financial markets infrastructure sector (including trading platforms, post-trade, data services and payments, and asset and wealth management). Mr. Royan is also the Founding Partner and Chair of the Investment Committee of GPI Capital, a growth-oriented and structured equity alternative investment firm. Previously, he was a London-based Global Managing Partner and Chief Investment Officer of a similar group at BTG Pactual, the global financial services firm. Mr. Royan was also Head of Relationship Investing at Ontario Teachers' Pension Plan, where in addition to his direct investing role, he was responsible for the environment, social and governance policies and engagements of the pension plan. He has been a director of numerous public and private companies, including the TMX Group, a Canadian financial services firm that operates market exchanges (where he chaired its Governance Committee) and the shares of which are listed on the Toronto Stock Exchange, and BTG Pactual, which offers investment banking, asset and wealth management services and the shares of which are listed on the B3-Brazil Stock Exchange. Since 2017, Mr. Royan has served as a director of Zeta Global Holdings Corp., the shares of which are listed on the New York Stock Exchange. Moreover, since 1 June 2025, Mr. Royan has also been appointed as an independent director of Cannae Holdings, Inc., a U.S. company listed on the New York Stock Exchange. Mr. Royan holds a Bachelor of Commerce degree from the University of Calgary and an MBA degree from the University of Chicago.

## Directors' Service Contracts

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## Directors' Interests

As at 31 December 2025, the interests of Directors in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO (the "Section 352 Register") were as follows:

### (a) Interests in the shares of the Company (the "Shares")

Name of Director	Capacity	Number of Shares	Approximate % of the total number of issued Shares
Lee Seng Huang ("Mr. Lee")	Interests of controlled corporation (Note 1)	1,444,479,575 (Note 2)	73.51%
Antony James Edwards ("Mr. Edwards")	Beneficial owner Beneficiary of trust	500,000 573,000 (Note 3)	0.05%
Brendan James McGraw ("Mr. McGraw")	Beneficial owner Beneficiary of trust	876,000 1,116,000 (Note 4)	0.10%
Simon Chow Wing Charn	Beneficial owner	1,681,000	0.08%
Peter Anthony Curry	Beneficial owner	1,241,141	0.06%

#### Notes:

- Mr. Lee, a Director, together with Mr. Lee Seng Hui and Ms. Lee Su Hwei are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have interests in the Shares in which AGL was interested.
- This referred to the deemed interests in 1,444,479,575 Shares held by AP Emerald Limited ("AP Emerald"), a wholly-owned subsidiary of AP Jade Limited ("AP Jade") which in turn was a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("APL"). AGL directly and indirectly (through Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owned 100% of the total number of issued shares of APL. AGL was therefore deemed to have interests in the Shares in which AP Emerald was interested.
- These included the deemed interests in 573,000 unvested Shares granted to Mr. Edwards on 20 April 2025 under the SHK Employee Ownership Scheme of the Company (the "Share Award Scheme") and were subsequently accepted by Mr. Edwards. Such awarded Shares are subject to a vesting scale in tranches whereby one-third thereof (i.e. 191,000 Shares) will vest and become unrestricted from 20 April 2026, another one-third thereof will vest and become unrestricted from 20 April 2027; and the remaining one-third thereof will vest and become unrestricted from 20 April 2028.
- These included the deemed interests in:
  - 170,000 unvested Shares out of the total of 510,000 Shares granted to Mr. McGraw on 20 April 2023 under the Share Award Scheme and were subsequently accepted by Mr. McGraw. Such awarded Shares are subject to a vesting scale in tranches whereby one-third thereof (i.e. 170,000 Shares) vested and became unrestricted from 20 April 2024; another one-third thereof vested and became unrestricted from 20 April 2025; and the remaining one-third thereof will vest and become unrestricted from 20 April 2026;
  - 418,000 unvested Shares out of the total of 627,000 Shares granted to Mr. McGraw on 20 April 2024 under the Share Award Scheme and were subsequently accepted by Mr. McGraw. Such awarded Shares are subject to a vesting scale in tranches whereby one-third thereof (i.e. 209,000 Shares) vested and became unrestricted from 20 April 2025, another one-third thereof will vest and become unrestricted from 20 April 2026; and the remaining one-third thereof will vest and become unrestricted from 20 April 2027; and
  - 528,000 unvested Shares granted to Mr. McGraw on 20 April 2025 under the Share Award Scheme and were subsequently accepted by Mr. McGraw. Such awarded Shares are subject to a vesting scale in tranches whereby one-third thereof (i.e. 176,000 Shares) will vest and become unrestricted from 20 April 2026, another one-third thereof will vest and become unrestricted from 20 April 2027, and the remaining one-third thereof will vest and become unrestricted from 20 April 2028.

## DIRECTORS' REPORT

**(b) Interests in the shares and debentures of associated corporations**

Name of Director	Associated corporation	Capacity	Number of shares/amount of debentures	Approximate % of the total number of issued shares in class
Lee Seng Huang (Note 1)	AGL	Trustee (Note 2)	2,634,646,760	74.98%
	Tian An China Investments Company Limited ("TACI")	Interests of controlled corporation (Note 3)	834,809,096	56.94%
	Tian An Australia Limited ("TIA")	Interests of controlled corporation (Note 4)	67,300,196	77.70%
	Asiasec Properties Limited ("Asiasec")	Interests of controlled corporation (Note 5)	930,376,898	74.98%
	Tian An Medicare Limited ("TAMC")	Interests of controlled corporation (Note 6)	556,097,010	51.44%
	MCIP CI I Limited ("MCIP CI") (Note 7)	Beneficial owner	5 (Note 8)	33.33%
	SHK BVI (Note 9)	Beneficial owner	US\$200,000 (Note 10)	N/A
Brendan James McGraw	SHK Latitude Alpha Fund (Note 11)	Beneficial owner	101.71 (Note 12)	0.10%
Vivian Alexa Kao	SHK Latitude Alpha Fund (Note 11)	Interests of controlled corporation (Note 13)	966.27 (Note 12)	0.97%

## Notes:

- Mr. Lee, by virtue of his interests in AGL, was deemed to be interested in the shares of the subsidiaries of AGL, which are associated corporations of the Company as defined under the SFO.  
A waiver application was submitted to the Stock Exchange for exemption from disclosure in this report Mr. Lee's deemed interests in the shares of such associated corporations of the Company as recorded in the Section 352 Register, and the waiver was granted by the Stock Exchange on 3 February 2026.
- Mr. Lee is one of the trustees of Lee and Lee Trust, being a discretionary trust which indirectly controlled 2,634,646,760 shares of AGL.
- This referred to the same interest held indirectly by AGL in TACI.
- This referred to the same interest held indirectly by AGL in TIA through TACI.
- This referred to the same interest held indirectly by AGL in Asiasec through TACI.
- This referred to the same interest held indirectly by AGL in TAMC through TACI.
- MCIP CI was a non wholly-owned subsidiary of the Company and therefore was an associated corporation of the Company as defined under the SFO.
- This referred to non-voting participating class C shares in the issued share capital of MCIP CI.
- SHK BVI was a wholly-owned subsidiary of the Company and therefore was an associated corporation of the Company as defined under the SFO.
- These represented the interests held by Mr. Lee in the 5.00% Guaranteed Notes due September 2026 issued by SHK BVI.
- SHK Latitude Alpha Fund was a non wholly-owned subsidiary of the Company and therefore was an associated corporation of the Company as defined under the SFO.
- This referred to non-voting participating redeemable Class A1 shares in the issued share capital of SHK Latitude Alpha Fund.
- The interests were held by Tamarind Limited, which in turn was wholly-owned by Shou Zi Chew 2019 Trust. Ms. Vivian Alexa Kao together with Mr. Shou Zi Chew are the co-trustees of Shou Zi Chew 2019 Trust and was therefore deemed to have interest in the shares held by Tamarind Limited.

All interests stated above represented long positions. As at 31 December 2025, none of the Directors held any short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

Save as disclosed above, as at 31 December 2025, neither the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the Section 352 Register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## Share Award Scheme

### Summary of the terms of the Share Award Scheme

By a resolution of the Board on 18 December 2007 (the "Adoption Date"), the Company has approved the establishment of the SHK Employee Ownership Scheme, being a share award scheme (the "Share Award Scheme").

Upon the adoption of the Share Award Scheme, the Company appointed an independent third-party trustee (the "Trustee") for the administration of the Share Award Scheme pursuant to the *Rules Relating to the SHK Employee Ownership Scheme*.

Pursuant to the Share Award Scheme, the shares of the Company to be awarded under the Share Award Scheme (the "Awarded Shares") will be satisfied by existing shares to be acquired by the Trustee on or off the market.

#### Purpose

The purpose of the Share Award Scheme is to (a) recognise the contributions by the Selected Grantees (as described below) and to provide the Selected Grantees with incentives in order to retain them for the continual operation and development of the Group; and (b) attract suitable personnel for further development of the Group.

### Who may join the Share Award Scheme

The Share Award Scheme Committee of the Board (the "Scheme Committee") may from time to time, at its absolute discretion, select (subject to the acceptance of the terms and conditions of the Share Award Scheme) any full-time employees or directors of the Group for participation in the Share Award Scheme (each a "Selected Grantee"), provided that any such employee or director who is resident in a place where the award and/or vesting and transfer of the shares of the Company pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations thereof, or, in the view of the Board, the Scheme Committee or the Trustee (as the case may be), is not in compliance with applicable laws and regulations in such place, making it necessary or expedient to exclude such employee or director from participation in the Share Award Scheme (each an "Excluded Person").

In determining the basis of offering the Awarded Shares to a Selected Grantee, the Scheme Committee shall take into account including, without limitation, the general financial condition of the Group, the rank, years of service and overall performance of such Selected Grantee, and/or such factors as the Scheme Committee may at its discretion consider appropriate.

### Maximum number of shares that may be awarded

The total number of Awarded Shares shall not exceed 83,989,452 shares, being 5% and 4.27% of the entire issued share capital of the Company as at the Adoption Date and as at the date hereof respectively.

### Maximum entitlement of each Selected Grantee

The maximum number of Awarded Shares that may be awarded to each Selected Grantee under the Share Award Scheme shall not exceed 1% of the entire issued share capital of the Company as at the Adoption Date.

### Period within which a Selected Grantee may accept offer of Awarded Shares

The offer of the grant of Awarded Shares shall remain open for acceptance by a Selected Grantee until the expiry of 15 business days (unless such a longer period is otherwise specified by the Scheme Committee) following the date of the offer. An offer cannot be accepted by a person who ceases to be an employee or director of any member of the Group or who becomes an Excluded Person before acceptance of the Awarded Shares is received by the Scheme Committee.

To the extent that such offer is not accepted within the time limit, the relevant Awarded Shares shall be deemed to have been irrevocably declined and lapse automatically.

## DIRECTORS' REPORT

**Vesting period of the Awarded Shares**

The Awarded Shares shall vest in each Selected Grantee on a date as determined by the Scheme Committee or on a date on which the relevant vesting conditions as imposed by the Scheme Committee are fulfilled (the "Vesting Date").

In respect of a Selected Grantee who dies or retires by agreement (i.e. where the Selected Grantee has reached the age of retirement from time to time determined by the Group) with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares to which the Selected Grantee is entitled shall be deemed to be vested on the day immediately prior to his death (in which event, such Awarded Shares shall vest in the person(s) designated in writing to the Scheme Committee by the deceased Selected Grantee before his death or, in the absence of such designation, to such person(s) as the Scheme Committee may in its discretion determine) or the day of his retirement with the relevant member of the Group.

If there occurs an event of change in control (as specified in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date (or the date upon which the Trustee received written notification from the Company in relation to such change of control) shall be deemed to be the Vesting Date.

Upon termination of the Share Award Scheme, all the Awarded Shares shall be vested and such termination date shall be deemed to be the Vesting Date for all purposes.

**Amount payable on acceptance of the Awarded Shares and basis for determination thereof**

Pursuant to the Share Award Scheme, the Scheme Committee shall cause the Reference Amount (as defined below) to be paid from the Company's resources into a trust account or to the Trustee to be held on trust for the relevant Selected Grantee for the acquisition of the Awarded Shares as soon as practicable after the date of final approval by the Scheme Committee of the total number of Awarded Shares to be awarded to the relevant Selected Grantee on a single occasion pursuant to the Share Award Scheme (the "Reference Date").

In respect of each Selected Grantee, the Reference Amount is the sum of (i) the closing price of the shares of the Company as quoted on the Stock Exchange as at the Reference Date multiplied by the number of Awarded Shares to be awarded to the Selected Grantee and (ii) the related purchase expenses (including for the time being, the brokerage fee, stamp duty, transaction levy imposed by the Securities and Futures Commission, Stock Exchange trading fee) and such other necessary expenses required for the completion of the acquisition of the Awarded Shares.

The Trustee shall, within 20 business days of receiving the Reference Amount, apply the Reference Amount towards the acquisition of the Awarded Shares at such price within the specified range on the Stock Exchange at the direction of the Scheme Committee.

In the event that the Scheme Committee decides that all the Awarded Shares shall be purchased on the market at such price within the specified range as determined by the Scheme Committee and where the Reference Amount paid or caused to be paid to the Trustee is not sufficient to purchase all the Awarded Shares at such price, the Trustee shall acquire the maximum number of board lots of shares of the Company that can be acquired with that Reference Amount and seek further funds from the Scheme Committee until all the Awarded Shares are purchased in similar manner.

Any residual cash provided for a Selected Grantee which has not been applied in the acquisition in his Awarded Shares shall be applied in settlement of all reasonable fees, costs and expenses incurred by the Trustee in the administration of the Share Award Scheme trust or returned to the Company forthwith after completion of the acquisition of all the relevant Awarded Shares at the direction of the Scheme Committee.

**Life of the Share Award Scheme and termination**

The Scheme shall terminate on the earlier of (a) the eightieth anniversary date of the Adoption Date and (b) such date of early termination as determined by the Board provided that such early termination shall not affect any subsisting rights of any Selected Grantee under the Share Award Scheme. Assuming that there will not be an early termination, the remaining life of the Share Award Scheme is around 62 years as at 31 December 2025, being the date on which the latest financial year of the Company ended.

Neither the Selected Grantees nor the Trustee may exercise any of the voting rights in respect of any Awarded Shares that have not yet been vested.

Details of the movement of the Awarded Shares during the financial years ended 31 December 2024 and 2025 are set out in the table as follows:

Selected Grantees	Date of Grant	Closing price of the Awarded Shares immediately before the date of grant (HK\$)	Fair value of the Awarded Shares at the date of grant (Note a) (HK\$)	Vesting Period	No. of Awarded Shares grant during the financial year	No. of Awarded Shares outstanding or unvested as at 31 Dec 2024	No. of Awarded Shares vested during the financial year	Weighted average closing price of the Awarded Shares immediately before the date the Awarded Shares were vested (HK\$)	No. of Awarded Shares cancelled or lapsed during the financial year	No. of Awarded Shares outstanding or unvested as at 31 Dec 2025
<i>Directors</i>										
Brendan James McGraw	20/4/2022	3.96	431,640	20/4/2023-20/4/2025	0	109,000	109,000	2.90	0	0
	20/4/2023	3.10	1,054,000	20/4/2024-20/4/2026	0	340,000	170,000	2.90	0	170,000
	20/4/2024	2.28	1,429,560	20/4/2025-20/4/2027	0	627,000	209,000	2.90	0	418,000
	20/4/2025	2.90	1,531,200	20/4/2026-20/4/2028	528,000	0	0	0	0	528,000
Antony James Edwards (Note b)	20/4/2025	2.90	1,661,700	20/4/2026-20/4/2028	573,000	0	0	0	0	573,000
Five highest paid individuals (excluding Directors) (in aggregate)	Nil									
Other Employees (in aggregate)	20/4/2022	3.96	1,520,640	20/4/2023-20/4/2025	0	384,000	384,000	2.90	0	0
	20/4/2023	3.10	1,391,900	20/4/2024-20/4/2026	0	449,000	234,000	2.90	135,000	80,000
	20/4/2024	2.28	882,360	20/4/2025-20/4/2027	0	387,000	129,000	2.90	0	258,000
	5/6/2024	2.47	155,610	20/4/2025-20/4/2027	0	63,000	21,000	2.90	0	42,000
	8/1/2025	2.75	214,500	20/4/2025-20/4/2027	78,000	0	26,000	2.90	0	52,000
	1/4/2025	3.10	3,766,500	20/4/2026-20/4/2028	1,215,000	0	0	0	0	1,215,000
	20/4/2025	2.90	4,689,300	20/4/2026-20/4/2028	1,617,000	0	0	0	27,000	1,590,000
	20/10/2025	3.83	149,370	20/4/2026-20/4/2028	39,000	0	0	0	0	39,000
	24/11/2025	3.71	567,630	20/4/2026-20/4/2028	153,000	0	0	0	0	153,000
	1/12/2025	3.85	184,800	20/4/2026-20/4/2028	48,000	0	0	0	0	48,000
<b>Total</b>					<b>4,251,000</b>	<b>2,359,000</b>	<b>1,282,000</b>		<b>162,000</b>	<b>5,166,000</b>

Notes:

- (a) The relevant accounting policy and standard adopted for the fair value of the award shares at the date of grant are set out in Note 3 to the consolidated financial statements.
- (b) Mr. Antony James Edwards was appointed as an Executive Director of the Company on 21 March 2025.

## Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

## Arrangement for the Acquisition of Shares or Debentures

Other than the Share Award Scheme, at no time during the year was the Company, its holding company or any of their subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

## Interests of Substantial Shareholders and Other Persons

As at 31 December 2025, the following shareholders had interests in the Shares as recorded in the register required to be kept under Section 336 of the SFO (the "SFO Register"):

Name of Shareholder	Capacity	Number of Shares	Approximate % of the total number of issued Shares
AGL	Interests of controlled corporation ( <i>Note 1</i> )	1,444,479,575	73.51%
Lee and Lee Trust	Interests of controlled corporation ( <i>Note 2</i> )	1,444,479,575	73.51%
Lee Su Hwei	Interests of controlled corporation and interests of spouse ( <i>Note 3</i> )	1,465,684,265	74.59%

### Notes:

- The interests were held by AP Emerald, a wholly-owned subsidiary of AP Jade which in turn was a wholly-owned subsidiary of APL. AGL directly and indirectly (through Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owned 100% of the total number of issued shares of APL. AGL was therefore deemed to have interests in the Shares in which AP Emerald was interested.
- Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang (a Director) are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in the Shares in which AGL was interested through AP Emerald.
- This represented interests in (i) the same parcel of Shares in which the Lee and Lee Trust was deemed to have an interest; and (ii) 21,204,690 Shares held by Mr. Chen Yue Jia James, the spouse of Ms. Lee Su Hwei.

All interests stated above represented long positions. As at 31 December 2025, no short positions were recorded in the SFO Register of the Company.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other persons who have interests or short positions in the Shares or underlying Shares which would require to be disclosed to the Company pursuant to Part XV of the SFO.

## Indemnity of Directors

Pursuant to Article 181 of the Articles and subject to the provisions permitted by the Companies Ordinance, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. A Directors' and Officers' liability insurance policy for the benefit of the Directors and other officers of the Company was in force during the year and up to the date of this report.

## Continuing Connected Transactions

The following transactions between certain connected persons (as defined in the Listing Rules) and the Company have been entered into and are ongoing for which relevant announcements have been made by the Company in accordance with Chapter 14A of the Listing Rules.

### (1) Sharing of Management Services Agreement

As disclosed in the announcement of the Company dated 23 December 2022 and in the annual reports for 2022, 2023 and 2024 of the Company, an agreement in respect of the renewal of a then expiring sharing of management services agreement was entered into between the Company and AGL on 23 December 2022 (the "2023 Sharing of Management Services Agreement"), pursuant to which the Company agreed to reimburse AGL the actual costs incurred in respect of the provision of management, consultancy, business development, business introduction, strategic and all other general business advice services provided by the senior management and selected staff of AGL to the Group for a further term of three years commencing from 1 January 2023 to 31 December 2025 and the relevant annual caps for each of the three financial years ending 31 December 2023, 2024 and 2025 were set at HK\$33.9 million, HK\$37.3 million and HK\$41.0 million respectively.

The entering into the 2023 Sharing of Management Services Agreement will benefit the Group as it can enjoy the economies of scale brought by the sharing of the services provided thereunder which would maximise cost efficiency and management effectiveness.

The total amount paid to AGL under the 2023 Sharing of Management Services Agreement for the year ended 31 December 2025 was HK\$12.9 million, which was within the annual cap of HK\$41.0 million as set for such financial year.

On 19 December 2025, the Company and AGL entered into an agreement to renew the 2023 Sharing of Management Services Agreement for a term of three years commencing from 1 January 2026 to 31 December 2028 and the relevant annual caps for each of the three financial years ending 31 December 2026, 2027 and 2028 were set at HK\$28 million, HK\$30.8 million and HK\$33.88 million respectively (the "2026 Sharing of Management Services Agreement"). Details of the 2026 Sharing of Management Services Agreement were disclosed in the announcement of the Company dated 19 December 2025.

### (2) Lease arrangements with AGL and its associates

#### 2.1 2021 Master Lease Agreement

As disclosed in the announcement of the Company dated 1 December 2020 and the annual reports for 2020, 2021, 2022 2023 and 2024 of the Company, the Company as lessee entered into a master lease agreement (the "2021 Master Lease Agreement") with Art View Properties Limited ("Art View"), a joint venture indirectly owned as to 50% by AGL, as lessor on 1 December 2020 to renew the master lease agreement dated 29 November 2017 for a term of three years from 1 January 2021 to 31 December 2023 and provide the relevant annual caps for each of the financial years during the term of the 2021 Master Lease Agreement. Pursuant to the 2021 Master Lease Agreement, any member of the Group may continue, amend or renew the existing leases or enter into new leases, sub-leases and licenses in relation to Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong ("Art View Properties") with Art View from time to time as are necessary for the future business needs of the Group during the term of the 2021 Master Lease Agreement in accordance with the terms thereof.

In accordance with HKFRS 16 "Leases", rental payments under the 2021 Master Lease Agreement will be recognised as right-of-use assets on the consolidated statement of financial position of the Group, and management fees will continue to be recognised as expenses in the consolidated statement of profit or loss of the Group.

On 31 March 2022, a supplemental agreement in respect of the 2021 Master Lease Agreement (the "2021 Supplemental Master Lease Agreement") was entered into between the Company as lessee and Art View as lessor to amend the terms of the 2021 Master Lease Agreement to increase the annual caps for the years ending 31 December 2022 and 2023 thereunder.

As disclosed in the announcement of the Company dated 30 January 2023 and the annual reports for 2022, 2023 and 2024 of the Company, on 30 January 2023, the Company as lessee and Art View as lessor entered into a 2nd supplemental agreement in respect of the 2021 Master Lease Agreement (the "2021 2nd Supplemental Master Lease Agreement") to extend the term of the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement to cover the period of two years from 1 January 2024 to 31 December 2025 and provide the relevant annual caps for each of the financial years during the term. Pursuant to the 2021 2nd Supplemental Master Lease Agreement, the annual caps for rental payment for each of the two years ending 31 December 2024 and 2025 were set at approximately HK\$105.43 million and HK\$5.94 million respectively, and the annual caps for management fees for each of the two years ending 31 December 2024 and 2025 were set at approximately HK\$8.63 million and HK\$10.01 million respectively. The purpose of entering into each of the 2021 Master Lease Agreement, the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement is for the continuing business needs of the Group.

## DIRECTORS' REPORT

At the time of entering into the 2021 2nd Supplemental Master Lease Agreement, the transactions contemplated under the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement have been aggregated with the transactions contemplated under the 2023 Master Lease Agreement (as disclosed in section 2.2 below) for the Listing Rules purposes. The aggregated annual caps with respect to the transactions contemplated under the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement and the 2023 Master Lease Agreement are set out in section 2.2 below. Details of, among other matters, the 2021 2nd Supplemental Master Lease Agreement and the revision of the annual caps with respect to the relevant transactions were disclosed in the announcement of the Company dated 30 January 2023.

The total value of right-of-use assets and short term rental expenses and the total amount of the management fees paid to Art View under the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement for the year ended 31 December 2025 were HK\$nil and HK\$5.16 million respectively, which were within the annual caps of HK\$5.94 million in respect of rental payments and HK\$10.01 million in respect of management fees as set for such financial year.

On 19 December 2025, the Company as lessee and Art View as lessor entered into a master lease agreement (the "2026 Art View Master Lease Agreement") whereby any members of the Group may enter into, renew or amend any tenancies, sub-tenancies, leases, sub-leases and/or licenses in respect of the Art View Properties from time to time with Art View for a term of three years commencing from 1 January 2026 to 31 December 2028. The annual caps for rental payment for each of the three years ending 31 December 2026, 2027 and 2028 were set at approximately HK\$96.75 million, HK\$10.20 million and HK\$9.57 million respectively, and the annual caps for management fees for each of the three years ending 31 December 2026, 2027 and 2028 were set at approximately HK\$5.95 million, HK\$7.41 million and HK\$9.10 million respectively. Details of the 2026 Art View Master Lease Agreement were disclosed in the announcement of the Company dated 19 December 2025.

## 2.2 2023 Master Lease Agreement

As disclosed in the announcement of the Company dated 30 January 2023 and the annual reports for 2022, 2023 and 2024 of the Company, on 30 January 2023, the Company entered into a master lease agreement (the "2023 Master Lease Agreement") with AGL which sets out a framework of the terms on which any member of the Group may renew the Sub-tenancy Agreement (as defined hereafter and elaborated below) and the 2022 License Agreement (as defined hereafter and elaborated below) or enter into new leases, subleases and licenses with AGL and any of its subsidiaries from time to time in respect of the properties owned by them except those properties owned by the Group or Tian An China Investments Company Limited (being an indirect non wholly-owned subsidiary of AGL) or its subsidiaries from time to time ("AGL Properties") as may be necessary for the future business needs of the Group during the period from 1 February 2023 to 31 December 2025 and provides the annual caps for each of the financial years during the term of the 2023 Master Lease Agreement. The purpose of entering into the 2023 Master Lease Agreement is for the continuing business needs of the Group.

In accordance with HKFRS 16 "Leases", rental payments under the 2023 Master Lease Agreement will be recognised as right-of-use assets on the consolidated statement of financial position of the Group, and management fees payable under the 2023 Master Lease Agreement will continue to be recognised as expenses in the consolidated statement of profit or loss of the Group. Pursuant to the 2023 Master Lease Agreement, the annual caps for rental payments for each of the three years ending 31 December 2023, 2024 and 2025 were set at approximately HK\$22.52 million, HK\$8.46 million and HK\$9.89 million respectively, and the annual caps for management fees for each of the three years ending 31 December 2023, 2024 and 2025 were set at approximately HK\$2.59 million, HK\$3.59 million and HK\$3.83 million respectively. The annual caps with respect to the Sub-tenancy Agreement and the 2022 License Agreement have been incorporated to form part of the said annual caps of the 2023 Master Lease Agreement.

At the time of entering into the 2023 Master Lease Agreement, the transactions contemplated under the 2023 Master Lease Agreement (including the transactions contemplated under the Sub-tenancy Agreement and the 2022 License Agreement) have been aggregated with the transactions contemplated under 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement for the Listing Rules purposes. The aggregated annual caps with respect to the transactions contemplated under the 2023 Master Lease Agreement and the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement for each of the three years ending 31 December 2023, 2024 and 2025 were then revised to HK\$40.11 million, HK\$126.10 million and HK\$29.66 million respectively. Details of, among other matters, the 2023 Master Lease Agreement and the revision of the annual caps with respect to the relevant transactions were disclosed in the Company's announcement dated 30 January 2023.

The total amount of rental payment and management fees paid to AGL under the 2023 Master Lease Agreement for the year ended 31 December 2025 were HK\$2.24 million and HK\$1.0 million respectively, which were within the annual caps of HK\$9.89 million in respect of the rental payment and HK\$3.83 million in respect of management fees as set for such financial year.

For information purposes only, as disclosed in the announcement of the Company dated 1 April 2021 and the annual reports for 2021, 2022 and 2023 of the Company, United Asia Finance Limited ("UAF", an indirect non wholly-owned subsidiary of the Company) and AGL entered into a sub-tenancy agreement on 1 April 2021 ("Sub-tenancy Agreement") for a term of two years from 1 April 2021 to 31 March 2023 pursuant to which AGL sub-leased to UAF a portion of 24/F and the rights of usage of the ancillary facilities of 23/F of Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

In relation to the 2022 License Agreement, as disclosed in the announcement of the Company dated 31 March 2022 and the annual reports for 2022, 2023 and 2024 of the Company, UAF and Jaffe Development Limited ("Jaffe", an indirect wholly-owned subsidiary of AGL) entered into a license agreement (the "2022 License Agreement") on 31 March 2022 to renew the then expiring license agreement for a term of three years commencing on 1 April 2022 and expiring on 31 March 2025, pursuant to which Jaffe granted a license over the roof top signage space facing the north and the south sides of United Asia Finance Centre (formerly known as China Online Centre), No. 333 Lockhart Road, Wanchai, Hong Kong to UAF for the purpose of LED display. The license fee payable by UAF to Jaffe thereunder shall be HK\$7.0 million per annum, and the management fees payable by UAF to Jaffe thereunder shall be HK\$3,000 per month (subject to revisions). The purpose of entering into the 2022 License Agreement is for the continuing marketing and promotional needs of UAF.

In accordance with HKFRS 16 "Leases", the license fee under the 2022 License Agreement will be recognised as right-of-use assets on the consolidated statement of financial position of the Group, where such acquisition of right-of-use assets constituted a one-off connected transaction for the Company under Chapter 14A of the Listing Rules; and the management fees, electricity charges and other utilities expenses payable under the 2022 License Agreement will continue to be recognised as expenses in the consolidated statement of profit or loss of the Group, where payment of such expenses are regarded as a continuing connected transaction for the Company. At the time of entering into the 2022 License Agreement, the annual caps for the management fees, electricity charges and other utilities expenses payable under the 2022 License Agreement for each of the four years ending 31 December 2022, 2023, 2024 and 2025 were set at HK\$939,000, HK\$1,254,000, HK\$1,257,000 and HK\$314,000 respectively, and such annual caps were subsequently aggregated and included in the annual caps of the 2023 Master Lease Agreement as detailed above.

## DIRECTORS' REPORT

On 19 December 2025, the Company as lessee and AGL as lessor entered into a master lease agreement (the "2026 AGL Master Lease Agreement") whereby any members of the Group may enter into, renew or amend any tenancies, sub-tenancies, leases, sub-leases and/or licenses in respect of the AGL Properties from time to time with any members of AGL group for a term of three years commencing from 1 January 2026 to 31 December 2028. The annual caps for rental payment for each of the three years ending 31 December 2026, 2027 and 2028 were set at approximately HK\$37.52 million, HK\$17.71 million and HK\$9.21 million respectively, and the annual caps for management fees for each of the three years ending 31 December 2026, 2027 and 2028 were set at approximately HK\$1.76 million, HK\$2.91 million and HK\$4.19 million respectively. Details of the 2026 AGL Master Lease Agreement were disclosed in the announcement of the Company dated 19 December 2025.

### (3) Discretionary Investment Management Agreement

As disclosed in the announcement of the Company dated 19 October 2022 and the annual reports for 2022, 2023 and 2024 of the Company, Mr. Lee Seng Huang ("Mr. Lee") and Sun Hung Kai Capital Partners Limited ("SHKCP", an indirect wholly-owned subsidiary of the Company) entered into a discretionary investment management agreement (the "Discretionary Investment Management Agreement") on 19 October 2022, whereby Mr. Lee agreed to appoint SHKCP as the manager to provide discretionary investment management services in respect of a portfolio of assets of Mr. Lee held in a segregated account maintained with SHKCP (the "Portfolio") for a term of three years commencing from the date of the Discretionary Investment Management Agreement, and SHKCP is entitled to receive a prescribed management fee at a rate according to the prevailing market rates for different asset classes, up to a maximum of 2% per annum over the net asset value of the Portfolio calculated and payable on a monthly basis; and a performance fee of up to 20% over the higher-water-mark calculated and payable at the end of each 12-month calculation period (the "Fees") payable by Mr. Lee. By providing discretionary investment management service to Mr. Lee, SHKCP, which was set up to be the Group's asset management platform, will not only receive management fees and performance fees for services rendered, but can also increase its asset under management, build scale and promote the development of its asset management business.

The annual caps for the daily balance of the Portfolio under the Discretionary Investment Management Agreement for the period from 19 October 2022 to 31 December 2022, each of the financial years ending 31 December 2023 and 31 December 2024 and the period from 1 January 2025 to 18 October 2025 were set at approximately HK\$215.88 million, being the maximum daily balance of the amount invested by Mr. Lee (including any accrued investment returns and cash holdings) in the Portfolio. The annual caps for the Fees to be received by SHKCP under the Discretionary Investment Management Agreement for each of the financial years ending 31 December 2022, 2023, 2024 and 2025 were set at HK\$5 million, HK\$20 million, HK\$20 million and HK\$15 million respectively.

The maximum amount of daily balance of the Portfolio invested by Mr. Lee which may constitute connected transactions under the Discretionary Investment Management Agreement for period from 1 January 2025 to 18 October 2025 was HK\$nil and the Fees received by SHKCP for the period from 1 January 2025 to 18 October 2025 was HK\$0.72 million, which were within the annual caps of HK\$215.88 million and HK\$15 million as set for such period.

On 17 October 2025, SHKCP and Mr. Lee entered into an investment management agreement (the "Investment Management Agreement") to renew the Discretionary Investment Management Agreement for another thirty-six months effective upon the expiry of the Discretionary Investment Management Agreement. As all the applicable percentage ratios of the annual caps under the Investment Management Agreement calculated under Rule 14.07 of the Listing Rules were less than 0.1%, the entering into of the Investment Management Agreement constituted a de minimis transaction of the Company and was exempted from the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

#### (4) Service Agreement

As disclosed in the announcements of the Company dated 31 December 2024 and 13 January 2025 and the annual report for 2024 of the Company, the Company and Caldisc Pty Limited ("Caldisc", an indirect wholly-owned subsidiary of Mulpha International Berhad ("MIB"), a Malaysian listed company) entered into a service agreement (the "Service Agreement") on 31 December 2024 in relation to provision of staff and administrative services by Caldisc to the Group for a term of three years from 1 January 2025 to 31 December 2027 to support its businesses and the operations of its Australian subsidiary. The Company agreed to pay service fees in the amount of the sum of direct costs and indirect costs ("Total Service Costs") incurred by Caldisc in connection with providing the services plus local tax and applicable markup percentage on the Total Service Costs together with other applicable fees as agreed between the Company and Caldisc, which will be payable by the Company on a quarterly basis. The Group can enjoy economies of scale brought by the sharing of the services as abovementioned which will maximize cost efficiency by minimizing setup, overheads and fixed maintenance cost.

The annual caps for each of the three financial years ending 31 December 2025, 2026 and 2027 were set at Australia dollar A\$1.29 million (equivalent to HK\$6.53 million at the time), A\$1.44 million (equivalent to HK\$7.27 million at the time) and A\$1.70 million (equivalent to HK\$8.57 million at the time) respectively.

The total amount paid to Caldisc under the Service Agreement for the year ended 31 December 2025 was A\$0.49 million (equivalent to HK\$2.49 million), which was within the annual cap of A\$1.29 million as set for such financial year.

Given that AGL is the ultimate holding company of the Company; and Art View and Jaffe are all associates of AGL under the definition of the Listing Rules, each of AGL, Art View and Jaffe is regarded as a connected person of the Company under the Listing Rules.

As Mr. Lee is an executive director of the Company, and also one of the trustees of the Lee and Lee Trust, being a discretionary trust which, together with Mr. Lee Seng Hui's personal interests, controlled approximately 74.99% interest in the total number of shares in issue of AGL, which is indirectly interested in an aggregate of approximately 73.51% of the total number of shares in issue of the Company, Mr. Lee is regarded as a connected person of the Company under the Listing Rules. In addition, Mr. Lee together with his associates were directly and indirectly interested in approximately 71.66% of the total issued share capital of MIB, and none of such interests is indirectly held through the Company. Therefore, Caldisc, being an indirect wholly-owned subsidiary of MIB, is a connected person of the Company. As such, the entering into of the 2023 Sharing of Management Services Agreement, the 2026 Sharing of Management Services Agreement, the 2021 Master Lease Agreement, the 2021 Supplemental Master Lease Agreement, the 2021 2nd Supplemental Master Lease Agreement, the 2026 Art View Master Lease Agreement, the 2022 License Agreement, the 2023 Master Lease Agreement, the 2026 AGL Master Lease Agreement, the Discretionary Investment Management Agreement and the Service Agreement constituted continuing connected transactions for the Company (collectively, the "Continuing Connected Transactions") under Chapter 14A of the Listing Rules. In accordance with the requirements of Rules 14A.49 and 14A.71 of the Listing Rules, details of the said Continuing Connected Transactions are included in this Annual Report.

The Company confirmed that it has followed its pricing policies when determining the price and terms of the Continuing Connected Transactions conducted during the financial year.

The Company's auditor was engaged to report on the Group's Continuing Connected Transactions for the year ended 31 December 2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that nothing has come to its attention that causes it to bring to the attention of the Board pursuant to Rule 14A.56 of the Listing Rules.

## DIRECTORS' REPORT

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs as at the date of this report, being Messrs. Evan Au Yang Chi Chun, David Craig Bartlett, Alan Stephen Jones, Ms. Vivian Alexa Kao, Ms. Jacqueline Alee Leung, Mr. Wayne Robert Porritt and Mr. William Thomas Royan, have reviewed the Continuing Connected Transactions for the year ended 31 December 2025, save for the 2023 Sharing of Management Services Agreement was not considered to be conducted in the ordinary and usual course of business of the Group, they confirmed that such transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the respective agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

In the opinion of the Board, the Continuing Connected Transactions for the year ended 31 December 2025 were entered into in the manners stated above.

Details of the particulars of the related party transactions or continuing related party transactions (as the case may be), including specification of any connected transactions or continuing connected transactions and the compliance with the disclosure requirements in accordance with Chapter 14A of the Listing Rules are disclosed in Note 37 to the consolidated financial statements under the heading of "Related Party Transactions".

### Bank Loans and Other Borrowings

Particulars of bank and other borrowings of the Group are set out in Note 35 to the consolidated financial statements.

### Subsidiaries

Particulars regarding the principal subsidiaries are set out in Note 24 to the consolidated financial statements.

### Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices. The information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" in this Annual Report.

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

Save as disclosed under the "Directors' Interests", "Continuing Connected Transactions" sections of this report and in Note 37 under "Related Party Transactions" to the consolidated financial statements, there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which the Directors or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Management Contracts

Save for the 2023 Sharing of Management Services Agreement, the 2026 Sharing of Management Services Agreement and the Service Agreement as detailed under the "Continuing Connected Transactions" section of this report, no contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

### Contract of Significance with Controlling Shareholders

Save as disclosed under the "Continuing Connected Transactions" section of this report and in Note 37 under "Related Party Transactions" to the consolidated financial statements, there were no contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year.

### Terms of Office for the Non-Executive Directors

All Non-Executive Directors' (including the INEDs) term of appointment shall continue until terminated by either party by giving to the other not less than one month's prior notice in writing, and subject to the relevant provisions of the Articles or any applicable laws whereby the Directors shall vacate or retire from their office.

## Directors' Interests in Competing Businesses

During the year and up to the date of this report, save as disclosed below, none of the Directors (not being the INEDs) are considered to have interests in the businesses listed below which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules:

Mr. Lee is one of the trustees of the Lee and Lee Trust, a deemed substantial shareholder of each of AGL, APAC Resources Limited ("APAC"), TACI, Asiasec and TAMC which, through their subsidiaries and close associate, are partly engaged in the businesses as follows:

- AGL, through certain of its subsidiaries and a close associate, is partly engaged in the businesses of money lending, property investment, trading and investment in securities in the resources and related industries and financial instruments;
- APAC, through certain of its subsidiaries, is partly engaged in the businesses of money lending, investment and/or trading in listed securities in the resources and related industries;
- TACI, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment;
- Asiasec, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment; and
- TAMC, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and trading and investment in listed securities.

Although the abovementioned Director is considered to have competing interests in other companies by virtue of his shareholding, he will fulfill his fiduciary duties in order to ensure that he will act in the best interests of the shareholders and the Company as a whole at all times. Hence the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

## Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules. As disclosed in the Company's announcements dated 31 December 2025 and 2 February 2026, the Board has resolved to change the reliance on the Initial Prescribed Threshold to the Alternative Threshold (both terms are as defined in the Listing Rules) for compliance with the minimum public float requirements under Rule 13.32B of the Listing Rules with effect from 1 January 2026. The Company is currently relying on the Alternative Threshold and will make the necessary disclosure in the next annual report in compliance with the Listing Rules.

## Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total turnover for the year. Also, the aggregate purchases attributable to the Group's five largest suppliers taken together were less than 30% of the Group's total purchases for the year.

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

## Purchase, Sale or Redemption of Securities

### (1) Repurchase of Shares

The Company has not repurchased any Shares during the year ended 31 December 2025.

### (2) Repurchase of Notes of a subsidiary, SHK BVI 2026 Notes

During the year ended 31 December 2025, the Group has repurchased an aggregate principal amount of US\$26,181,000 of the 2026 Notes. All the repurchased 2026 Notes were cancelled.

For more details of the issued capital of the subsidiaries and its repurchase, please refer to Note 24 to the consolidated financial statements. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities during the year ended 31 December 2025.

DIRECTORS' REPORT

## Auditor

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Lee Seng Huang**

*Group Executive Chairman*

Hong Kong, 19 March 2026

# INDEPENDENT AUDITOR'S REPORT

# Deloitte.

# 德勤

## TO THE MEMBERS OF SUN HUNG KAI & CO. LIMITED

(incorporated in Hong Kong with limited liability)

### Opinion

We have audited the consolidated financial statements of Sun Hung Kai & Co. Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 95 to 178, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

### Basis for Opinion

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

### Key Audit Matters

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

## INDEPENDENT AUDITOR'S REPORT

**Key audit matter****How our audit addressed the key audit matter***Valuation of certain financial assets classified as level 3 under fair value hierarchy*

We identified the valuation of certain financial assets classified as level 3 under the fair value hierarchy ("Level 3 financial assets") as a key audit matter due to the subjectivity of the judgements and estimates made by management, in particular, judgements arising from the involvement of significant unobservable inputs in their valuations given the lack of availability of observable market-based data.

At 31 December 2025, HK\$1,383.5 million of the Group's total financial assets carried at fair value classified as level 3 under fair value hierarchy (including financial assets at fair value through other comprehensive income of HK\$8.5 million and financial assets at fair value through profit or loss of HK\$1,375.0 million), out of a total of HK\$8,902.5 million, were estimated at fair values derived from valuation techniques other than net assets value approach that include unobservable inputs with significant management judgements and estimation uncertainty.

These financial assets include loans receivable, unlisted preferred and ordinary shares issued by unlisted companies, unlisted convertible bonds issued by unlisted companies, unlisted overseas equity securities with a put right, unlisted equity securities outside Hong Kong, unlisted redeemable preference shares outside Hong Kong and unlisted overseas investment funds at fair value with carrying amounts at 31 December 2025 of HK\$71.0 million, HK\$485.7 million, HK\$146.4 million, HK\$206.6 million, HK\$276.5 million, HK\$120.2 million and HK\$68.6 million, respectively.

Our procedures in relation to the valuation of these Level 3 financial assets included:

- Obtaining an understanding of the approach taken by management to determine the fair value of these Level 3 financial assets;
- Assessing the design and implementation of key controls in place in relation to the valuation of these Level 3 financial assets;
- Discussing with management and the external specialists engaged by the Group, if any, on valuation of these investments, on a sample basis, with the assistance of our internal valuation specialists where appropriate, and:
  - Evaluating the appropriateness of the valuation methodologies and techniques used by management and external specialists;
  - Assessing the reasonableness and relevance of key assumptions and inputs used by independently checking to relevant external data, or by evaluating the rationale of management's judgements involved based on our industry knowledge, or by performing sensitivity analysis with reference to available market information, as appropriate; and
  - Checking the mathematical accuracy of the fair value measurements;
- Assessing the competence, capabilities and objectivity of the external specialists engaged by the Group; and
- Assessing the adequacy of the Group's fair value disclosures including the valuation techniques, fair value hierarchy and other related disclosures in note 27 to the consolidated financial statements.

**Key audit matter****How our audit addressed the key audit matter***Impairment of loans and advances to consumer finance customers and term loans (loss allowance for expected credit losses ("ECL"))*

We identified the ECL of loans and advances to consumer finance customers and term loans as a key audit matter due to the subjectivity of the management judgements and estimation uncertainty.

As disclosed in notes 30, 32 and 46 to the consolidated financial statements, the Group has loans and advances to consumer finance customers of HK\$11,044.3 million, after recognising an impairment allowance of HK\$765.8 million and term loans of HK\$404.5 million, after recognising an impairment allowance of HK\$545.8 million, as at 31 December 2025.

At each reporting date, management assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. Management considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking information. Where there has been a significant increase in credit risk since initial recognition, lifetime ECL is recognised.

In assessing the lifetime ECL on credit-impaired financial assets classified as stage 3, the Group performs an assessment based on the Group's historical credit loss experience, adjusted for factors specific to the borrowers, general economic conditions, the current conditions at the reporting date and forward-looking information. The Group also reviews the amounts and timing of future cash flows arising from collateral and credit enhancement such as guarantees. The methodology and assumptions used for estimating the impairment amount are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Our procedures in relation to the impairment of loans and advances to consumer finance customers and term loans included:

- Obtaining an understanding of the approach applied by management in the determination of ECL, and assessing against the requirements of HKFRS 9, including model set up and selection and application of assumptions and key inputs into the ECL model;
- Assessing the design and implementation of key controls in place over the estimation of ECL;
- Evaluating the appropriateness of inputs and assumptions applied and testing the mathematical accuracy of the calculation of ECL, on a sample basis; and
- Evaluating the disclosures regarding the impairment of loans and advances to consumer finance customers and term loans in notes 30, 32 and 46 to the consolidated financial statements.

For loans to consumer finance customers which are collectively assessed, with the assistance of our internal credit risk specialists where appropriate:

- Understanding the ECL model used by management;
- Testing the integrity of information used by management in the ECL model on a sample basis, by comparing individual items in the analysis with the relevant loan agreements and other supporting documents; and
- Assessing and challenging key inputs and assumptions applied in the ECL model including the appropriateness of grouping of loans and advances to consumer finance customers into different categories based on shared characteristics, probabilities of default, loss given default and forward-looking information, as well as validating the calculation and report logics of system-generated reports.

**Key audit matter****How our audit addressed the key audit matter**

For term loans and loans to consumer finance customers which are individually assessed:

- Assessing the reasonableness and appropriateness of management's judgements on classification into one of the three stages required by HKFRS 9 by challenging the occurrence of indicators for significant increase in credit risk (stage 2) or credit-impaired (stage 3) by examining repayment records and other latest developments of the borrower on a sample basis to evaluate if there has been timely identification and consideration of changes in credit risk;
- Evaluating the appropriateness of inputs and assumptions applied in the determination of ECL, including staging classification, loss given default, exposure at default and forward-looking factors;
- Assessing the independence, competence and objectivity of the external specialist engaged by management to assist in determination of ECL; and
- In respect of these loans where fair value estimates of collateral and credit enhancement is a significant input to the determination of ECL, performing procedures to assess the existence and legal rights to such collateral or credit enhancement and challenge assumptions made by management and the external specialist engaged by the Group in relation to the estimation of the amount and timing of future cash flows from the relevant collateral or credit enhancement, together with the discount rates and periods used to support the computation of impairment allowances.

## Other Information

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

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

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

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is HA, Hong Yiu Vico (practising certificate number: P06612).

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*  
Hong Kong

19 March 2026

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

(HK\$ Million)	Notes	2025	2024
Interest income		<b>3,486.0</b>	3,573.0
Other revenue	5	<b>219.2</b>	143.0
Total revenue		<b>3,705.2</b>	3,716.0
Net investment income	12	<b>1,710.5</b>	465.8
Other gains	7	<b>57.9</b>	80.5
Total income		<b>5,473.6</b>	4,262.3
Brokerage and commission expenses		<b>(108.2)</b>	(106.8)
Advertising and promotion expenses		<b>(143.4)</b>	(131.3)
Direct costs and operating expenses		<b>(138.0)</b>	(105.4)
Administrative expenses	11	<b>(1,096.5)</b>	(1,097.9)
Net exchange losses		<b>(71.1)</b>	(35.6)
Net impairment losses on financial assets	13	<b>(1,089.6)</b>	(903.0)
Finance costs	14	<b>(661.6)</b>	(918.7)
Other losses	11	<b>(227.5)</b>	(156.5)
		<b>1,937.7</b>	807.1
Share of results of associates		<b>10.1</b>	1.0
Share of results of joint ventures		<b>62.5</b>	53.2
Profit before taxation	11	<b>2,010.3</b>	861.3
Taxation	15	<b>(195.0)</b>	(270.0)
Profit for the year		<b>1,815.3</b>	591.3
Profit attributable to:			
– Owners of the Company		<b>1,593.1</b>	377.7
– Non-controlling interests	24	<b>222.2</b>	213.6
		<b>1,815.3</b>	591.3
Earnings per share	17		
– Basic (HK cents)		<b>81.4</b>	19.3
– Diluted (HK cents)		<b>81.3</b>	19.3

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(HK\$ Million)	2025	2024
<b>Profit for the year</b>	<b>1,815.3</b>	591.3
<b>Other comprehensive (expenses) income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income, net of tax	<b>(79.5)</b>	75.4
Revaluation gains on investment properties transferred from owned properties	<b>0.9</b>	2.8
	<b>(78.6)</b>	78.2
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences arising on translating foreign operations	<b>107.0</b>	(105.6)
Reclassification adjustment to profit or loss on liquidation of subsidiaries	<b>97.4</b>	46.1
Share of other comprehensive income (expenses) of associates, net of tax	<b>14.2</b>	(7.2)
Share of other comprehensive income (expenses) of joint ventures, net of tax	<b>55.6</b>	(19.6)
	<b>274.2</b>	(86.3)
Other comprehensive income (expenses) for the year, net of tax	<b>195.6</b>	(8.1)
Total comprehensive income for the year	<b>2,010.9</b>	583.2
Total comprehensive income attributable to:		
– Owners of the Company	<b>1,705.9</b>	390.5
– Non-controlling interests	<b>305.0</b>	192.7
	<b>2,010.9</b>	583.2

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(HK\$ Million)	Notes	31/12/2025	31/12/2024	(HK\$ Million)	Notes	31/12/2025	31/12/2024
<b>Non-current Assets</b>				<b>Current Liabilities</b>			
Investment properties	18	939.1	1,134.9	Financial liabilities at fair value			
Property and equipment	19	326.3	332.5	through profit or loss	27	146.9	159.0
Right-of-use assets	20	207.3	227.2	Bank and other borrowings	35	5,641.9	6,718.1
Intangible assets	21	907.3	908.6	Creditors and accruals	36	728.4	450.7
Goodwill	22	2,384.0	2,384.0	Amounts due to brokers		221.6	88.5
Interest in associates	25	125.7	111.0	Amount due to a holding			
Interest in joint ventures	26	510.0	415.9	company	37	1.7	1.7
Financial assets at fair				Provisions	38	59.4	53.2
value through other				Taxation payable		136.7	96.4
comprehensive income	27	346.9	287.9	Other liabilities	39	185.6	55.0
Financial assets at fair value				Lease liabilities	40	67.1	107.5
through profit or loss	27	11,353.1	9,049.0	Notes payable	41	2,765.1	156.4
Deferred tax assets	28	210.8	230.9			9,954.4	7,886.5
Amounts due from associates	29	65.0	195.3	<b>Net Current Assets</b>		<b>6,824.1</b>	9,816.7
Loans and advances to				<b>Total Assets less Current</b>			
consumer finance				<b>Liabilities</b>		<b>28,754.4</b>	29,413.6
customers	30	4,016.6	3,712.7	<b>Capital and Reserves</b>			
Mortgage loans	31	270.0	539.2	Share capital	42	8,752.3	8,752.3
Term loans	32	248.6	41.9	Reserves		13,585.9	12,395.2
Prepayments, deposits and				Equity attributable to owners			
other receivables	33	19.6	25.9	of the Company		22,338.2	21,147.5
		<b>21,930.3</b>	19,596.9	Non-controlling interests	24	3,193.7	3,105.7
<b>Current Assets</b>				Total Equity		<b>25,531.9</b>	24,253.2
Financial assets at fair value				<b>Non-current Liabilities</b>			
through profit or loss	27	2,863.1	3,507.7	Financial liabilities at fair value			
Taxation recoverable		15.2	2.7	through profit or loss	27	644.3	139.2
Amounts due from associates	29	167.6	8.5	Deferred tax liabilities	28	133.3	135.2
Loans and advances to				Bank and other borrowings	35	2,331.3	1,828.5
consumer finance				Provisions	38	1.0	1.0
customers	30	7,027.7	6,815.7	Other liabilities	39	–	29.9
Mortgage loans	31	788.6	1,439.6	Lease liabilities	40	112.6	117.3
Term loans	32	155.9	184.5	Notes payable	41	–	2,909.3
Prepayments, deposits and						3,222.5	5,160.4
other receivables	33	384.2	318.6			<b>28,754.4</b>	29,413.6
Amounts due from brokers		398.1	418.7				
Bank deposits	34	513.4	679.8				
Cash and cash equivalents	34	4,464.7	4,327.4				
		<b>16,778.5</b>	17,703.2				

The consolidated financial statements on pages 95 to 178 were approved and authorised for issue by the Board of Directors on 19 March 2026 and are signed on its behalf by:

**Lee Seng Huang**  
Director

**Brendan James McGraw**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(HK\$ Million)	Attributable to owners of the Company									
	Share capital	Shares held for Employee Ownership Scheme	Employee share-based compensation reserve	Exchange reserve	Revaluation reserve	Capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 1 January 2025</b>	8,752.3	(25.6)	5.1	(445.1)	54.0	113.5	12,693.3	21,147.5	3,105.7	24,253.2
Profit for the year	-	-	-	-	-	-	1,593.1	1,593.1	222.2	1,815.3
Other comprehensive income (expenses) for the year (Note 43)	-	-	-	194.2	(81.4)	-	-	112.8	82.8	195.6
Total comprehensive income (expenses) for the year	-	-	-	194.2	(81.4)	-	1,593.1	1,705.9	305.0	2,010.9
Recognition of equity-settled share-based payments	-	-	6.9	-	-	-	-	6.9	-	6.9
Purchase of shares for the SHK Employee Ownership Scheme	-	(11.2)	-	-	-	-	-	(11.2)	-	(11.2)
Vesting of shares of the SHK Employee Ownership Scheme	-	4.1	(4.1)	-	-	-	-	-	-	-
Disposal of investment properties	-	-	-	-	(12.9)	-	12.9	-	-	-
Interim dividends paid (Note 16)	-	-	-	-	-	-	(510.9)	(510.9)	-	(510.9)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(217.0)	(217.0)
Transfer capital reserve to retained earnings	-	-	-	-	-	(3.4)	3.4	-	-	-
<b>At 31 December 2025</b>	<b>8,752.3</b>	<b>(32.7)</b>	<b>7.9</b>	<b>(250.9)</b>	<b>(40.3)</b>	<b>110.1</b>	<b>13,791.8</b>	<b>22,338.2</b>	<b>3,193.7</b>	<b>25,531.9</b>

(HK\$ Million)	Attributable to owners of the Company									
	Share capital	Shares held for Employee Ownership Scheme	Employee share-based compensation reserve	Exchange reserve	Revaluation reserve	Capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 1 January 2024</b>	8,752.3	(30.2)	9.3	(383.6)	(20.3)	109.4	12,831.1	21,268.0	3,127.6	24,395.6
Profit for the year	-	-	-	-	-	-	377.7	377.7	213.6	591.3
Other comprehensive (expenses) income for the year (Note 43)	-	-	-	(61.5)	74.3	-	-	12.8	(20.9)	(8.1)
Total comprehensive (expenses) income for the year	-	-	-	(61.5)	74.3	-	377.7	390.5	192.7	583.2
Recognition of equity-settled share-based payments	-	-	0.4	-	-	-	-	0.4	-	0.4
Vesting of shares of the SHK Employee Ownership Scheme	-	4.6	(4.6)	-	-	-	-	-	-	-
Interim dividends paid (Note 16)	-	-	-	-	-	-	(510.9)	(510.9)	-	(510.9)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(214.6)	(214.6)
Shares repurchased and cancelled	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Transfer retained earnings to capital reserve	-	-	-	-	-	4.1	(4.1)	-	-	-
<b>At 31 December 2024</b>	<b>8,752.3</b>	<b>(25.6)</b>	<b>5.1</b>	<b>(445.1)</b>	<b>54.0</b>	<b>113.5</b>	<b>12,693.3</b>	<b>21,147.5</b>	<b>3,105.7</b>	<b>24,253.2</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(HK\$ Million)	2025	2024	(HK\$ Million)	2025	2024
<b>Operating activities</b>			<b>Investing activities</b>		
Profit for the year	1,815.3	591.3	Purchase of property and equipment	(55.0)	(10.8)
Adjustments for:			Proceeds of disposal of equipment	–	0.2
– Share of results of associates	(10.1)	(1.0)	Purchase of investment properties	(16.2)	(31.3)
– Share of results of joint ventures	(62.5)	(53.2)	Proceeds of disposal of investment properties	49.0	–
– Taxation	195.0	270.0	Deposit paid for purchase of property and equipment	(0.5)	(3.9)
– Dividend income	(38.6)	(46.0)	Refund rental for right-of-use assets	2.4	0.7
– Interest income	(3,486.0)	(3,573.0)	Purchase of intangible assets	(7.4)	(2.6)
– Decrease in fair value of investment properties	202.7	144.2	Proceeds of disposal of intangible assets	–	20.7
– Expenses recognised for the SHK Employee Ownership Scheme	6.9	0.4	Dividends received from associates	9.7	99.2
– Amortisation of intangible assets	5.7	5.7	Dividends received from a joint venture	24.0	41.8
– Depreciation of property and equipment	37.8	40.0	Capital contribution to joint ventures	–	(419.4)
– Depreciation of right-of-use assets	118.1	125.4	Purchase of long-term financial assets at fair value through profit or loss	(2,013.1)	(703.2)
– Net loss on disposal/write-off of equipment	4.0	3.2	Purchase of financial assets at fair value through other comprehensive income	(130.8)	–
– Impairment losses on intangible assets	5.0	–	Proceeds on disposal of long-term financial assets at fair value through profit or loss	1,599.9	1,680.1
– Net gain on disposal of intangible assets	–	(18.3)	Placement of fixed deposits with banks	(1,033.2)	(1,406.1)
– Net impairment losses on financial assets	1,278.8	1,120.9	Withdrawal of fixed deposits with banks	1,212.7	944.2
– Impairment losses on an associate	–	0.4	<b>Net cash (used in) from investing activities</b>	<b>(358.5)</b>	<b>209.6</b>
– Interest expenses	616.9	873.9	<b>Financing activities</b>		
– Interest of lease liabilities	10.8	15.2	Bank and other borrowings repaid	(5,884.7)	(3,821.4)
– Changes in net assets attributable to other holders of consolidated structured entities	14.5	8.7	Bank and other borrowings raised	5,311.6	3,295.4
– Net gain on financial assets and liabilities at fair value through profit or loss	(1,671.9)	(419.8)	Payment of loan arrangement fee	(51.2)	(69.4)
– Gain on repurchase of notes	(2.2)	(5.0)	Repurchase of notes	(201.4)	(294.7)
– Exchange differences	90.0	23.4	Repayment of notes	(100.0)	(2,448.5)
Operating cash flows before movements in working capital	(869.8)	(893.6)	Purchase of shares for the SHK Employee Ownership Scheme	(11.2)	–
Change in financial assets at fair value through profit or loss	332.6	720.7	Lease payments	(112.6)	(117.9)
Change in amounts due from associates	(8.5)	3.9	Shares repurchased and cancelled	–	(0.5)
Change in loans and advances to consumer finance customers	(1,567.5)	(933.4)	Dividends paid	(510.9)	(510.9)
Change in mortgage loans	862.0	473.9	Dividends to non-controlling interests	(217.0)	(214.6)
Change in term loans	(131.7)	(51.8)	Contribution from third-party interests in consolidated structured entities	122.9	34.6
Change in prepayments, deposits and other receivables	(118.2)	(21.3)	Distribution to third-party interests in consolidated structured entities	(38.8)	(21.7)
Change in amounts due from brokers	20.6	155.3	<b>Net cash used in financing activities</b>	<b>(1,693.3)</b>	<b>(4,169.6)</b>
Change in financial liabilities at fair value through profit or loss	493.0	(69.4)	Net change in cash and cash equivalents	84.9	(2,083.5)
Change in creditors and accruals	275.3	(15.5)	Cash and cash equivalents at 1 January	4,327.4	6,462.1
Change in amounts due to brokers	133.1	11.1	Effect of foreign exchange rate changes	52.4	(51.2)
Change in provisions	–	(0.8)	<b>Cash and cash equivalents at the end of the year (Note 34)</b>	<b>4,464.7</b>	<b>4,327.4</b>
Cash used in operations	(579.1)	(620.9)			
Dividends received from equity investments	38.6	46.0			
Interest received	3,399.2	3,494.6			
Interest paid	(574.5)	(858.7)			
Taxation paid	(147.5)	(184.5)			
<b>Net cash from operating activities</b>	<b>2,136.7</b>	<b>1,876.5</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. General

Sun Hung Kai & Co. Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent is AP Emerald Limited. Its ultimate holding company is Allied Group Limited, a public limited company which is listed and incorporated in Hong Kong. The ultimate controlling party of the Company is the trustees of Lee and Lee Trust. The address of the principal place of business of the trustees of Lee and Lee Trust is c/o 24/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong. The address of the registered office of the Company is disclosed in the Corporate Information section of the Annual Report. The principal place of business of the Company is in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

The principal activity of the Company is to act as an investment holding company and the principal activities of its major subsidiaries are disclosed in Note 24.

## 2. Application of New and Amendments to HKFRS Accounting Standards

### Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21      Lack of Exchangeability

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

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will not have a material impact on the consolidated financial statements in the foreseeable future.

### HKFRS 18 Presentation and Disclosure in Financial Statements

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. Application of New and Amendments to HKFRS Accounting Standards (Continued)

### HKFRS 18 Presentation and Disclosure in Financial Statements (Continued)

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's management-defined performance measures will be disclosed in a separate note to the consolidated financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 622).

### (b) Basis of preparation and consolidation

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

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

For financial instruments and investment properties which are transacted at fair value and where a valuation technique that utilises unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

Net profit on financial assets and liabilities at fair value through profit or loss ("FVTPL") at HK\$1,671.9 million (2024: HK\$419.8 million) was previously presented below total income, and dividends income from listed and unlisted investments at HK\$38.6 million (2024: HK\$46.0 million) was previously included in other revenue. Since 1 January 2025, the Group presented these two sources of income under net investment income as part of total income so as to align with the presentation commonly adopted by industry peers. The change in presentation also provides information that is reliable and more relevant to the users of the financial statements. The information in the prior year is also reclassified so as to conform with current year's presentation.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (b) Basis of preparation and consolidation (Continued)

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

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

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

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

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

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

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

#### (c) Business combinations

##### Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (c) Business combinations (Continued)

##### Business combinations (Continued)

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

#### (d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

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

#### (e) Interests in associates and joint ventures

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

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

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

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

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (f) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

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

#### (g) Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated at cost in the consolidated statement of financial position, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated using the straight-line method to write off the cost of each asset less its residual value over its estimated useful life as follows:

Property	– shorter of the estimated useful life and the remaining lease term of land
Furniture and equipment	– 10% to 33% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

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

#### (h) Leases

##### Definition of a lease

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (h) Leases (Continued)

##### The Group as a lessee

###### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

###### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of its office properties, outlets and signboards that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

###### *Right-of-use assets*

The cost of right-of-use asset includes:

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

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

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

###### *Refundable rental deposits*

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

###### *Lease liabilities*

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

###### *Lease modifications*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (h) Leases (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### The Group as a lessor

##### *Classification and measurement of leases*

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

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

#### (i) Intangible assets

##### (i) Club memberships

Represents the right to use the facilities of various clubs, with management considering that the club membership does not have a finite useful life.

##### (ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method.

##### (iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Such intangible assets are measured at their fair value at the acquisition date (which is regarded as their cost).

#### (iv) Crypto assets

Crypto assets (sometimes referred to as 'digital currencies') such as Bitcoin, Ethereum and Litecoin have the following common characteristics:

- they are recorded on a distributive ledger that uses cryptography. Some may have limits on the maximum possible number of "coins" that can exist;
- they are decentralised, with no single party (government or otherwise) regulating their use. Although values for a crypto asset may sometimes be quoted in a particular currency, a "coin" in one country is indistinguishable from a "coin" in another; and
- there is no contract between the holder of a coin and another party and their value is supported only by the laws of supply and demand.

Crypto assets can be obtained by "mining" (use of computing power to solve the relevant algorithm) or by purchase on a peer-to-peer basis and can, if both parties agree, be exchanged for goods or services.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed on an annual basis, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite lives are carried at cost less any subsequent accumulated impairment losses and are tested for impairment annually by comparing their recoverable amount with their carrying amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (j) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Interest and dividend income which are derived from the Group's ordinary course of business are presented as interest income and net investment income, respectively.

#### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification and subsequent measurement of financial assets*

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling the financial assets and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not, except for a derivative that is a designated and effective hedging instrument.

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

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (j) Financial instruments (Continued)

##### Financial assets (Continued)

##### *Classification and subsequent measurement of financial assets (Continued)*

##### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset, net of expected credit loss provision from the next reporting period.

##### (ii) Equity instruments designated as at FVTOCI

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

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

##### (iii) Financial assets at FVTPL

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

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

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

The Group performs impairment assessment under an expected credit loss ("ECL") model on financial assets and other items (loan commitments) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

##### (i) Significant increase in credit risk

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (j) Financial instruments (Continued)

##### (i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in (1) the regulatory, economic or technological environments; (2) business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group applies the rebuttable presumption that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has rebutted this presumption for term loans as it has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

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

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group presumes that default has occurred when a financial asset is more than 90 days past due, except for term loans, where the Group has rebutted this presumption as it has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of a default occurring:

- probable bankruptcy entered by the debtors;
- death of the debtors; and
- disappearance of active market of the collateral or repossessed properties.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- (d) probable bankruptcy or other financial reorganisation entered by the borrower; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (j) Financial instruments (Continued)

##### (iv) Write-off policy

The Group writes off the gross carrying amount of a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss with such amounts shown under "Net impairment losses on financial assets".

##### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition for financial assets.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

ECL for certain loans and advances to consumer finance customers are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status; and
- nature and size of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Except for loan commitments, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account. For loan commitments, the loss allowances are recognised as provisions.

##### (vi) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the "Net exchange losses" line item as part of the net foreign exchange losses;
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the "Net investment income" line item as part of the gain/(loss) from changes in fair value of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the revaluation reserve.

##### (vii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (j) Financial instruments (Continued)

##### (vii) Derecognition of financial assets (Continued)

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

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

##### (viii) Modification of financial assets

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If a qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

##### (ix) Fair value measurement principles

Fair values of quoted investments are based on quoted prices. For unlisted securities or financial assets without an active market, the Group establishes the fair value by using appropriate valuation techniques including the use of recent arm's length transactions, reference to other investments that are substantially the same, discounted cash flow analysis and option pricing models.

##### (k) Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include: (a) cash, which comprises cash on hand, bank balances and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and (b) cash equivalents, which comprises of short-term time deposits (generally with original maturity of three months or less) that are readily convertible to a known amount of cash and which are subject to an insignificant risk changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are assessed for expected credit losses in accordance with Note 3(j)(v).

#### (l) Financial liabilities

##### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### (i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (l) Financial liabilities (Continued)

##### Classification as debt or equity (Continued)

##### (i) Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income.

##### (ii) Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, creditors, amounts due to brokers, amounts due to a holding company and notes payable are subsequently measured at amortised cost, using the effective interest method.

##### (iii) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Net exchange losses" line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities.

##### (iv) Derecognition of financial liabilities

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

#### (m) Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Dividend distribution to the Company's owners is recognised as a liability in the period in which the dividends are approved by the Directors or shareholders as appropriate.

Where the shares of the Company ("Awarded Shares") are purchased under the SHK Employee Ownership Scheme, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Employee Ownership Scheme" and deducted from equity. When the Awarded Shares are transferred to the awardees upon vesting, the related costs of the Awarded Shares are eliminated against the employee share-based compensation reserve.

#### (n) Derivative financial instruments

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (n) Derivative financial instruments (Continued)

##### Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

#### (o) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### (p) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

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

#### (q) Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

#### (r) Taxation

Income tax expenses represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (r) Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### (s) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period.

#### (t) Employee benefits

The Group operates defined contribution retirement schemes, the assets of which are held in independently administrated funds. The Group's contributions to the defined contribution retirement schemes are expensed as the employees have rendered their services entitling them to the contributions and are reduced by contributions forfeited, if applicable, by those employees who leave the schemes prior to vesting fully in the contributions.

For Long Service Payment ("LSP") obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

#### (t) Employee benefits (Continued)

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

The Group recognises a liability and an expense for bonuses and profit-sharing, where appropriate, based on approved formulas that take into consideration the profit attributable to the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

For the Awarded Shares granted under the SHK Employee Ownership Scheme, the fair value of the employee services received is determined by reference to the fair value of Awarded Shares granted at the grant date and is expensed on a straight-line basis over the vesting period based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve). At the end of each reporting period, the Group revises its estimates of the number of Awarded Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

#### (u) Revenue

The 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.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

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

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

The Group's revenue and other income recognition policies are as follows:

- Interest income from financial assets is recognised on a time apportionment basis, taking into account the principal amounts outstanding and the effective interest applicable, which is the rate that discounts the estimated future cash flows through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- Rental income arising on investment properties is accounted for on a straight-line basis over the lease term regardless of when the cash rental payment is received.
- Revenue sharing income arising from the Group's seeded capital investments is recognised when the Group's right to receive payment is established.
- Management fee income is recognised as the management services on investment funds and client accounts are performed over time.
- Service and commission income is recognised over the time or at a point in time when the services are rendered in accordance with contract terms.
- Distribution fee income is recognised at a point in time when the distribution services are rendered in accordance with the terms in distribution agreements.

### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements.

##### Determination of consolidation of funds invested in through the Alternative Solutions business

The Group operates the alternative solutions business and makes direct investments in funds in the form of seed capital and standard investment and may provide other services such as acting as the fund manager, providing financing of working capital or other administrative services. The Group has decision-making authority and power over the relevant activities of the fund because the Group, acting as the fund manager, can decide which investments the fund should acquire or dispose of. All facts and circumstances are taken into consideration in the assessment of whether the Group, as an investor, controls the investment funds. The principle of control sets out the following three elements of control: (a) power over the investment funds; (b) exposure, or rights, to variable returns from involvement with the investment funds; and (c) the ability to use power over the investment funds to affect the amount of the investor's returns. The Group's initial assessment of control including its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent. For these investment funds, the Group assesses whether (i) there are any other holders in these investment funds which have practical ability to remove the Group, and prevent the Group to direct the relevant activities of the investment funds; and (ii) the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the investment funds.

As at 31 December 2025, the directors of the Company concluded that the Group had control over two (2024: two) of the investments funds and acted as agent for the remaining investment funds.

##### Key sources of estimation uncertainty

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

##### (a) Fair value of derivatives and financial instruments

As at 31 December 2025, a significant amount of the Group's financial assets, including unlisted preferred and ordinary shares issued by unlisted companies, unlisted overseas equity securities with a put right and unlisted overseas investment funds with carrying amounts of HK\$665.7 million, HK\$206.6 million and HK\$7,314.9 million, respectively are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Whilst the Group considers these valuations are the best estimates, the ongoing uncertainties in the macroeconomic environment has resulted in greater market volatility and may cause further disruptions to the investees'/issuers' businesses, which have led to higher degree of uncertainties in respect of the valuations. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 27 to the consolidated financial statements for further disclosures.

##### (b) Impairment allowances on term loans and mortgage loans

In determining impairment allowances on term loans and mortgage loans, the measurement of ECL requires estimation of the amounts and timing of future cash flows and the assessment of whether there have been a significant increase in credit risk.

The estimations and assumptions include:

- the selection of inputs which the Group used in the ECL model including loss given default and probability of default;
- the selection of forward-looking factors and the relative weightings of forward-looking scenarios; and
- the amounts and timing of future cash flows, guarantees and value of the collateral received from the customers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

### Key sources of estimation uncertainty (Continued)

#### (b) Impairment allowances on term loans and mortgage loans (Continued)

The provision of ECL is sensitive to changes in estimates. The estimates would include the amounts and timing of future cash flows, guarantees and collateral values when determining impairment allowances. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. Details of expected credit loss are set out in Note 46(b) to the consolidated financial statements. The information about the ECL in relation to the Group's mortgage loans and term loans are disclosed in Notes 31 and 32 to the consolidated financial statements.

#### (c) Impairment allowances on loans and advances to consumer finance customers

The ECL for loans and advances to consumer finance customers is assessed individually, or collectively for the balances which were individually insignificant. The groupings are based on ageing of different consumer finance loan products that have similar loss patterns. In determining the impairment allowances on loans and advances to consumer finance customers, the estimates would include:

- the Group's internal credit risk categories, which assigns probabilities of default to the individual categories;
- the grouping of debtors;
- the selection of forward-looking factors and the relative weightings of forward-looking scenarios; and
- the amounts and timing of future cash flows including from guarantees and collateral values when determining impairment allowances.

The provision of ECL is sensitive to changes in estimates and these estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. Details of expected credit loss are set out in Note 46(b) to the consolidated financial statements. The information about the ECL and the Group's loans and advances to consumer finance customers are disclosed in Note 30 to the consolidated financial statements.

## 5. Other Revenue

(HK\$ Million)	2025	2024 (Restated)
Service and commission income	122.3	85.9
Gross rental income from investment properties	23.0	20.8
Management fee income	5.8	5.0
Revenue sharing from seeded capital investments	54.6	28.8
Distribution fee income	11.6	2.5
Performance fee income	1.3	–
Carried interest income	0.6	–
	<b>219.2</b>	<b>143.0</b>

## 6. Segment Information

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Inter-segment revenues are charged at prevailing market rates.

The main reportable and operating segments presented in these consolidated financial statements are as follows:

- Consumer Finance: provision of consumer, small and medium enterprises and other financing.
- Mortgage Loans: provision of mortgage loans financing.
- Investment Management: portfolio investments and provision of term loans, structured and specialty financing.
- Alternative Solutions: provision of external fund solutions and fund management service.
- Group Management and Support: provision of liquidity, management, supervisory and administrative functions to all business segments.

"Funds Management" segment is renamed as "Alternative Solutions" segment. Also, certain investments which were previously presented under "Investment Management" segment are now reclassified to "Group Management and Support" segment. The directors of the Company consider that this change to segment reporting is in line with the changes of internal reporting reviewed by the chief operating decision maker in 2025. The comparatives for the business segments were re-presented to conform with current year's presentation.

Segment assets and liabilities are not presented as they are not regularly reviewed by the chief operating decision maker.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. Segment Information (Continued)

(HK\$ Million)	2025					
	Credit Business				Group Management and Support	Total
	Consumer Finance	Mortgage Loans	Investment Management	Alternative Solutions		
Segment income	3,286.4	177.2	2,115.2	121.0	(178.5)	5,521.3
Less: inter-segment income	–	–	–	–	(47.7)	(47.7)
Segment income from external customers	3,286.4	177.2	2,115.2	121.0	(226.2)	5,473.6
Segment profit or loss	793.5	6.6	1,753.8	63.1	(679.3)	1,937.7
Share of results of associates	–	–	10.1	–	–	10.1
Share of results of joint ventures	–	–	62.5	–	–	62.5
Profit (loss) before taxation	793.5	6.6	1,826.4	63.1	(679.3)	2,010.3
Included in segment profit or loss:						
Interest income	3,146.3	167.8	76.1	1.7	94.1	3,486.0
Net investment income	2.0	4.0	2,033.4	(0.8)	(328.1)	1,710.5
Other gains	18.4	1.0	2.0	16.6	19.9	57.9
Net exchange (loss) gain	(109.1)	0.1	39.5	0.4	(2.0)	(71.1)
Net impairment losses on financial assets	(940.7)	(110.9)	(38.0)	–	–	(1,089.6)
Other losses	(21.8)	–	(27.2)	–	(178.5)	(227.5)
Amortisation and depreciation	(102.6)	(2.9)	(0.8)	–	(55.3)	(161.6)
Finance costs	(400.6)	(21.7)	(185.3)	–	(56.0)	(663.6)
Less: inter-segment finance costs	–	2.0	–	–	–	2.0
Finance costs to external suppliers	(400.6)	(19.7)	(185.3)	–	(56.0)	(661.6)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. Segment Information (Continued)

(HK\$ Million)	2024 (Restated)					
	Credit Business				Group Management and Support	Total
	Consumer Finance	Mortgage Loans	Investment Management	Alternative Solutions		
Segment income	3,156.6	229.3	439.6	81.3	426.2	4,333.0
Less: inter-segment income	–	–	–	–	(70.7)	(70.7)
Segment income from external customers	3,156.6	229.3	439.6	81.3	355.5	4,262.3
Segment profit or loss	807.3	39.5	(1.5)	49.0	(87.2)	807.1
Share of results of associates	–	–	1.0	–	–	1.0
Share of results of joint ventures	–	–	53.2	–	–	53.2
Profit (loss) before taxation	807.3	39.5	52.7	49.0	(87.2)	861.3
Included in segment profit or loss:						
Interest income	3,054.3	228.9	34.0	1.0	254.8	3,573.0
Net investment income	3.2	–	399.8	0.2	62.6	465.8
Other gains	10.6	–	5.3	23.6	41.0	80.5
Net exchange (loss) gain	(45.9)	–	(11.1)	(0.4)	21.8	(35.6)
Net (recognition) reversal of impairment losses on financial assets	(793.5)	(76.2)	(33.2)	(0.5)	0.4	(903.0)
Other losses	(21.0)	(0.1)	(22.7)	–	(112.7)	(156.5)
Amortisation and depreciation	(112.3)	(4.1)	(0.8)	(0.4)	(53.5)	(171.1)
Finance costs (note)	(505.1)	(68.6)	(278.0)	(0.1)	(87.2)	(939.0)
Less: inter-segment finance costs	–	20.3	–	–	–	20.3
Finance costs to external suppliers	(505.1)	(48.3)	(278.0)	(0.1)	(87.2)	(918.7)

Note: In prior year, the finance costs were presented based on the actual financing charges. During the current year, the finance costs were reallocated to better reflect the utilisation of financing resources among segments. Prior year figures were restated to conform with current year's presentation.

The geographical information of revenue and non-current assets are disclosed as follows:

(HK\$ Million)	2025	2024
Revenue from external customers		
by location of operations		
– Hong Kong	3,359.0	3,359.9
– PRC	346.2	356.1
	3,705.2	3,716.0

(HK\$ Million)	31/12/2025	31/12/2024
Non-current assets other than interests in associates and joint ventures, financial assets and deferred tax assets by location of assets		
– Hong Kong	4,444.7	4,608.2
– PRC	328.2	387.9
	4,772.9	4,996.1

## 7. Other Gains

(HK\$ Million)	2025	2024
Gain on repurchase of notes payable (note 41)	2.2	5.0
Income from assignment of revenue sharing rights	16.6	23.3
Gain on disposal of intangible assets	–	18.3
Miscellaneous income	39.1	33.9
	57.9	80.5

## 8. Emoluments of Directors and Senior Employees

### (a) Directors

(HK\$ Million)	2025					Total
	Director's fees	Salaries, housing and other allowances and benefits in kind	Discretionary bonuses	Contributions to retirement benefit scheme		
<b>Executive Directors</b>						
Lee Seng Huang (Group Executive Chairman)	–	15.01	30.00	0.41		45.42
Antony James Edwards <sup>1,3</sup>	–	2.95	2.01	0.14		5.10
Brendan James McGraw <sup>2,4</sup>	–	3.20	1.60	0.16		4.96
	–	21.16	33.61	0.71		55.48
<b>Non-Executive Directors</b>						
Peter Anthony Curry	0.31	–	–	–		0.31
Simon Chow Wing Charn	0.31	–	–	–		0.31
	0.62	–	–	–		0.62
<b>Independent Non-Executive Directors</b>						
Evan Au Yang Chi Chun	0.31	–	–	–		0.31
David Craig Bartlett	0.31	–	–	–		0.31
Alan Stephen Jones	0.40	–	–	–		0.40
Vivian Alexa Kao	0.31	–	–	–		0.31
Jacqueline Alee Leung	0.31	–	–	–		0.31
Wayne Robert Porritt	0.31	–	–	–		0.31
William Thomas Royan <sup>5</sup>	0.25	–	–	–		0.25
	2.20	–	–	–		2.20
	2.82	21.16	33.61	0.71		58.30

<sup>1</sup> Mr. Antony James Edwards was appointed as an Executive Director of the Company on 21 March 2025.

<sup>2</sup> 488,000 shares vested during 2025.

<sup>3</sup> Awarded Shares of HK\$2.99 million under the SHK Employee Ownership Scheme is approved to be granted to the director in relation to his performance in 2025.

<sup>4</sup> Awarded Shares of HK\$2.40 million under the SHK Employee Ownership Scheme is approved to be granted to the director in relation to his performance in 2025.

<sup>5</sup> Mr. William Thomas Royan was appointed as an Independent Non-Executive Director of the Company on 21 March 2025.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Bonuses, which are recommended by the remuneration committee and subsequently approved by the Board of Directors, are discretionary and are determined by reference to the Group's and the individuals' performance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**8. Emoluments of Directors and Senior Employees (Continued)****(a) Directors (Continued)**

(HK\$ Million)	2024				Total
	Director's fees	Salaries, housing and other allowances and benefits in kind	Discretionary bonuses	Contributions to retirement benefit scheme	
<b>Executive Directors</b>					
Lee Seng Huang (Group Executive Chairman)	–	14.99	5.00	0.40	20.39
Brendan James McGraw <sup>1,2</sup>	–	3.10	1.50	0.15	4.75
	–	18.09	6.50	0.55	25.14
<b>Non-Executive Directors</b>					
Peter Anthony Curry	0.31	–	–	–	0.31
Simon Chow Wing Charn	0.31	–	–	–	0.31
	0.62	–	–	–	0.62
<b>Independent Non-Executive Directors</b>					
Evan Au Yang Chi Chun	0.31	–	–	–	0.31
David Craig Bartlett	0.31	–	–	–	0.31
Alan Stephen Jones	0.40	–	–	–	0.40
Vivian Alexa Kao	0.31	–	–	–	0.31
Jacqueline Alee Leung	0.31	–	–	–	0.31
Wayne Robert Porritt	0.31	–	–	–	0.31
	1.95	–	–	–	1.95
	2.57	18.09	6.50	0.55	27.71

1 279,000 shares vested during 2024.

2 In March 2025, Awarded Shares of HK\$1.5 million under the SHK Employee Ownership Scheme is approved to be granted to the director in relation to his performance in 2024.

**(b) Highest paid individuals**

The five highest paid individuals of the Group include three (2024: two) directors of the Company. The emoluments of the remaining two (2024: three) highest paid individuals are analysed below:

(HK\$ Million)	2025	2024
Salaries, housing and other allowances, and benefits in kind	10.5	13.8
Bonuses	4.4	5.6
Contributions to retirement benefit scheme	1.2	1.3
	16.1	20.7

The above emoluments of the highest paid individuals were within the following bands:

Emoluments band (HK\$)	Number of employees	
	2025	2024
\$5,000,001 – \$5,500,000	–	1
\$7,000,001 – \$7,500,000	–	1
\$7,500,001 – \$8,000,000	1	–
\$8,000,001 – \$8,500,000	–	1
\$8,500,001 – \$9,000,000	1	–

## 8. Emoluments of Directors and Senior Employees (Continued)

### (c) Senior Management

The emoluments of senior management (as described in Profiles of Directors and Senior Management section) were within the following bands:

Emoluments band (HK\$)	Number of employees	
	2025	2024
\$500,001 – \$1,000,000	1	–
\$1,000,001 – \$1,500,000	–	1
\$5,000,001 – \$5,500,000	–	1

No shares were vested (2024: nil) and granted (2024: nil) for our senior management during year 2025. No dividend were paid to senior management during the year (2024: nil).

## 9. Information about Material Interests of Directors in Transactions, Arrangements or Contracts

Except for the transaction as disclosed in the relevant sections in the directors' report and in the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which the Directors or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## 10. Employee Benefits

### (a) Retirement Benefit Scheme

The principal retirement benefit schemes operated by the Group related to defined contribution schemes for the Hong Kong and overseas offices' qualifying employees.

The employees of the Company's subsidiaries established in the People's Republic of China (the "PRC") are members of state-managed retirement benefit schemes operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

Expenses recognised in profit or loss for the contributions to retirement benefit schemes for the current year amounted to HK\$35.0 million (2024: HK\$36.5 million). The amount of forfeited contributions utilised during the year ended 31 December 2025 was HK\$0.63 million (2024: HK\$1.01 million).

### (b) SHK Employee Ownership Scheme ("EOS")

Under the EOS, which was formally adopted on 18 December 2007, selected employees or directors of the Group (the "Selected Grantees") were awarded shares in the Company. Following management's recommendation, shares were granted to the Selected Grantees subject to various terms including, amongst other things, the vesting scale whereby awarded shares will vest and become unrestricted in various vesting periods.

During the year, 4.3 million shares (2024: 1.1 million shares) of the Company were awarded to Selected Grantees under the EOS. The fair value of the services rendered (by reference to the market value of awarded shares at grant dates) as consideration of the shares awarded during the year was HK\$12.8 million (2024: HK\$2.5 million) which will be amortised to profit or loss during the vesting period. The amount expensed during the year in respect of shares awarded under the EOS was HK\$6.9 million (2024: HK\$0.4 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11. Profit Before Taxation

(HK\$ Million)	2025	2024
Profit before taxation for the year has been arrived at after charging:		
Administrative expenses (Note a)	<b>(1,096.5)</b>	(1,097.9)
Outgoings in respect of rental-generating investment properties	–	(0.4)
Other losses (Note b)	<b>(227.5)</b>	(156.5)
(a) Analysis of administrative expenses:		
Staff costs (including Directors' emoluments)	<b>(601.2)</b>	(556.3)
Contributions to retirement benefit schemes	<b>(35.0)</b>	(36.5)
Expenses recognised for the SHK Employee Ownership Scheme	<b>(6.9)</b>	(0.4)
Total staff costs	<b>(643.1)</b>	(593.2)
Auditors' remuneration*		
Current year	<b>(5.8)</b>	(6.0)
Over-provision in prior years	–	0.4
Depreciation of property and equipment	<b>(37.8)</b>	(40.0)
Depreciation of right-of-use assets	<b>(118.1)</b>	(125.4)
Amortisation of intangible assets – computer software	<b>(5.7)</b>	(5.7)
Expense relating to short-term leases and leases of low-value assets	<b>(4.0)</b>	(1.5)
Other administrative expenses	<b>(282.0)</b>	(326.5)
	<b>(1,096.5)</b>	(1,097.9)
(b) Analysis of other losses:		
Net loss on disposal/write-off of equipment	<b>(4.0)</b>	(3.2)
Impairment losses on intangible assets	<b>(5.0)</b>	–
Change in net assets attributable to other holders of consolidated structured entities	<b>(15.8)</b>	(8.7)
Impairment loss on an associate	–	(0.4)
Decrease in fair value of investment properties	<b>(202.7)</b>	(144.2)
	<b>(227.5)</b>	(156.5)

\* The auditors' remuneration includes HK\$5.5 million (2024: HK\$5.1 million) to Deloitte and HK\$0.3 million (2024: HK\$0.5 million) to other professional firms. The amount paid to Deloitte in 2025 is disclosed in the Corporate Governance Report.

## 12. Net Investment Income

The following is an analysis of the net investment income:

(HK\$ Million)	2025	2024 (Restated)
Net realised and unrealised (loss) gain on financial assets and liabilities at FVTPL		
– Held for trading	<b>(77.0)</b>	(38.5)
– Not held for trading	<b>1,273.6</b>	83.0
Distribution income from unlisted investments	<b>475.3</b>	375.3
Dividends from listed investments	<b>30.1</b>	36.6
Dividends from unlisted investments	<b>8.5</b>	9.4
	<b>1,710.5</b>	465.8

## 13. Net Impairment Losses on Financial Assets

(HK\$ Million)	2025	2024
Loans and advances to consumer finance customers		
– Net charge of impairment losses	<b>(1,133.2)</b>	(1,007.6)
– Recoveries of amounts previously written off	<b>189.2</b>	217.8
	<b>(944.0)</b>	(789.8)
Mortgage loans		
– Net charge of impairment losses	<b>(110.9)</b>	(76.3)
– Recoveries of amounts previously written off	–	0.1
	<b>(110.9)</b>	(76.2)
Term loans		
– Net charge of impairment losses	<b>(38.8)</b>	(31.7)
	<b>(38.8)</b>	(31.7)
Amounts due from associates		
– Net reversal (charge) of impairment losses	<b>0.8</b>	(1.1)
	<b>0.8</b>	(1.1)
Deposits and other receivables		
– Net reversal (charge) of impairment losses	<b>3.3</b>	(4.2)
	<b>3.3</b>	(4.2)
	<b>(1,089.6)</b>	(903.0)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 14. Finance Costs

(HK\$ Million)	2025	2024
Interest on the following liabilities		
– Bank loans	(474.5)	(598.2)
– Notes payable	(142.4)	(275.7)
	(616.9)	(873.9)
Other borrowing costs	(33.9)	(29.6)
Interest on lease liabilities	(10.8)	(15.2)
	(661.6)	(918.7)

All finance costs were derived from financial liabilities not at fair value through profit or loss for both years.

## 15. Taxation

(HK\$ Million)	2025	2024
Current tax (charge) credit		
– Hong Kong	(163.1)	(164.3)
– PRC	(46.2)	(6.2)
– Other jurisdictions	(2.5)	0.1
	(211.8)	(170.4)
Over provision in prior years	36.7	0.4
	(175.1)	(170.0)
Deferred tax	(18.8)	(100.0)
Withholding tax on undistributed earnings	(1.1)	–
	(195.0)	(270.0)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2024: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules have become effective, or are substantively enacted, in certain jurisdictions in which the Group operates.

Based on management’s assessment of the estimated adjusted covered taxes and net GloBE income at the reporting date, the Group has recognised a current tax provision of HK\$12.2 million (2024: nil) in respect of the estimated Pillar Two top-up tax for the year ended 31 December 2025.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

(HK\$ Million)	2025	2024
Profit before taxation	2,010.3	861.3
Less: Share of results of associates	(10.1)	(1.0)
Share of results of joint ventures	(62.5)	(53.2)
	1,937.7	807.1
Tax at the Hong Kong profits tax rate of 16.5% (2024: 16.5%)	(319.7)	(133.2)
Over provision in prior years	36.7	0.4
Tax effect of non-taxable income	361.4	117.4
Tax effect of non-deductible expenses	(170.9)	(110.4)
Tax effect of unrecognised deductible temporary difference and tax losses	(44.0)	(42.6)
Reversal of estimated tax losses and deductible temporary difference previously recognised (Note)	(36.6)	(89.1)
Withholding tax on dividends declared and undistributed earnings of PRC subsidiaries	(14.3)	–
Countries subject to different tax rates	(7.6)	(12.5)
	(195.0)	(270.0)

Note: Amount mainly represented the reversal of deductible temporary differences after taking into account the availability of its taxable profits projected over the next five years against which the deductible temporary differences can be utilised.

Deferred tax recognised in other comprehensive income during the year was immaterial (2024: immaterial).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**16. Dividends**

(HK\$ Million)	2025	2024
The aggregate amount of dividends declared and proposed:		
– 2025 interim dividend paid of HK12 cents (2024: HK12 cents) per share	235.8	235.8
– 2025 second interim dividend of HK15 cents per share declared after the reporting date (2024: 2024 second interim dividend of HK14 cents per share)	294.7	275.1
	<b>530.5</b>	510.9
Dividends recognised as distribution during the year:		
– 2024 second interim dividend paid of HK14 cents (2024: 2023 second interim dividend paid of HK14 cents) per share	275.1	275.1
– 2025 interim dividend paid of HK12 cents (2024: HK12 cents) per share	235.8	235.8
	<b>510.9</b>	510.9

**17. Earnings per Share**

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following information:

(HK\$ Million)	2025	2024
<b>Earnings for the purposes of basic and diluted earnings per share</b>		
Earnings for the year attributable to owners of the Company	1,593.1	377.7
<b>Number of shares (in million)</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,956.7	1,957.7
Effect of dilutive potential ordinary shares:		
– Adjustments on the SHK Employee Ownership Scheme	2.3	1.3
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,959.0	1,959.0

**18. Investment Properties**

(HK\$ Million)	Hong Kong	PRC	Japan	Total
At 1 January 2024	1,066.4	131.3	–	1,197.7
Exchange adjustments	–	(3.4)	0.1	(3.3)
Addition	–	–	31.3	31.3
Transfer from property and equipment	–	56.1	–	56.1
Transfer to property and equipment	–	(2.7)	–	(2.7)
Change in fair value recognised in profit or loss	(126.6)	(17.8)	0.2	(144.2)
<b>At 31 December 2024</b>	<b>939.8</b>	<b>163.5</b>	<b>31.6</b>	<b>1,134.9</b>
Exchange adjustments	–	4.6	0.6	5.2
Addition	–	–	16.2	16.2
Disposal	(49.0)	–	–	(49.0)
Transfer from property and equipment	–	34.5	–	34.5
Change in fair value recognised in profit or loss	(184.4)	(17.7)	(0.6)	(202.7)
<b>At 31 December 2025</b>	<b>706.4</b>	<b>184.9</b>	<b>47.8</b>	<b>939.1</b>
Unrealised (losses) gains for the year included in profit or loss				
– For 2025	(178.4)	(17.7)	(0.6)	(196.7)
– For 2024	(126.6)	(17.8)	0.2	(144.2)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. Investment Properties (Continued)

The Group leases out investment property under operating leases with rentals payable monthly or quarterly. The lease typically run for an initial period of 1 to 4 years (2024: 1 to 4 years), with the option to renew the lease after that date at which time all terms are renegotiated. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. None of the leases includes variable lease payments and minimum annual lease payments are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

In determining the fair value of the investment properties, the management of the Group has formed a valuation working group to determine the appropriate valuation techniques and inputs for fair value measurements with the assistance of an independent qualified professional valuer.

The valuation working group works closely with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs to the valuation model, and analyses changes in fair value measurements from period to period.

The fair value of the Group's investment properties at the reporting date has been arrived on the basis of a valuation carried out by Norton Appraisals Holdings Limited, an independent qualified professional valuer, not connected with the Group. The fair value was grouped under Level 3. The Group considers that the current use of the properties is to be the highest and best use. The following table provides further information regarding the valuation.

	Valuation technique	Unobservable inputs	Input values	
			31/12/2025	31/12/2024
Hong Kong	Investment approach	Term yield	<b>2.65% p.a.</b>	2.0% to 2.15% p.a.
		Reversionary yield	<b>2.9% p.a.</b>	2.25% to 2.4% p.a.
		Monthly market unit rent per gross floor area (sq. ft.)	<b>HK\$39 to HK\$46</b>	HK\$24 to HK\$46
PRC	Investment approach	Term yield	<b>4.0% to 6.0% p.a.</b>	4.25% to 6.0% p.a.
		Reversionary yield	<b>4.5% to 6.5% p.a.</b>	4.75% to 6.5% p.a.
		Monthly market unit rent per gross floor area (sq. m.)	<b>RMB27 to RMB93</b>	RMB29 to RMB106
Japan	Income approach	Market unit sales rate (per sq. m.)	<b>JPY1,860,000</b>	JPY1,770,000
		Discount rate	<b>1.88%</b>	1.63%

An increase in market unit rent and sales rate would result in an increase in fair value of the investment properties while an increase in term yield and reversionary yield would result in a decrease in fair value of the investment properties. The Group believes that reasonably possible changes in the input values would not cause significant change in fair value of the investment properties. There was no change in the valuation technique during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**18. Investment Properties (Continued)**

Particulars of the investment properties at 31 December 2025 were as follows:

Location	Classification	Term of lease
19-1, 19-2, 19-3, 19-4, 20-1, 20-2, 20-3 & 20-4 in Block 2 of No. 101 building, Cuibai Road, Chunhuilu Street, Dadukou District, Chongqing, the PRC	Industrial	2061
Units 1001-1010 in Block 2-2 of Phase II of Tianjin Tian An Cyberpark, Zhangjiawo, Xiqing District, Tianjin, the PRC	Industrial	2060
No. 801, 807, Block 1 of YaoPeng MingZhu, Yunling Road, Creative Industrial Park, DaLi City, Yunnan, the PRC	Commercial	2046
Units 2104-2113, 21/F., Block A, SFC Sincere Centre, No.99 Wuyi Road, Yuzhong District, Chongqing, the PRC	Commercial	2050
Eastern Block 2001, 2002, 2003, 2005, 20/F., Phase II, Shenzhen Tian An Cyberpark, Futian District, Shenzhen, the PRC	Industrial	2052
Unit 1001, 10/F., Tower B, The Shuncheng Office, Wuhua District, Kunming, the PRC	Commercial	2046
Units 301, 401, Block 6, Times Centre, No. 160 Zhengyang Road, Chengyang District, Qingdao, the PRC	Commercial	2046
Units 01-15, 11/F., Tower B, Optics Valley International Plaza, No. 889, Luoyu Road, East Lake High-Tech Development Zone, Wuhan, the PRC	Commercial	2043
Rooms 1801-1810, 18/F., Tower A, Huaqiang Plaza, No.157 Shanda Road, Lixia District, Jinan, the PRC	Commercial	2050
Units 901-908, No. 43, Beizhan 1st Road, Shenhe District, Shenyang, the PRC	Commercial	2044
Units 303-305, 311-312, Block 1, Sincere Centre, No.25 Fuqing Road Er Duan, Chenghua District, Chengdu, the PRC	Commercial	2051
2201, 2201A and 2202, 22/F, Tower I, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
4/F, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
8/F, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
11/F, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
Residential parking space no 613, 615, 616 and 626 on 6/F, The Westminster Terrace, 2A Yau Lai Road, Tsuen Wan, New Territories	Residential	2056
Lot Nos. 193-30 and 195-12, Niseko Hirafu 1 jo 4 chome, Kutchan-cho, Abuta-gun, Hokkaido Prefecture, Japan	Residential	Freehold
181-55-358, 181-55-359, 2-chome, Niseko Hirafu 1-jo, Kutchan-cho, Abuta-gun, Hokkaido Prefecture, Japan	Residential	Freehold

At the end of the reporting period, investment properties with a total carrying value of HK\$591.0 million (31/12/2024: HK\$741.0 million) were pledged as security for the Group's banking facilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19. Property and Equipment

(HK\$ Million)	Property	Furniture and equipment	Total
<b>Cost</b>			
At 1 January 2024	220.4	630.6	851.0
Exchange adjustments	(3.6)	(3.5)	(7.1)
Transfer from investment properties	2.7	–	2.7
Transfer to investment properties	(73.8)	–	(73.8)
Additions	–	26.2	26.2
Disposals/write-off	–	(22.6)	(22.6)
<b>At 31 December 2024</b>	<b>145.7</b>	<b>630.7</b>	<b>776.4</b>
Exchange adjustments	2.5	3.0	5.5
Transfer to investment properties	(51.8)	–	(51.8)
Additions	–	67.2	67.2
Disposals/write-off	–	(49.9)	(49.9)
<b>At 31 December 2025</b>	<b>96.4</b>	<b>651.0</b>	<b>747.4</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2024	64.2	384.7	448.9
Exchange adjustments	(1.1)	(3.2)	(4.3)
Transfer to investment properties	(21.5)	–	(21.5)
Depreciation provided for the year	5.1	34.9	40.0
Eliminated on disposals/write-off	–	(19.2)	(19.2)
<b>At 31 December 2024</b>	<b>46.7</b>	<b>397.2</b>	<b>443.9</b>
Exchange adjustments	0.9	2.9	3.8
Transfer to investment properties	(18.5)	–	(18.5)
Depreciation provided for the year	3.2	34.6	37.8
Eliminated on disposals/write-off	–	(45.9)	(45.9)
<b>At 31 December 2025</b>	<b>32.3</b>	<b>388.8</b>	<b>421.1</b>
<b>Carrying amount</b>			
<b>At 31 December 2025</b>	<b>64.1</b>	<b>262.2</b>	<b>326.3</b>
At 31 December 2024	99.0	233.5	332.5

The useful lives of the properties are same as the remaining term of the leases that are ranging from 21 to 27 years (2024: 19 to 28 years). The useful lives of the furniture and equipment are ranging from 3 to 10 years (2024: 3 to 10 years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**20. Right-of-Use Assets**

(HK\$ Million)	Total
At 1 January 2024	272.8
Additions	102.2
Depreciation provided for the year	(125.4)
Lease modification	(22.1)
Exchange adjustments	(0.3)
<b>At 31 December 2024</b>	<b>227.2</b>
Additions	39.3
Depreciation provided for the year	(118.1)
Lease modification	58.8
Exchange adjustments	0.1
<b>At 31 December 2025</b>	<b>207.3</b>
<b>Carrying amount at 31 December 2025</b>	<b>207.3</b>
Carrying amount at 31 December 2024	227.2

The Group leases several assets including leasehold land, office and retail shops and equipment. The average lease term of right-of-use assets is as follows:

	31/12/2025	31/12/2024
Leasehold land	44.5 years	44.5 years
Office and retail shops	5.9 years	4.9 years
Equipment	4.2 years	4.5 years

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Net carrying amount		
– Leasehold land	3.2	3.2
– Office and retail shops	203.6	223.7
– Equipment	0.5	0.3
	<b>207.3</b>	227.2

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

(HK\$ Million)	2025	2024
Amount recognised in profit or loss		
– Depreciation expenses of right-of-use assets		
– Leasehold land	0.1	0.1
– Office and retail shops	117.6	124.8
– Equipment	0.4	0.5
– Interest expense of lease liabilities	10.8	15.2
– Expense relating to short-term leases and leases of low-value assets	4.0	1.5

During the year, additions to right-of-use assets were HK\$39.3 million (2024: HK\$102.2 million) and the total cash outflow for leases amounted to HK\$127.4 million (2024: HK\$134.6 million).

**Restrictions or covenants on lease**

In addition, lease liabilities of HK\$179.7 million (2024: HK\$224.8 million) are recognised with related right-of-use assets of HK\$207.3 million (2024: HK\$227.2 million) as at 31 December 2025. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21. Intangible Assets

(HK\$ Million)	Club memberships	Computer software	Trade mark	Customer relationship	Web domain	Crypto assets	Total
<b>Cost</b>							
At 1 January 2024	19.5	38.1	875.0	1,154.0	78.0	7.5	2,172.1
Exchange adjustments	–	(0.6)	–	–	–	–	(0.6)
Additions	0.4	5.7	–	–	–	–	6.1
Disposals/write-off	–	–	–	–	–	(2.4)	(2.4)
<b>At 31 December 2024</b>	<b>19.9</b>	<b>43.2</b>	<b>875.0</b>	<b>1,154.0</b>	<b>78.0</b>	<b>5.1</b>	<b>2,175.2</b>
Exchange adjustments	–	0.6	–	–	–	–	0.6
Additions	–	2.2	–	–	–	7.0	9.2
<b>At 31 December 2025</b>	<b>19.9</b>	<b>46.0</b>	<b>875.0</b>	<b>1,154.0</b>	<b>78.0</b>	<b>12.1</b>	<b>2,185.0</b>
<b>Accumulated amortisation and impairment</b>							
At 1 January 2024	1.0	21.3	7.0	1,154.0	78.0	–	1,261.3
Exchange adjustments	–	(0.4)	–	–	–	–	(0.4)
Amortisation charged for the year	–	5.7	–	–	–	–	5.7
<b>At 31 December 2024</b>	<b>1.0</b>	<b>26.6</b>	<b>7.0</b>	<b>1,154.0</b>	<b>78.0</b>	<b>–</b>	<b>1,266.6</b>
Exchange adjustments	–	0.4	–	–	–	–	0.4
Amortisation charged for the year	–	5.7	–	–	–	–	5.7
Impairment loss recognised	–	–	–	–	–	5.0	5.0
<b>At 31 December 2025</b>	<b>1.0</b>	<b>32.7</b>	<b>7.0</b>	<b>1,154.0</b>	<b>78.0</b>	<b>5.0</b>	<b>1,277.7</b>
<b>Carrying amount</b>							
<b>At 31 December 2025</b>	<b>18.9</b>	<b>13.3</b>	<b>868.0</b>	<b>–</b>	<b>–</b>	<b>7.1</b>	<b>907.3</b>
At 31 December 2024	18.9	16.6	868.0	–	–	5.1	908.6

The directors of the Company consider the economic lives of the trademark held by United Asia Finance Limited (“UAF”) and club memberships are indefinite:

- those can be renewed without the consent of a third party and is renewable at the Group’s sole discretion;
- the conditions necessary to obtain renewal will be satisfied;
- the cost to the Group of renewal is not significant when compared with the future economic benefits expect to flow to the Group from renewal. Management intend to renew infinitely and market indicators support cash inflows for an indefinite period.

The directors of the Company consider the economic lives of crypto assets are indefinite as they lack physical form and there is no limit to their useful life.

Other than the trade mark, club membership and crypto assets, which have indefinite useful lives, the intangible assets are amortised on a straight-line basis over the following periods:

Acquired computer software	3 – 5 years
Customer relationships	5.4 years
Web domain	10 years

## 22. Goodwill

(HK\$ Million)	31/12/2025	31/12/2024
<b>Cost</b>		
At 1 January and 31 December	<b>2,384.0</b>	2,384.0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 23. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives

For impairment testing, goodwill and intangible assets with indefinite useful lives at 31 December 2025 were allocated as follows:

(HK\$ Million)	Goodwill		Trade Mark	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
UAF in "Consumer Finance" segment	<b>2,384.0</b>	2,384.0	<b>868.0</b>	868.0

The recoverable amount of UAF, a cash-generating unit, represents the value in use at 31 December 2025 based on a business valuation report on the UAF group prepared by an independent qualified professional valuer, Norton Appraisals Holdings Limited. The valuation used the discounted cash flow approach and is based on a five-year performance projection and certain key assumptions (updated with latest market data as at year end date) including an average growth rate of 14.9% on the profit before tax from 2026 to 2030 (2024: 13.5% from 2025 to 2029), a sustainable growth rate of 2.3% beyond 2030 (2024: 2.4% beyond 2029), and a pre-tax discount rate of 14.8% (2024: 16.2%). The recoverable amount of UAF was determined to be in excess of its net carrying amount.

The management believes that any reasonably possible changes in any of the above assumptions would not result in impairment.

## 24. Interests in Subsidiaries

The consolidated profit or loss allocated to non-controlling interests during the year and the accumulated non-controlling interests in the consolidated statement of financial position as at 31 December 2025 are as follows:

(HK\$ Million)	Profit or loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2025	2024	31/12/2025	31/12/2024
UAF and its subsidiaries	<b>222.0</b>	211.1	<b>3,163.2</b>	3,059.1
Other subsidiaries having non-controlling interests	<b>0.2</b>	2.5	<b>30.5</b>	46.6
	<b>222.2</b>	213.6	<b>3,193.7</b>	3,105.7

The following tables provide summarised financial information of material subsidiaries that have non-controlling interests. The information is before inter-company eliminations.

(HK\$ Million)	UAF and its subsidiaries	
	31/12/2025	31/12/2024
Current assets	<b>9,885.2*</b>	10,143.9*
Non-current assets	<b>4,584.3#</b>	4,367.4#
Current liabilities	<b>(4,939.2)</b>	(5,294.5)
Non-current liabilities	<b>(1,841.1)</b>	(1,794.6)

(HK\$ Million)	2025	2024
Dividends paid to non-controlling interests	<b>200.7</b>	213.3
Revenue	<b>3,266.0</b>	3,143.0
Profit for the year	<b>584.9</b>	567.8
Total comprehensive income for the year	<b>805.6</b>	513.0
Net change in cash and cash equivalents during the year	<b>(250.3)</b>	(329.2)

\* Including loans and advances to consumer finance customers of HK\$7,027.7 million (31/12/2024: HK\$6,815.7 million)

# Including loans and advances to consumer finance customers of HK\$4,016.6 million (31/12/2024: HK\$3,712.7 million)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. Interests in Subsidiaries (Continued)

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

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2025	2024	
<b>Shares held directly:</b>					
Boneast Assets Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Shipshape Investments Limited	British Virgin Islands	US\$3 (2024: US\$1)	100%	100%	Investment holding
Sun Hung Kai (ECP) Limited	British Virgin Islands (place of operation: Hong Kong)	US\$1	100%	100%	Financing
Sun Hung Kai & Co. (RE I) Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Sun Hung Kai & Co. (BVI) Limited	British Virgin Islands (place of operation: Hong Kong)	US\$1	100%	100%	Financing
Sun Hung Kai Capital Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Sun Hung Kai & Co. (Treasury) Limited	Hong Kong	HK\$1	100%	100%	Provision of intra-group financing service
Swan Islands Limited	British Virgin Islands	US\$503,000,001	100%	100%	Investment holding
Wah Cheong Development Company, Limited	Hong Kong	HK\$25,100,000	100%	100%	Investment holding
Ranbridge Finance Limited	Hong Kong	HK\$20,000,000	100%	100%	Asset holding
Razorway Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Upper Selection Investments Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Shek O WSC Limited	Hong Kong	HK\$40,000,000	100%	100%	Dormant
Shek O Marina Limited	Hong Kong	HK\$1	100%	100%	Dormant
Isle Sun Global Limited	British Virgin Islands	US\$1	100%	100%	Inactive
<b>Shares held indirectly:</b>					
Abbey Dale Ventures Limited (e)	British Virgin Islands	US\$1	–	100%	Investment holding
Abundant Bay Limited	British Virgin Islands	US\$2 (2024: US\$1)	100%	100%	Investment holding
Abuta Prime Limited	Hong Kong	HK\$1	100%	100%	Property investment
Admiralty Eight Limited	Hong Kong	HK\$1	100%	100%	Property investment
Admiralty Eleven Limited	Hong Kong	HK\$1	100%	100%	Property investment
SHK Strategic Digital Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Bronwood Holdings Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Champstar Investments Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Easy Capital Investments Limited	British Virgin Islands	US\$1	63%	63%	Investment holding
Earnest Finance Limited	British Virgin Islands	HK\$100	63%	63%	Investment holding
First Asian Holdings Limited	Hong Kong	HK\$2	63%	63%	Investment holding
Itso Limited	Hong Kong	HK\$2	100%	100%	Investment holding
Kaede Holding Limited (f)	British Virgin Islands	US\$1	100%	–	Investment holding
Kaede Prime Limited (f)	Hong Kong	HK\$1	100%	–	Property investment
Kennedy (Nominees) Limited	Hong Kong	HK\$10,000	100%	100%	Provision of nominee services

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. Interests in Subsidiaries (Continued)

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2025	2024	
Market Oasis Limited	British Virgin Islands	US\$1	100%	100%	Inactive
MCIP CI I Limited	Cayman Islands				Investment holding
– Ordinary		US\$1	–	–	
– Non-voting Participating Class A Shares		US\$185	100%	100%	
– Voting Participating Class B Shares		US\$1	100%	100%	
– Non-voting Participating Class C Shares		US\$15	–	–	
MCIP GP I Limited	Cayman Islands				General partner of investment fund
– Ordinary		US\$1	–	–	
– Non-voting Participating Class A Shares		US\$10	86%	86%	
– Non-voting Participating Class B Shares		US\$30	100%	100%	
– Voting Non-Participating Class C Shares		US\$2 (2024: US\$1)	100%	100%	
MCIP Octavius Limited (e)	Cayman Islands	US\$1	–	93%	Investment holding
MCIP Quadratic Limited (e)	Cayman Islands	US\$1	–	93%	Investment holding
MCIP Quintus Limited (e)	Cayman Islands	US\$1	–	93%	Investment holding
MCIP Secundus Limited	Cayman Islands	US\$2	93%	93%	Investment holding
MCIP Sixtus Limited	Cayman Islands	US\$1	93%	93%	Investment holding
Multiple Capital Investment Partners (Australia) Pty Ltd.	Australia	A\$650,010	100%	100%	Fund management
Multiple Capital Real Estate Debt Holdco Limited	Cayman Islands	US\$1	93%	93%	Investment holding
Multiple Capital Real Estate Debt I, L.P.	Cayman Islands	US\$1	93%	93%	Investment fund
Sun Hung Kai Capital Services Limited (formerly known as Oakfame Investment Limited)	Hong Kong	HK\$2	100%	100%	Investment holding
Paignton Holdings Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Plentiwind Limited	Hong Kong	HK\$15,000,002	100%	100%	Investment holding
Rich Century International Investments Limited	Hong Kong	HK\$1	100%	100%	Property investment
Rodril Investments Limited	Hong Kong	HK\$1	100%	100%	Investment holding
Scienter Investments Limited	Hong Kong	HK\$20	100%	100%	Investment holding and provision of loan finance
SHK Bullion Company Limited	Hong Kong	HK\$10,000	100%	100%	Investment holding
SHK Asian Opportunities Holdings Limited	Cayman Islands	US\$10,000	95%	95%	Investment holding
SHKCP Asia Special Situations Private Access I, GP (formerly known as SHKCP Wentworth GP Limited) (f)	Cayman Islands	US\$1	100%	–	General partner of investment fund
SHK Investment Company One Limited	British Virgin Islands	US\$1	100%	100%	Asset management
SHK Investments (HK) Limited	Hong Kong	HK\$10,000	100%	100%	Investment portfolio
SHK Finance Limited	Hong Kong	HK\$150,000,000	63%	63%	Money lending
SHK International Limited	Hong Kong	HK\$10,000	100%	100%	Investment holding
SHK Investment Services Limited	Hong Kong	HK\$1,000,000	100%	100%	Asset holding
SHK Latitude Alpha Feeder Fund	Cayman Islands				Investment fund
– Founder Shares		US\$100	100%	100%	
– Participating Shares		US\$nil	–	94%	
		(2024: US\$152,448,858.47)			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. Interests in Subsidiaries (Continued)

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2025	2024	
SHK Latitude Alpha Fund (formerly known as SHK Latitude Alpha Master Fund)	Cayman Islands				Investment fund
– Founder Shares		US\$100	100%	100%	
– Participating Shares		US\$154,935,277.84	85%	94%	
		(2024: US\$152,176,207.72)			
SHK Pearl River Delta Investment Company Limited	Hong Kong	Issued share capital and paid up share capital: HK\$160,358,763.1	100%	100%	Provision of loan finance
		(2024: Issued share capital: HK\$100,000,000			
		Paid up share capital: HK\$75,000,000.5)			
SHK RE Holdings Limited (f)	Hong Kong	HK\$70,000,001	100%	–	Investment holding
		(2024: HK\$1)			
SHK Securities Limited	Hong Kong	HK\$20	100%	100%	Asset holding
SHKSC Alpha (Cayman) Limited	Cayman Islands	US\$1	100%	100%	Inactive
sim Limited	Hong Kong	HK\$1	63%	63%	Management consultancy
Star Flourish Investments Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Sun Hung Kai (Tianjin) Enterprise Management Company Limited	People's Republic of China	RMB50,000,000	100%	100%	Enterprise management, consultancy and marketing planning
Sun Hung Kai Capital (Australia) Pty Ltd (f)	Australia	AUD10	100%	–	Corporate advisory services
Sun Hung Kai Capital (UK) Limited	United Kingdom	GBP1	100%	100%	Investment holding
Sun Hung Kai Capital Partners Limited	Hong Kong	HK\$87,600,000	100%	100%	Fund management
		(2024: HK\$9,600,000)			
Sun Hung Kai Capital Partners (BVI) Limited	British Virgin Islands	US\$1	100%	100%	Inactive
Sun Hung Kai Credit Limited	Hong Kong	HK\$800,000,000	92%	92%	Mortgage financing
Sun Hung Kai Fintech Capital Limited	Hong Kong	HK\$3,000,000	100%	100%	Investment holding
Sun Hung Kai Securities (Overseas) Limited	Hong Kong	HK\$60,000	100%	100%	Investment holding
Sun Hung Kai Securities (Trustees) Limited	Hong Kong	HK\$3,000,000	100%	100%	Inactive
Sun Hung Kai Strategic Capital Limited	Hong Kong	HK\$2	100%	100%	Investment holding, securities trading and financial services
Sun Hung Kai Structured Finance Limited	Hong Kong	HK\$137,500,000	100%	100%	Investment holding and provision of loan finance
Sun Hung Kai Venture Capital Limited	Hong Kong	HK\$85,358,764.6	100%	100%	Investment holding
		(2024: HK\$2)			

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## 24. Interests in Subsidiaries (Continued)

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2025	2024	
Swanwick Global Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Shine Growth Limited	Hong Kong	HK\$1	92%	92%	Inactive
Top Progress Investments Limited	British Virgin Islands	US\$50,000	63%	63%	Investment holding
Texgulf Limited	Hong Kong	HK\$20	100%	100%	Property investment
Treasure Rider Limited	Cayman Islands	US\$19,800	92%	92%	Investment holding
Tung Wo Investment Company, Limited	Hong Kong	HK\$10,000	100%	100%	Investment holding
United Asia Finance Limited	Hong Kong	HK\$1,502,218,417.8	63%	63%	Consumer financing
UA Finance Limited	Hong Kong	HK\$1	63%	63%	Inactive
UA Finance (BVI) Limited	British Virgin Islands	US\$1	63%	63%	Financing
UA Finance (China) Limited	Hong Kong	HK\$1	63%	63%	Inactive
UAF Holdings Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Wineur Secretaries Limited	Hong Kong	HK\$2	100%	100%	Provision of secretarial services
Yee Li Ko Investment Limited	Hong Kong	HK\$58,330,000	100%	100%	Property investment
Zeal Goal International Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Innobiz Holdings Limited	British Virgin Islands	US\$1	100%	100%	Inactive
Quick Art Limited	Hong Kong	HK\$3,540,000	100%	100%	Dormant
Astute Global Group Limited	British Virgin Islands	US\$1	100%	100%	Inactive
Coleman Global Group Limited	British Virgin Islands	US\$1	100%	100%	Inactive
新鴻基控股(澳門)有限公司	Macau	MOP25,000	100%	100%	Inactive
上海浦東新區亞聯財小額貸款有限公司 United Asia Finance (ShanghaiPudong) Limited (b)	People's Republic of China	RMB200,000,000	63%	63%	Money lending
大連中山亞聯財小額貸款有限公司 United Asia Finance (Zhongshan District, Dalian) Limited (b)	People's Republic of China	US\$32,000,000	63%	63%	Money lending
天津亞聯財小額貸款有限公司 United Asia Finance (Tianjin) Limited (b)(d)	People's Republic of China	HK\$130,000,000	–	63%	Money lending
北京亞聯財小額貸款有限公司 United Asia Finance (Beijing) Limited*(a)	People's Republic of China	RMB200,000,000	50%	50%	Money lending
成都亞聯財小額貸款有限公司 United Asia Finance (Chengdu) Limited (b)	People's Republic of China	HK\$180,000,000	63%	63%	Money lending
成都亞聯財經濟信息諮詢有限公司 UA Financial Consultancy (Chengdu) Limited (c)(d)	People's Republic of China	RMB1,000,000	–	63%	Financial consultancy
亞聯財信息諮詢(上海)有限公司 UA Financial Consultancy (Shanghai) Limited (c)	People's Republic of China	RMB1,000,000	63%	63%	Financial consultancy
亞聯財信息諮詢(深圳)有限公司 UA Financial Consultancy (Shenzhen) Limited (b)	People's Republic of China	RMB25,000,000	63%	63%	Financial consultancy
武漢亞聯財小額貸款有限公司 United Asia Finance (Wuhan) Limited (b)	People's Republic of China	RMB200,000,000	63%	63%	Money lending

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. Interests in Subsidiaries (Continued)

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2025	2024	
青島市城陽區亞聯財小額貸款有限公司 United Asia Finance (QingdaoChengyang) Limited (b)(d)	People's Republic of China	RMB200,000,000	–	63%	Money lending
南寧市亞聯財小額貸款有限公司 United Asia Finance (Nanning) Limited (b)	People's Republic of China	RMB100,000,000	63%	63%	Money lending
哈爾濱市亞聯財小額貸款有限公司 United Asia Finance (Harbin) Limited (b)(d)	People's Republic of China	RMB150,000,000	–	63%	Money lending
重慶亞聯財小額貸款有限公司 United Asia Finance (Chongqing) Limited (b)	People's Republic of China	US\$20,000,000	63%	63%	Money lending
深圳亞聯財小額貸款有限公司 United Asia Finance (Shenzhen) Limited (a)	People's Republic of China	RMB1,000,000,000	63%	63%	Money lending
雲南省亞聯財小額貸款有限公司 United Asia Finance (Yunnan) Limited (b)	People's Republic of China	HK\$350,000,000	63%	63%	Money lending
新鴻基（天津）企業營銷策劃有限公司 Sun Hung Kai (Tianjin) Enterprise Marketing Planning Co., Limited (b)	People's Republic of China	RMB50,000,000	100%	100%	Enterprise management, consultancy and marketing planning
福州市晉安區亞聯財小額貸款有限公司 United Asia Finance (FuzhouJinan) Limited (b)	People's Republic of China	RMB200,000,000	63%	63%	Money lending
濟南市歷下區亞聯財小額貸款有限公司 United Asia Finance (JiNanLixia) Limited (b)(d)	People's Republic of China	RMB200,000,000	–	63%	Money lending
瀋陽金融商貿開發區亞聯財小額貸款有限公司 United Asia Finance (Shenhe District Shenyang) Limited (b)	People's Republic of China	RMB300,000,000	63%	63%	Money lending
壹融站信息技術(深圳)有限公司 Yirongzhan Fintech (Shenzhen) Limited (c)	People's Republic of China	Issued and paid up share capital: RMB20,000,000 Registered capital: RMB100,000,000	63%	63%	Financial consultancy

\* The company is a non-wholly owned subsidiary of a non-wholly owned subsidiary.

(a) These companies are sino-foreign equity joint ventures.

(b) These companies are wholly-foreign owned enterprises.

(c) These companies are wholly-domestic owned enterprises.

(d) These companies are deregistered during the year.

(e) These companies are struck off during the year.

(f) These companies are newly established during the year.

The names of People's Republic of China incorporated companies above are English translations.

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

Save as disclosed in Note 41 to the consolidated financial statements, none of the other subsidiaries had issued any debt securities at the end of the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**25. Interest in Associates**

(HK\$ Million)	31/12/2025	31/12/2024
Carrying amount of unlisted associates	126.4	112.2
Less: impairment	(0.7)	(1.2)
	125.7	111.0

Particulars of the Group's material associates at 31 December 2025 were as follows:

Name	Place of incorporation/ operation	Proportion of ownership interest		Proportion of voting rights held		Principal activities
		2025	2024	2025	2024	
Fifteen Wattle S.A.R.L. ("Fifteen Wattle")	Luxembourg/France	50%	50%	50%*	50%*	Hotel management
Eastern Frontier Investments Limited ("Eastern Frontier")	British Virgin Islands/ United Kingdom	20%	20%	20%	20%	Property investment

\* The Group has 50% ownership interest and voting rights in Fifteen Wattle. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of Fifteen Wattle unilaterally, the directors of the Company conclude that the Group only has significant influence over Fifteen Wattle and therefore it is classified as an associate of the Group.

All associates are accounted for using the equity method.

The following table provides aggregate information for the share of the total comprehensive expenses of associates that are not individually material.

(HK\$ Million)	2025	2024
Share of profit	10.1	1.0
Share of other comprehensive income (expenses)	14.2	(7.2)
Share of total comprehensive income (expenses)	24.3	(6.2)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26. Interest in Joint Ventures

(HK\$ Million)	31/12/2025	31/12/2024
Carrying amount of unlisted joint ventures	533.2	439.1
Less: impairment	(23.2)	(23.2)
	<b>510.0</b>	415.9

The joint ventures are accounted for using the equity method in these consolidated financial statements. As at 31 December 2025 and 2024, the Group had interests in the following material joint ventures.

Name	Place of incorporation/ operation	Proportion of ownership interest		Proportion of voting rights held		Principal activities
		2025	2024	2025	2024	
Colony SHK Gen Par Sàrl	Luxembourg	50.0%	50.0%	50.0%	50.0%	Fund management
Colony Sun Hung Kai Capital Solutions SCSp ("Colony SHK Partnership")	Luxembourg	99.0%	99.0%	99.0%*	99.0%*	Investment fund
LSS Financial Leasing (Shanghai) Limited ("LSS")	People's Republic of China	40.0%	40.0%	40.0%	40.0%	Auto leasing
Isabella Properties Holdings Limited ("Isabella")	England	47.5%	47.5%	50.0%	50.0%	Investment holding

\* The Group has 99% ownership interest and voting rights in Colony SHK Partnership. By considering that unanimous consent from both shareholders are required to direct the relevant activities of Colony SHK Partnership, the directors of the Company conclude that the Group only has joint control over the net assets of Colony SHK Partnership and therefore it is classified as a joint venture of the Group.

All joint ventures are accounted for using the equity method.

The summarised financial information in respect of the Group's material joint venture, Colony SHK Partnership, is set out below. The summarised financial information below represents the amounts shown in Colony SHK Partnership's financial statements prepared in accordance with HKFRS Accounting Standards.

(HK\$ Million)	31/12/2025	31/12/2024
Total assets	522.5	423.2
Total liabilities	(2.0)	(0.2)

(HK\$ Million)	2025	2024
Income	62.7	67.9
Profit	57.8	58.4
Total comprehensive income	57.8	58.4

Reconciliation of the summarised financial information to the carrying amount of the interest in Colony SHK Partnership recognised in these consolidated financial statements:

(HK\$ Million)	31/12/2025	31/12/2024
Net assets of Colony SHK Partnership	520.5	423.0
Carrying amount of the Group's interest in Colony SHK Partnership	<b>510.0</b>	415.0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**27. Financial Assets and Liabilities**

The following table provides analyses of financial assets and liabilities of the Group that are at fair value, except for other liabilities as disclosed in Note 39.

(HK\$ Million)	At 31 December 2025			
	Fair value			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value through other comprehensive income</b>				
– Listed equity securities in Hong Kong*	39.8	–	–	39.8
– Listed equity securities outside Hong Kong*	298.6	–	–	298.6
– Unlisted overseas equity securities*	–	–	8.5	8.5
	<b>338.4</b>	<b>–</b>	<b>8.5</b>	<b>346.9</b>
<b>Financial assets at fair value through profit or loss</b>				
– Listed equity securities in Hong Kong	122.7	–	–	122.7
– Listed equity securities outside Hong Kong	752.1	–	–	752.1
– Unlisted equity securities in Hong Kong	–	–	1.0	1.0
– Unlisted equity securities outside Hong Kong	–	–	276.5	276.5
– Over the counter derivatives	–	57.6	–	57.6
– Quoted options and futures	5.7	28.9	–	34.6
– Listed warrants	0.2	–	–	0.2
– Bonds and notes	–	85.3	211.9	297.2
– Loans receivable	–	–	71.0	71.0
– Unlisted preferred and ordinary shares issued by unlisted companies	–	1.9	665.7	667.6
– Unlisted convertible bonds issued by unlisted companies	–	–	146.4	146.4
– Unlisted overseas equity securities with a put right	–	–	206.6	206.6
– Equity participation right	–	70.0	–	70.0
– Unlisted overseas investment funds	1,198.7	2,999.1	7,314.9	11,512.7
	<b>2,079.4</b>	<b>3,242.8</b>	<b>8,894.0</b>	<b>14,216.2</b>
Analysed for reporting purposes as:				
– Non-current assets				11,353.1
– Current assets				2,863.1
				<b>14,216.2</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Held for trading				
– Quoted futures and options	14.8	27.8	–	42.6
– Foreign currency contracts	–	19.0	–	19.0
– Over the counter derivatives	–	23.8	–	23.8
– Short position in listed equity securities	18.9	–	–	18.9
– Listed equity securities outside Hong Kong under total return swap	0.1	–	–	0.1
– Unlisted equity securities outside Hong Kong under total return swap	–	–	25.7	25.7
Designated at fair value through profit or loss				
– Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	–	–	16.8	16.8
– Unlisted overseas investment funds under total return swap	–	–	644.3	644.3
	<b>33.8</b>	<b>70.6</b>	<b>686.8</b>	<b>791.2</b>
Analysed for reporting purposes as:				
– Non-current liabilities				644.3
– Current liabilities				146.9
				<b>791.2</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. Financial Assets and Liabilities (Continued)

(HK\$ Million)	At 31 December 2024			
	Fair value			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value through other comprehensive income</b>				
– Listed equity securities in Hong Kong*	33.0	–	–	33.0
– Listed equity securities outside Hong Kong*	246.4	–	–	246.4
– Unlisted overseas equity securities*	–	–	8.5	8.5
	279.4	–	8.5	287.9
<b>Financial assets at fair value through profit or loss</b>				
– Listed equity securities in Hong Kong	133.6	–	–	133.6
– Listed equity securities outside Hong Kong	654.8	–	–	654.8
– Unlisted equity securities in Hong Kong	–	1.0	–	1.0
– Unlisted equity securities outside Hong Kong	–	–	369.8	369.8
– Over the counter derivatives	–	43.3	–	43.3
– Quoted options and futures	25.9	4.0	–	29.9
– Listed warrants	0.4	–	–	0.4
– Bonds and notes	–	50.1	195.9	246.0
– Loans receivable	–	–	321.5	321.5
– Unlisted preferred and ordinary shares issued by unlisted companies	–	172.6	603.0	775.6
– Unlisted convertible bonds issued by unlisted companies	–	20.1	8.3	28.4
– Unlisted overseas equity securities with a put right	–	–	404.6	404.6
– Unlisted overseas investment funds	–	2,322.0	7,225.8	9,547.8
	814.7	2,613.1	9,128.9	12,556.7
Analysed for reporting purposes as:				
– Non-current assets				9,049.0
– Current assets				3,507.7
				12,556.7
<b>Financial liabilities at fair value through profit or loss</b>				
Held for trading				
– Quoted futures and options	37.2	3.8	–	41.0
– Foreign currency contracts	–	0.1	–	0.1
– Over the counter derivatives	–	46.3	–	46.3
– Short position in listed equity securities	17.8	–	–	17.8
– Listed equity securities outside Hong Kong under total return swap	0.1	–	–	0.1
– Unlisted equity securities outside Hong Kong under total return swap	–	–	34.4	34.4
Designated at fair value through profit or loss				
– Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	–	–	115.6	115.6
– Unlisted overseas investment funds under total return swap	–	–	42.9	42.9
	55.1	50.2	192.9	298.2
Analysed for reporting purposes as:				
– Non-current liabilities				139.2
– Current liabilities				159.0
				298.2

\* The above listed equity securities represent ordinary shares of entities listed in Hong Kong or overseas. The above unlisted equity securities represent the Group's equity interest in private entities established overseas. These investments are not held for trading, instead, they are held for long-term strategic purposes. The management has elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**27. Financial Assets and Liabilities (Continued)**

Fair values are grouped from Level 1 to 3 based on the degree to which the fair values are observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from input other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include input for the assets or liabilities that are not based on observable market data.

The fair values of bonds and notes and OTC derivative contracts under Level 2 at the reporting date were derived from quoted prices from pricing services. Other Level 2 financial assets were derived from observable market inputs with insignificant adjustments. Where Level 1 and Level 2 inputs are not available, the Group engages external valuers to perform the valuation for certain complex or material financial assets and liabilities.

The fair values of Level 3 financial assets and liabilities are mainly derived from valuation technique using an unobservable range of data. In estimating the fair value of a financial asset or a financial liability under Level 3, the Group engages external valuers or establishes appropriate valuation techniques internally to perform the valuations which are reviewed by management.

The following tables provide further information regarding the valuation of material financial assets under Level 3.

	At 31 December 2025				
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK\$ Million	Sensitivity analysis – relationship of increase in unobservable input to fair value
<b>Financial assets at fair value through profit or loss</b>					
Unlisted equity securities in Hong Kong	Net asset value	Note 1	Note 1	1.0	Note 1
Unlisted equity securities outside Hong Kong	Market approach	Enterprise value to sales ratio	14.4	276.5	Increase in the fair value.
Bonds and notes	Net asset value	Note 1	Note 1	211.9	Note 1
Loans receivable	Discounted cash flow	Discount rate	7.40%	71.0	Decrease in the fair value.
Unlisted preferred and ordinary shares issued by unlisted companies	Discounted cash flow	Discount rate	6.14%	49.2	Decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	64.6%	1.2	Decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	83.31%	107.2	Decrease in the fair value.
	Market approach	Enterprise value to sales ratio	26.48		Increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	37.43%	69.4	Decrease in the fair value.
	Market approach	Price to book ratio	1.6		Increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	66.89%	221.5	Decrease in the fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. Financial Assets and Liabilities (Continued)

	At 31 December 2025				Sensitivity analysis – relationship of increase in unobservable input to fair value
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK\$ Million	
<b>Financial assets at fair value through profit or loss</b>					
Unlisted preferred shares issued by an unlisted company	Equity allocation method Market approach	Expected volatility Price to sales ratio	90.57% 2.7	1.9	Decrease in the fair value. Increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method Market approach	Expected volatility Enterprise value to sales ratio	54.20% 9.0	0.2	Decrease in the fair value. Increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	64.86%	3.4	Decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Net asset value	Note 1	Note 1	14.9	Note 1
Unlisted redeemable preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	28.92%	120.2	Decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	39.66%	5.4	Decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	92.28%	7.7	Decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Net asset value	Note 1	Note 1	44.9	Note 1
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	28.92%	18.6	Decrease in the fair value.
Unlisted convertible bonds issued by an unlisted company	Binomial model	Discount rate Volatility	15.68% 106.57%	137.8	Decrease in the fair value. Decrease in the fair value.
Unlisted convertible bonds issued by an unlisted company	Binomial model	Discount rate	3.21%	8.6	Decrease in the fair value.
Unlisted overseas equity securities with a put right	Market approach	Price to book ratio	1.3	206.6	Increase in the fair value.
Unlisted overseas investment funds	Net asset value	Note 1	Note 1	7,246.3	Note 1
Unlisted overseas investment funds	Market approach	Enterprise value to sales ratio	8.9	19.0	Increase in the fair value.
Unlisted overseas investment funds	Market approach	Price to sales ratio	4.8	44.0	Increase in the fair value.
Unlisted overseas investment funds	Market approach	Price to sales ratio	6.7	5.6	Increase in the fair value.
<b>Financial liabilities at fair value through profit or loss</b>					
Unlisted equity securities outside Hong Kong under total return swap	Market approach	Enterprise value to sales ratio	14.4	25.7	Increase in the fair value.
Unlisted overseas investment funds under total return swap	Net asset value	Note 1	Note 1	644.3	Note 1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. Financial Assets and Liabilities (Continued)

	At 31 December 2024				
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK\$ Million	Sensitivity analysis – relationship of increase in unobservable input to fair value
<b>Financial assets at fair value through profit or loss</b>					
Unlisted equity securities outside Hong Kong	Market approach	Discount for lack of marketability ("DLOM")	15%	369.8	Decrease in the fair value.
Bonds and notes	Net asset value	Note 1	Note 1	195.9	Note 1
Loans receivable	Discounted cash flow	Discount rate	7.98%–10.32%	321.5	Decrease in the fair value.
Unlisted preferred and ordinary shares issued by unlisted companies	Discounted cash flow	Discount rate	6.29%	51.5	Decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method Market approach	Expected volatility Enterprise value to sales ratio	71.33% 13.3	46.0	Decrease in the fair value. Increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	69.89%	193.4	Decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method Market approach	Expected volatility Price to book ratio	35.31% 1.5	72.2	Decrease in the fair value. Increase in the fair value.
Unlisted preferred shares issued by an unlisted company	Equity allocation method Market approach	Expected volatility Price to sales ratio	90.57% 2.7	1.9	Decrease in the fair value. Increase in the fair value.
Unlisted preferred shares issued by an unlisted company	Equity allocation method Market approach	Expected volatility Price to sales ratio	78.71% 5.2	65.5	Decrease in the fair value. Increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method Market approach	Expected volatility Enterprise value to sales ratio	38.54% 2.8	0.8	Decrease in the fair value. Increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	69.75%	3.3	Decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Net asset value	Note 1	Note 1	15.2	Note 1
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	38.72%	8.0	Decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method Market approach	Expected volatility Enterprise value to sales ratio	59.07% 2.4-3.3	88.8	Decrease in the fair value. Increase in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	70.48%	7.9	Decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Net asset value	Note 1	Note 1	48.5	Note 1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. Financial Assets and Liabilities (Continued)

	At 31 December 2024				Sensitivity analysis – relationship of increase in unobservable input to fair value
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK\$ Million	
<b>Financial assets at fair value through profit or loss</b>					
Unlisted convertible bonds issued by an unlisted company	Binomial model	Expected volatility Discount rate	27.85% 3.89%	8.3	Decrease in the fair value. Decrease in the fair value.
Unlisted overseas equity securities with a put right	Market approach	Price to book ratio Price to tangible book ratio Price to sales ratio	1.6 2.3 0.7	404.6	Increase in the fair value. Increase in the fair value. Increase in the fair value.
Unlisted overseas investment funds	Net asset value	Note 1	Note 1	7,158.6	Note 1
Unlisted overseas investment funds	Market approach	Enterprise value to sales ratio	11.3	21.1	Increase in the fair value.
Unlisted overseas investment funds	Market approach	Price to sales ratio	4.7-5.6	41.3	Increase in the fair value.
Unlisted overseas investment funds	Market approach	Price to sales ratio	6.2	4.8	Increase in the fair value.
<b>Financial liabilities at fair value through profit or loss</b>					
Unlisted equity securities outside Hong Kong under total return swap	Market approach	Recent transaction prices DLOM	N/A 15%	34.4	N/A Decrease in the fair value.
Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	Equity allocation method	Expected volatility	69.89%	96.3	Decrease in the fair value.
Unlisted overseas investment funds under total return swap	Net asset value	Note 1	Note 1	42.9	Note 1

Note 1: The significant unobservable inputs of the investments of the Group are the net asset value of the underlying investments made by the funds/companies. The higher the net asset value of the underlying investments, the higher the fair value of the financial assets at fair value through profit or loss will be. The Group has determined that the reported net asset values represent the fair values of the investments provided by the external counterparties.

Note 2: There is no indication that any changes in the unobservable inputs to reflect reasonably possible alternative assumptions for the investments would result in significantly higher or lower fair value measurements.

Note 3: An investment held by a wholly owned subsidiary of the Group remains to be in level 3 during the period ended 31 December 2025 due to unobservability of valuation inputs. Significant assumptions involved in this valuation of fair value of the investment (which is an unlisted overseas equity security) include the probability of success on share transfer which involves legal proceedings in relation to the underlying agreements and share registration, the selection of market multiple and comparable companies, and the estimation of discount for lack of marketability.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**27. Financial Assets and Liabilities (Continued)**

The reconciliation of financial assets and liabilities under Level 3 fair value measurements is as follows:

(HK\$ Million)	2025								Unrealised gain or loss for the year
	Balance at 1/1/2025	Transfer from Level 3 to Level 1*	Transfer between Level 2 and Level 3 <sup>^</sup>	Recognised gains or losses		Purchase	Disposal	Balance at 31/12/2025	
				Profit or loss	Other comprehensive income				
<b>Financial assets at fair value through other comprehensive income</b>									
Unlisted overseas equity securities	8.5	-	-	-	-	-	-	8.5	-
<b>Financial assets at fair value through profit or loss</b>									
Unlisted equity securities in Hong Kong	-	-	1.0	-	-	-	-	1.0	-
Unlisted equity securities outside Hong Kong	369.8	-	-	(93.3)	-	-	-	276.5	(93.3)
Bonds and notes	195.9	-	-	11.6	-	4.4	-	211.9	11.6
Loans receivable	321.5	-	-	(58.6)	-	103.6	(295.5)	71.0	(58.6)
Unlisted preferred and ordinary shares issued by unlisted companies	603.0	(216.4)	364.2	31.3	-	-	(116.4)	665.7	(38.1)
Unlisted convertible bonds issued by companies	8.3	-	-	(18.5)	-	168.0	(11.4)	146.4	(25.9)
Unlisted overseas equity securities with a put right	404.6	-	-	(198.0)	-	-	-	206.6	(198.0)
Unlisted overseas investment funds	7,225.8	(1,198.7)	143.5	1,627.7	-	875.5	(1,358.9)	7,314.9	996.2
	<b>9,128.9</b>	<b>(1,415.1)</b>	<b>508.7</b>	<b>1,302.2</b>	<b>-</b>	<b>1,151.5</b>	<b>(1,782.2)</b>	<b>8,894.0</b>	<b>593.9</b>
<b>Financial liabilities at fair value through profit or loss</b>									
Unlisted equity securities outside Hong Kong under total return swap	(34.4)	-	-	8.7	-	-	-	(25.7)	8.7
Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	(115.6)	-	-	(5.0)	-	(0.7)	104.5	(16.8)	14.9
Unlisted overseas investment funds under total return swap	(42.9)	-	-	(227.2)	-	(413.3)	39.1	(644.3)	(227.2)
	<b>(192.9)</b>	<b>-</b>	<b>-</b>	<b>(223.5)</b>	<b>-</b>	<b>(414.0)</b>	<b>143.6</b>	<b>(686.8)</b>	<b>(203.6)</b>

\* The investments were transferred from Level 3 to Level 1 category, as the investments were previously unlisted measured using a valuation technique with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy; they became listed entities with their shares traded in an active market during the year. Therefore, the fair value of the investment was determined based on a published price quotation and was classified as Level 1 of the fair value hierarchy.

<sup>^</sup> The investments were transferred between Level 2 and Level 3 categories and the transfers are primarily attributable to changes in observability of valuation inputs (e.g. availability of recent transaction price) in valuing these investments. Transfers between levels of the fair value hierarchy are deemed to occur at the end of each reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. Financial Assets and Liabilities (Continued)

(HK\$ Million)	2024							
	Balance at 1/1/2024	Transfer <sup>^</sup>	Recognised gains or losses		Purchase	Disposal	Balance at 31/12/2024	Unrealised gain or loss for the year
			Profit or loss	Other comprehensive income				
<b>Financial assets at fair value through other comprehensive income</b>								
Unlisted overseas equity securities	8.5	-	-	-	-	-	8.5	-
<b>Financial assets at fair value through profit or loss</b>								
Unlisted equity securities outside Hong Kong	-	369.8	-	-	-	-	369.8	-
Bonds and notes	192.5	-	3.4	-	-	-	195.9	3.4
Loans receivable	723.0	-	(23.3)	-	85.7	(463.9)	321.5	(23.3)
Unlisted preferred and ordinary shares issued by unlisted companies	794.0	(162.9)	(30.4)	-	2.5	(0.2)	603.0	(30.6)
Unlisted convertible bonds issued by companies	8.0	-	0.3	-	-	-	8.3	0.3
Unlisted overseas equity securities with a put right	398.3	-	6.3	-	-	-	404.6	6.3
Unlisted overseas investment funds	7,198.6	(0.6)	298.9	-	519.1	(790.2)	7,225.8	54.3
	9,314.4	206.3	255.2	-	607.3	(1,254.3)	9,128.9	10.4
<b>Financial liabilities at fair value through profit or loss</b>								
Unlisted equity securities outside Hong Kong under total return swap	-	(34.4)	-	-	-	-	(34.4)	-
Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	(115.8)	-	0.2	-	-	-	(115.6)	0.2
Unlisted overseas investment funds under total return swap	(16.3)	-	(0.7)	-	(25.9)	-	(42.9)	(0.7)
	(132.1)	(34.4)	(0.5)	-	(25.9)	-	(192.9)	(0.5)

<sup>^</sup> The investments were transferred between Level 2 and Level 3 categories and the transfers are primarily attributable to changes in observability of valuation inputs (e.g. availability of recent transaction price) in valuing these investments. Transfers between levels of the fair value hierarchy are deemed to occur at the end of each reporting period.

The net gains recognised in profit or loss for the year included an unrealised gains of HK\$593.9 million relating to level 3 financial assets at FVTPL as at 31 December 2025 (31 December 2024: HK\$10.4 million) and an unrealised losses of HK\$203.6 million relating to level 3 financial liabilities at FVTPL as at 31 December 2025 (31 December 2024: HK\$0.5 million). Fair value gains or losses on financial assets and liabilities measured at FVTPL are included in "net investment income".

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. Financial Assets and Liabilities (Continued)

The carrying amounts of the Group's financial assets at the end of the reporting period were as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Financial assets at fair value through other comprehensive income	<b>346.9</b>	287.9
	<b>346.9</b>	287.9
Financial assets at fair value through profit or loss	<b>14,216.2</b>	12,556.7
	<b>14,216.2</b>	12,556.7
Financial assets measured at amortised cost		
– Amounts due from associates (Note 29)	<b>232.6</b>	203.8
– Loans and advances to consumer finance customers (Note 30)	<b>11,044.3</b>	10,528.4
– Mortgage loans (Note 31)	<b>1,058.6</b>	1,978.8
– Term loans (Note 32)	<b>404.5</b>	226.4
– Deposits and other receivables (Note 33)	<b>294.3</b>	214.4
– Amounts due from brokers	<b>398.1</b>	418.7
– Fixed deposits with banks (Note 34)	<b>513.4</b>	679.8
– Cash and cash equivalents (Note 34)	<b>4,464.7</b>	4,327.4
	<b>18,410.5</b>	18,577.7
	<b>32,973.6</b>	31,422.3

The carrying amounts of Group's financial liabilities at the end of the reporting period were as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Financial liabilities at fair value through profit or loss		
– Held for trading	<b>130.1</b>	139.7
– Designated at fair value through profit or loss	<b>661.1</b>	158.5
– Other liabilities (Note 39)	<b>185.6</b>	84.9
	<b>976.8</b>	383.1
Financial liabilities measured at amortised cost		
– Bank and other borrowings (Note 35)	<b>7,973.2</b>	8,546.6
– Creditors (Note 36)	<b>468.6</b>	253.0
– Amounts due to brokers	<b>221.6</b>	88.5
– Amount due to a holding company (Note 37)	<b>1.7</b>	1.7
– Notes payable (Note 41)	<b>2,765.1</b>	3,065.7
	<b>11,430.2</b>	11,955.5
	<b>12,407.0</b>	12,338.6

Save as disclosed elsewhere, the directors of the Company consider that the carrying amounts of financial assets and liabilities measured at amortised cost recognised in the consolidated financial statements approximate their fair values.

### Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**27. Financial Assets and Liabilities (Continued)**

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	At 31 December 2025					
	Gross amounts of recognised financial assets and liabilities	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received/pledged	
(HK\$ Million)						
<b>Type of financial assets</b>						
Financial assets at fair value through profit or loss	1,007.7	-	1,007.7	(61.4)	-	946.3
<b>Type of financial liabilities</b>						
Financial liabilities at fair value through profit or loss	61.4	-	61.4	(61.4)	-	-
	At 31 December 2024					
	Gross amounts of recognised financial assets and liabilities	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received/pledged	
(HK\$ Million)						
<b>Type of financial assets</b>						
Financial assets at fair value through profit or loss	811.0	-	811.0	(79.9)	-	731.1
<b>Type of financial liabilities</b>						
Financial liabilities at fair value through profit or loss	79.9	-	79.9	(79.9)	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**28. Deferred Taxation**

The following are the major deferred tax assets and liabilities of the Group recognised and movements thereon during the current and prior years:

(HK\$ Million)	Accelerated tax depreciation	Provisions and impairment	Revaluation of assets	Unrealised gain	Tax losses	Withholding tax	Others	Total
At 1 January 2024	(8.5)	222.3	(154.4)	2.0	138.0	-	0.1	199.5
Exchange adjustments	(0.2)	(1.9)	0.3	0.3	(1.3)	-	-	(2.8)
Charged to other comprehensive income	-	-	(1.0)	-	-	-	-	(1.0)
Recognised in profit or loss	0.8	(35.4)	2.4	2.5	(70.2)	-	(0.1)	(100.0)
<b>At 31 December 2024</b>	<b>(7.9)</b>	<b>185.0</b>	<b>(152.7)</b>	<b>4.8</b>	<b>66.5</b>	<b>-</b>	<b>-</b>	<b>95.7</b>
Exchange adjustments	0.2	1.9	(0.2)	(0.3)	0.4	-	-	2.0
Charged to other comprehensive income	-	-	(0.3)	-	-	-	-	(0.3)
Recognised in profit or loss	4.9	(22.1)	3.7	7.8	(13.1)	(1.1)	-	(19.9)
<b>At 31 December 2025</b>	<b>(2.8)</b>	<b>164.8</b>	<b>(149.5)</b>	<b>12.3</b>	<b>53.8</b>	<b>(1.1)</b>	<b>-</b>	<b>77.5</b>

For reporting purposes, certain deferred tax assets and liabilities have been offset in the underlying subsidiaries. The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

(HK\$ Million)	31/12/2025	31/12/2024
Deferred tax assets	<b>210.8</b>	230.9
Deferred tax liabilities	<b>(133.3)</b>	(135.2)
	<b>77.5</b>	95.7

At the end of the reporting period, the Group had unrecognised tax losses of HK\$3,727.4 million (31/12/2024: HK\$2,867.5 million) and unrecognised deductible temporary differences of HK\$482.0 million (31/12/2024: HK\$588.7 million) available to offset against future profits. These tax losses and deductible temporary differences have not been recognised as it is uncertain that there

will be sufficient future taxable profits available for the utilisation of these temporary differences. The unrecognised tax losses included a sum of HK\$931.7 million that will expire during 2026 to 2030 (31/12/2024: HK\$483.1 million will expire during 2025 to 2029). Other losses may be carried forward indefinitely but are subject to approval of Hong Kong Inland Revenue Department.

Under the Law of PRC on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$1,131.2 million at the end of the reporting period (31/12/2024: HK\$1,393.0 million). The taxable temporary differences have not been recognised as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 29. Amounts Due from Associates

(HK\$ Million)	31/12/2025	31/12/2024
Amounts due from associates	255.5	227.5
Less: impairment allowance	(22.9)	(23.7)
	<b>232.6</b>	203.8
Analysed for reporting purposes as:		
– Non-current assets	65.0	195.3
– Current assets	167.6	8.5
	<b>232.6</b>	203.8

The amounts due from associates include HK\$167.6 million (2024: HK\$138.8 million) which is unsecured, interest bearing at 5.4605% (2024: 5.2219%) per annum and maturing in June 2026, remaining balance is unsecured, non-interest bearing and repayable on demand.

Further details of amounts due from associates are disclosed in Note 37 and Note 46.

## 30. Loans and Advances to Consumer Finance Customers

(HK\$ Million)	31/12/2025	31/12/2024
Loans and advances to consumer finance customers		
– Hong Kong	9,714.8	9,199.4
– PRC	2,095.3	1,942.3
	<b>11,810.1</b>	11,141.7
Less: impairment allowance	(765.8)	(613.3)
	<b>11,044.3</b>	10,528.4
Analysed for reporting purposes as:		
– Non-current assets	4,016.6	3,712.7
– Current assets	7,027.7	6,815.7
	<b>11,044.3</b>	10,528.4

The loans and advances to consumer finance customers bear interest rate are as follows:

(Per annum)	31/12/2025	31/12/2024
Fixed rate loans receivable	5.0% to 48.0%	6.0% to 48.0%
Variable rate loans receivable	P+4.0%	P+4.0%

“P” refers to Hong Kong dollars prime rate offered by The Hongkong and Shanghai Banking Corporation Limited from time to time to its prime customers, which is 5% per annum at 31 December 2025 (2024: 5.25% per annum).

Movement of impairment allowance during the year of 2025 and 2024 are disclosed in Note 46(b).

The Consumer Finance Division calculates the impairment allowances for loans and advances to consumer finance customers using a collective assessment except for loans and advances to consumer finance customers with significant balances. The provision rates are based on ageing of different consumer financing loan products as groupings of various debtors that have similar loss patterns and different factors, taking into account of historical default rates and collectability, adjusted by forward-looking information that is available without undue cost or effort. In addition, loans and advances to consumer finance customers with significant balances are assessed for impairment individually based on historical credit information, adjusted by forward-looking information that is available without undue cost or effort.

The ageing analysis for the loans and advances to consumer finance customers (net of impairment allowance) that are past due is as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Less than 31 days past due	561.6	654.2
31 – 60 days	84.7	168.7
61 – 90 days	22.6	36.4
91 – 180 days	3.4	6.7
Over 180 days	75.3	88.1
	<b>747.6</b>	954.1

As at 31 December 2025, loans and advances to consumer finance customers with aggregate carrying amount of HK\$747.6 million (31/12/2024: HK\$954.1 million) are past due. Out of the past due balances, HK\$78.7 million (31/12/2024: HK\$70.7 million) has been past due 91 days or more and is considered to be credit-impaired. The impairment provision has taken into account the credit quality of the underlying assets, the financial strength of the borrowers as well as collateral and other credit enhancements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 30. Loans and Advances to Consumer Finance Customers (Continued)

The loans and advances to consumer finance customers categorised as unsecured and secured, are as follows:

At the reporting date, loans and advances to consumer finance customers consisted of HK\$10,125.0 million unsecured (31/12/2024: HK\$9,449.4 million) and HK\$919.3 million secured (31/12/2024: HK\$1,079.0 million). The Group has not recognised a loss allowance for loans amounting to HK\$760.7 million (2024: HK\$712.7 million) which are secured by collateral.

The amount and type of collateral required depend on an assessment of the credit risk of the customer or counterparty.

The Group is entitled to sell or repledge collateral when there is default by the borrowers. There has not been any significant change in the quality of collateral held for loans and advances to consumer finance customers.

The main types of collateral and credit enhancement obtained are as follows:

- for personal lending, charges over residential properties/commercial properties; and
- for commercial lending, corporate guarantees, charges on real estate properties, pledge of shares or debentures over the borrower's assets.

In general, secured loans and advances are made to consumer finance customers with sufficient amount of collateral provided by them. Management requests additional collateral as appropriate in accordance with the underlying agreements, and monitors the market value of collateral during its review of the adequacy of the impairment allowance.

Estimates of the fair value of collateral are based on the valuation techniques commonly used for the corresponding assets at the time of borrowing.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding loan balances. In general, the Group does not retain repossessed properties for business purposes. As at 31 December 2025, net realisable value of repossessed properties held by the Group amounted to HK\$3.2 million (2024: HK\$3.0 million).

In respect of the secured loans and advances to consumer finance customers with the carrying amount of HK\$818.4 million (2024: HK\$785.8 million), the fair value of collateral of such loans and advances can be objectively ascertained to cover the outstanding amount of loan balances based on quoted prices of collateral.

### 31. Mortgage Loans

(HK\$ Million)	31/12/2025	31/12/2024
Mortgage loans		
– Hong Kong	<b>1,233.0</b>	2,146.2
Less: impairment allowance	<b>(174.4)</b>	(167.4)
	<b>1,058.6</b>	1,978.8
Analysed for reporting purposes as:		
– Non-current assets	<b>270.0</b>	539.2
– Current assets	<b>788.6</b>	1,439.6
	<b>1,058.6</b>	1,978.8

The mortgage loans bear interest rate are as follows:

(Per annum)	31/12/2025	31/12/2024
Fixed rate loans receivable	<b>9.0% to 21.0%</b>	8.0% to 21.0%
Variable rate loans receivable	<b>P+0.5% to P+11.875%</b>	P+0.5% to P+11.875%

Movement of impairment allowance during the year of 2025 and 2024 are disclosed in Note 46(b) to the consolidated financial statements.

The mortgage loans have been reviewed by the mortgage loans division to assess impairment allowances which are based on an evaluation of collectability, ageing analysis of accounts, fair value of collateral and on management's judgement, including the current creditworthiness and the past collection statistics of individual accounts and are adjusted for forward-looking information that is available without undue cost or effort.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 31. Mortgage Loans (Continued)

The ageing analysis for the mortgage loans that are past due is as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Less than 31 days past due	<b>86.6</b>	102.4
31–60 days	<b>29.4</b>	31.7
61–90 days	<b>15.4</b>	81.2
91–180 days	<b>10.8</b>	231.6
Over 180 days	<b>419.0</b>	481.8
	<b>561.2</b>	928.7

At the reporting date, mortgage loans with aggregate carrying amount of HK\$561.2 million (31/12/2024: HK\$928.7 million) are past due. Out of the past due balances, HK\$429.8 million (31/12/2024: HK\$713.4 million) which are secured by collateral has been past due 90 days or more and is considered to be credit-impaired. The impairment provision has taken into account the credit quality of the underlying assets, the financial strength of the borrowers as well as collateral and other credit enhancements.

The mortgage loans categorised as unsecured and secured, are as follows:

At the reporting date, mortgage loans consisted of HK\$66.3 million unsecured (31/12/2024: HK\$112.3 million) and HK\$992.3 million secured (31/12/2024: HK\$1,866.5 million). The Group has not recognised a loss allowance for loans amounting to HK\$301.0 million (2024: HK\$1,157.6 million) which are secured by collateral.

The amount and type of collateral required depends on an assessment of the credit risk of the customer. The main types of collateral and credit enhancement obtained are mortgages over residential properties/commercial properties.

The Group is entitled to sell or repledge collateral when there is a default by the borrowers. During the year 2025, we observed an increase in the Loan-to-Value ratio of the collateral held for mortgage loans. Given the recent property market conditions in Hong Kong, we need to reassess the implications of these trends on our collateral quality and provide sufficient impairment if necessary.

In general, mortgage loans are granted on a secured basis with sufficient amount of collateral provided by the borrower. Management requests additional collateral as appropriate in accordance with the underlying agreements, and monitors the market value of collateral during its review of the adequacy of the impairment allowance.

Estimates of the fair value of collateral are based on valuation techniques commonly used for the corresponding assets at the time of borrowing.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding loan balances. In general, the Group does not retain repossessed properties for business purposes. At the end of the reporting period, the net realisable value of the repossessed properties held by the Group is HK\$162.0 million (2024: HK\$474.1 million).

In respect of secured mortgage loans to mortgage loan customers with the carrying amount of HK\$992.3 million (2024: HK\$1,866.5 million), the fair value of collateral of such mortgage loans can be objectively ascertained to cover a substantial portion of the outstanding loan amounts based on valuations conducted by an independent property valuer.

The unsecured mortgage loans include second mortgage loans in respect of which the Group are not entitled to the first charge of relevant mortgage properties. Management considers that the second mortgage loans are classified as unsecured loans due to the impediment in repossession of the mortgage properties and the practical difficulties to ascertain the residual collateral value after claim by first mortgagee.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**32. Term Loans**

(HK\$ Million)	31/12/2025	31/12/2024
Secured term loans	<b>869.4</b>	655.4
Unsecured term loans	<b>80.9</b>	77.7
	<b>950.3</b>	733.1
Less: impairment allowance	<b>(545.8)</b>	(506.7)
	<b>404.5</b>	226.4
Analysed for reporting purposes as:		
– Non-current assets	<b>248.6</b>	41.9
– Current assets	<b>155.9</b>	184.5
	<b>404.5</b>	226.4

The term loans bear interest rate are as follows:

(Per annum)	31/12/2025	31/12/2024
Fixed rate loans receivable	<b>7.0% to 19.8%</b>	8.2% to 19.8%
Variable rate loans receivable	<b>N/A</b>	P+1.0%

Movement of impairment allowance during the year of 2025 and 2024 are disclosed in Note 46(b).

It is the Group's policy to dispose of repossessed collateral in an orderly fashion.

The Group considers a loan to be secured when there is collateral or credit enhancement in place. The main types of collateral and credit enhancement obtained include share charges over unlisted and listed equity securities, personal guarantees, assignment of rights and charges over properties. As at 31 December 2025, the gross carrying amount of secured term loans amounts to HK\$869.4 million (31 December 2024: HK\$655.4 million). The Group has not recognised a loss allowance on the gross carrying amount of HK\$235.0 million (2024: nil) for the loans which are secured by collateral. The Group is entitled to sell or repledge collateral when there is default by the borrowers. There have not been any significant changes in the quality of the collateral held for secured term loans.

No ageing analysis is disclosed for term loans financing, as, in the opinion of the directors, the ageing analysis does not give additional value in the view of the nature of the term loans financing business.

Further details on financial risk management of term loans are disclosed in Note 46.

**33. Prepayments, Deposits and Other Receivables**

(HK\$ Million)	31/12/2025	31/12/2024
Rental and other deposits	<b>40.7</b>	58.7
Other receivables	<b>254.3</b>	159.7
Less: impairment allowance	<b>(0.7)</b>	(4.0)
Deposits and other receivables at amortised cost	<b>294.3</b>	214.4
Prepayments	<b>109.5</b>	130.1
	<b>403.8</b>	344.5
Analysed for reporting purposes as:		
– Non-current assets	<b>19.6</b>	25.9
– Current assets	<b>384.2</b>	318.6
	<b>403.8</b>	344.5

The following is an ageing analysis of deposits and other receivables based on date of invoice/contract note at the reporting date:

(HK\$ Million)	31/12/2025	31/12/2024
Less than 31 days	<b>97.3</b>	61.4
	<b>97.3</b>	61.4
Deposits and other receivables without ageing	<b>197.0</b>	153.0
Deposits and other receivables at amortised cost	<b>294.3</b>	214.4

Further details on financial risk management of deposits and other receivables are disclosed in Note 46.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 34. Bank Deposits, Cash and Cash Equivalents

(HK\$ Million)	31/12/2025	31/12/2024
Bank balances and cash	<b>2,316.2</b>	2,584.8
Fixed deposits with banks with an original maturity within 3 months	<b>2,148.5</b>	1,742.6
Cash and cash equivalents	<b>4,464.7</b>	4,327.4
Fixed deposits with banks with an original maturity between 4 to 12 months	<b>513.4</b>	679.8
	<b>4,978.1</b>	5,007.2

Further details on financial risk management of bank deposits, cash and cash equivalents are disclosed in Note 46.

### 35. Bank and Other Borrowings

(HK\$ Million)	31/12/2025	31/12/2024
Bank loans		
– Unsecured term loans	<b>7,911.1</b>	8,484.5
Total bank borrowings	<b>7,911.1</b>	8,484.5
Other borrowings	<b>62.1</b>	62.1
	<b>7,973.2</b>	8,546.6
Analysed for reporting purposes as:		
– Current liabilities	<b>5,641.9</b>	6,718.1
– Non-current liabilities	<b>2,331.3</b>	1,828.5
	<b>7,973.2</b>	8,546.6

At 31 December 2025, bank and other borrowings were repayable as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Bank borrowings		
– Within one year	<b>5,641.9</b>	6,664.0
– In the second year	<b>1,362.6</b>	1,283.2
– Over two years and within five years	<b>906.6</b>	483.2
Bank borrowings with a repayment on demand clause		
– Within one year	–	54.1
	<b>7,911.1</b>	8,484.5
Other borrowings		
– Over five years	<b>62.1</b>	62.1
	<b>7,973.2</b>	8,546.6

As at 31 December 2025, all the bank loans and other borrowings are in Hong Kong dollars except for equivalent amount of HK\$932.2 million and HK\$262.7 million (31/12/2024: HK\$1,063.3 million and HK\$270.7 million) which was denominated in US dollar and Renminbi (“RMB”) respectively. Further details related to financial risk management of such balances are disclosed in Note 46.

Properties of the Group with a carrying amount of HK\$591.0 million and investments funds invested by the Group with a carrying amount of HK\$1,741.0 million were pledged by subsidiaries to banks for facilities granted to them as at 31 December 2025. No secured loan was drawn down as at 31 December 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 36. Creditors and Accruals

(HK\$ Million)	31/12/2025	31/12/2024
Creditors	468.6	253.0
Accrued staff costs and other accrued expenses	259.8	197.7
	<b>728.4</b>	450.7

The following is an ageing analysis of the creditors and accruals based on the date of invoice/contract note at the reporting date:

(HK\$ Million)	31/12/2025	31/12/2024
Less than 31 days	232.2	199.1
31 – 60 days	13.4	11.2
61 – 90 days	13.1	3.4
91 – 180 days	–	0.2
Over 180 days	–	0.2
	<b>258.7</b>	214.1
Accrued staff costs, other accrued expenses and creditors without ageing	469.7	236.6
	<b>728.4</b>	450.7

## 37. Related Party Transactions

During the year, the Group entered into the following material transactions with related parties:

(HK\$ Million)	2025	2024
<b>Associates and joint ventures of ultimate holding company</b>		
Executive international business travel charge received/receivable from an associate of ultimate holding company **	3.0	2.0
Building management fees to a joint venture of ultimate holding company *	(5.2)	(5.2)
Interest expense to a joint venture of ultimate holding company on lease liabilities ** @	(0.8)	(2.6)
<b>Holding company and its subsidiaries</b>		
Executive international business travel charge received/receivable from fellow subsidiaries **	3.0	2.0
Finance costs to fellow subsidiaries **	(1.4)	(5.3)
Licence fee paid/payable to a fellow subsidiary *	(3.4)	(2.0)
Interest expenses to a fellow subsidiary on lease liabilities **	(0.1)	(0.4)
Management fees paid/payable to a holding company *	(12.9)	(13.0)
Rental and building management fees to fellow subsidiaries **	(0.5)	(0.6)
Interest expenses to a holding company on lease liabilities ***	(1.0)	(2.1)
<b>Other related parties</b>		
Executive international business travel charge received/receivable from related companies **	3.7	4.0
Staff and administrative service fee paid/payable to a related company **	(2.5)	(1.4)
Management fee received/receivable from a related company **	0.1	–
Management fee received/receivable from Group Executive Chairman under the Discretionary Investment Management Agreement *	0.9	0.6
Advisory service fee paid/payable to Vice Chairman and Non-Executive Director of a holding company **	(3.0)	(3.0)
Redemption of consolidated fund interests from Independent Non-Executive Director and key management personnel **^	(8.7)	–
Purchase of consolidated fund interests by Independent Non-Executive Director and key management personnel **^	8.7	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 37. Related Party Transactions (Continued)

\* The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Directors' Report.

\*\* The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are exempt from all disclosure requirements in Chapter 14A of the Listing Rules.

⊕ As at 31 December 2025, the Group has lease liabilities of nil (2024: HK\$27.6 million) to the joint venture of ultimate holding company. During the year ended 31 December 2025, the Group has recognised additions to right-of-use assets of nil (2024: HK\$54.4 million\*) and additions to lease liabilities of nil (2024: HK\$53.4 million) for properties with joint venture of holding company.

# As at 31 December 2025, the Group has lease liabilities of HK\$14.5 million (2024: HK\$29.3 million) to a holding company. During the year ended 31 December 2025, the Group has recognised additions to right-of-use assets of nil (2024: nil) and additions to lease liabilities of nil (2024: nil) for properties with a holding company.

^ The transactions are non-cash in nature and arise from internal restructuring of investment fund from master-feeder structure into a standalone structure.

#### Compensation of Key Management Personnel

The remuneration of Directors and other members of key management during the year were as follows:

(HK\$ Million)	2025	2024
Short-term benefits ***	58.0	33.5
Post-employment benefits ***	1.2	1.2
	59.2	34.7

\*\*\* During the year, no share was allocated under the designation of key management personnel. Further information of the EOS is disclosed in the "Management Discussion and Analysis" Section and Directors' Report of this Annual Report.

#### Loans and credit facilities to key management personnel

During the year, the Group provided credit facilities and loans to key management personnel and their close family member of the Group. The credit facilities and loans were provided in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of a similar standing or, where applicable, with other employees.

(HK\$ Million)	2025	2024
Aggregate amount of relevant loans made by the Group outstanding at 31 December **	–	–
Maximum aggregate amount of relevant loans made by the Group outstanding during the year **	–	0.1
Credit facilities to key management personnel and their close family member of the Group **	1.3	1.3

At the end of the reporting period, the Group had the following material balances with related parties:

(HK\$ Million)	31/12/2025	31/12/2024
<b>Associates</b>		
Amounts due from associates ^	232.6	203.8
<b>Holding company and fellow subsidiaries</b>		
Amount due to a holding company (including management fees payable) *	(1.7)	(1.7)
Notes payable held by fellow subsidiaries **	(15.6)	(15.5)
<b>Other related parties</b>		
Amount due to a related company **	(62.1)	(62.1)

\* The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Directors' Report.

\*\* The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However those transactions are exempt from all disclosure requirements in Chapter 14A of the Listing Rules.

^ The transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

The amount due to a holding company is unsecured, non-interest bearing and repayable on demand.

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For the year ended 31 December 2025

**38. Provisions**

(HK\$ Million)	Employee benefits	Loan commitments	Others	Total
At 1 January 2024	1.7	30.6	21.1	53.4
Additional provisions for the year	–	–	3.0	3.0
Amount written back	(0.7)	(1.5)	–	(2.2)
<b>At 31 December 2024</b>	<b>1.0</b>	<b>29.1</b>	<b>24.1</b>	<b>54.2</b>
Additional provisions for the year	–	6.0	0.2	6.2
<b>At 31 December 2025</b>	<b>1.0</b>	<b>35.1</b>	<b>24.3</b>	<b>60.4</b>

(HK\$ Million)	31/12/2025	31/12/2024
Analysed for reporting purposes as:		
– Current liabilities	59.4	53.2
– Non-current liabilities	1.0	1.0
	<b>60.4</b>	54.2

The provisions for loan commitments are ECL loss allowances recognised under HKFRS 9.

Third-party interests in consolidated structured entities consist of third-party unit holders' interests in these consolidated structured entities which are reflected as liabilities since there is a contractual obligation for the Group to repurchase or redeem the unit for cash. The third-party interests in consolidated structured entities are categorised at level 2 under fair value hierarchy.

The realisation of third-party interests in consolidated funds cannot be predicted with accuracy since these interests represent the interests of third-party unit holders in consolidated funds held to back investment contract liabilities and are subject to market risk and the actions of third-party investors.

**39. Other Liabilities**

(HK\$ Million)	31/12/2025	31/12/2024
Non-current		
– Third-party interests in consolidated structured entities	–	29.9
Current		
– Third-party interests in consolidated structured entities	185.6	55.0
	<b>185.6</b>	84.9

**40. Lease Liabilities**

(HK\$ Million)	31/12/2025	31/12/2024
Current liabilities	67.1	107.5
Non-current liabilities	112.6	117.3
	<b>179.7</b>	224.8

(HK\$ Million)	31/12/2025	31/12/2024
Maturity analysis		
Not later than 1 year	67.1	107.5
Later than 1 year and not later than 2 years	39.0	48.7
Later than 2 years and not later than 5 years	46.0	32.4
Later than 5 years	27.6	36.2
	<b>179.7</b>	224.8

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**41. Notes Payable**

(HK\$ Million)	31/12/2025	31/12/2024
US dollar denominated notes (the "US\$ Notes")		
– 5.00% US\$ Notes maturing in September 2026 (the "2026 Notes")	<b>2,765.1</b>	2,965.4
HK dollar denominated notes (the "HK\$ Notes")		
– Asset backed notes matured in June 2025	–	100.3
	<b>2,765.1</b>	3,065.7
Analysed for reporting purposes as:		
– Current liabilities	<b>2,765.1</b>	156.4
– Non-current liabilities	–	2,909.3
	<b>2,765.1</b>	3,065.7

The US\$ Notes were issued by a subsidiary of the Group, Sun Hung Kai & Co. (BVI) Limited, under a US\$3 billion guaranteed medium term note programme.

The 2026 Notes are listed on The Stock Exchange of Hong Kong Limited. The nominal value of the 2026 Notes was US\$350.1 million or equivalent to HK\$2,724.1 million (31/12/2024: US\$376.2 million or equivalent to HK\$2,921.1 million) at the end of the reporting period. The fair value of the 2026 Notes based on the price quoted from pricing service at the end of the reporting period was HK\$2,759.9 million (31/12/2024: HK\$2,864.5 million) which was categorised as Level 2.

During the year ended 31 December 2025, the Group has repurchased an aggregate principal amount of US\$26.2 million or equivalent to approximately HK\$204.4 million of the 2026 Notes (2024: US\$9.9 million or equivalent to approximately HK\$77.3 million). All notes were cancelled during the year. Gain on repurchase of notes amounted to HK\$2.2 million for the year (2024: HK\$5.0 million) as disclosed in Note 7.

In 2021, the Group entered into a HK\$1,066.7 million securitisation financing transaction (the "Transaction"). Pursuant to the Transaction, the Group transferred mortgage loans receivable to a special purpose vehicle (the "SPV") operated in Hong Kong. The Transaction consists of two classes – Class A and Class B. In 2024, the Group renewed the Transaction into a HK\$1,611.4 million securitisation financing transaction. Class B notes of HK\$411.4 million was subscribed by a subsidiary of the Group. The securitisation financing transaction was matured in June 2025.

The Group holds undivided interest in the mortgage loans receivable transferred. In accordance with HKFRS 10 "Consolidated Financial Statements", the SPV is controlled by the Group and the results thereof are consolidated by the Group in its consolidated financial statements. According to HKFRS 9, assets transferred under the Transaction have not been derecognised and remained in the Group's consolidated financial statements. The debt issued is backed by the mortgage loans receivable transferred and is recognised in the Group's consolidated financial statements with the carrying amount denominated in HKD. As at 31 December 2025, there are no carrying amount of transferred assets and associated liabilities (2024: Carrying amount of transferred assets HK\$156.3 million; Carrying amount of associated liabilities HK\$100.3 million and Net position HK\$56.0 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**42. Share Capital**

	Number of shares		Share capital	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
	Million Shares	Million Shares	HK\$ Million	HK\$ Million
<b>Issued and fully paid</b>				
Balance brought forward	1,965.0	1,965.2	8,752.3	8,752.3
Shares cancelled after repurchase	–	(0.2)	–	–
Balance carried forward	1,965.0	1,965.0	8,752.3	8,752.3

During the year ended 31 December 2025, the trustee of the EOS acquired 3.8 million shares (2024: nil) of the Company through purchases on The Stock Exchange of Hong Kong Limited for the awarded shares of the EOS. The total amount paid to acquire the shares during the period was HK\$11.2 million (2024: nil), which has been deducted from the owners' equity. Further information is disclosed in the relevant section of "Management Discussion and Analysis" section of this Annual Report.

During the year ended 31 December 2025, no share was repurchased by the Company. In 2024, the Company repurchased a total of 0.2 million shares through purchases on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$0.5 million. Further information is disclosed in the relevant section of the Directors' Report.

**43. Analysis of Other Comprehensive (Income) Expenses**

(HK\$ Million)	Attributable to owners of the Company			Non- controlling interests	Total
	Exchange reserve	Revaluation reserve			
<b>For the year ended 31 December 2025</b>					
Fair value (loss) gain on investment in equity instrument at fair value through other comprehensive income	–	(82.0)	2.5		(79.5)
Revaluation gain on investment properties transferred from owned properties	–	0.6	0.3		0.9
Exchange differences arising on translating foreign operations	63.3	–	43.7		107.0
Reclassification adjustment to profit or loss on liquidation of subsidiaries	61.1	–	36.3		97.4
Share of other comprehensive income of associates	14.2	–	–		14.2
Share of other comprehensive income of joint ventures	55.6	–	–		55.6
	194.2	(81.4)	82.8		195.6
<b>For the year ended 31 December 2024</b>					
Fair value gain on investment in equity instrument at fair value through other comprehensive income	–	72.5	2.9		75.4
Revaluation gain on investment properties transferred from owned properties	–	1.8	1.0		2.8
Exchange differences arising on translating foreign operations	(63.6)	–	(42.0)		(105.6)
Reclassification adjustment to profit or loss on liquidation of subsidiaries	28.9	–	17.2		46.1
Share of other comprehensive expense of associates	(7.2)	–	–		(7.2)
Share of other comprehensive expenses of joint ventures	(19.6)	–	–		(19.6)
	(61.5)	74.3	(20.9)		(8.1)

## 44. Commitments

### (a) Lease commitments

#### The Group as lessee:

At 31 December 2025, the Group is committed to HK\$0.6 million (2024: HK\$0.4 million) for short-term leases.

The maturity profile of the lease liabilities is disclosed in Note 40.

#### The Group as lessor:

At 31 December 2025, all of the properties held for rental purpose have committed operating leases for the next 4 years (2024: 4 years) respectively. Undiscounted lease payments receivables on leases are as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Within one year	16.2	16.3
In the second year	11.8	14.7
In the third year	3.3	9.8
In the fourth year	0.4	1.4
	<b>31.7</b>	42.2

### (b) Loan commitments

At the end of reporting period, the Group had undrawn loan commitments to consumer finance customers and mortgage customers granted by the Group under revolving credit facility arrangement which fall due as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Within one year	3,655.6	2,699.7
	<b>3,655.6</b>	2,699.7

### (c) Other commitments

(HK\$ Million)	31/12/2025	31/12/2024
Capital commitments for investments	2,705.0	1,507.3
Other capital commitments	0.1	6.0
	<b>2,705.1</b>	1,513.3

## 45. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support the Group's growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2025 and 31 December 2024.

Certain subsidiaries of the Group are subject to regulatory imposed capital and liquid capital requirements. These subsidiaries have complied with those requirements at all time during both the current and prior financial years.

For subsidiaries with regulated capital and liquidity requirements, the Group closely monitors their liquidity positions. To ensure strict compliance, the Group maintains adequate cash reserves to prepare for immediate fund injection if required. If there is a medium to long-term operational need, management would also consider adjusting those subsidiaries' capital structure. Subsidiaries with external equity stakeholders are generally responsible for their own liquidity management.

The Group monitors capital using a net gearing ratio, which is net debts divided by the equity. Net debts represent the total of bank and other borrowings and notes payable less bank deposits, cash and cash equivalents. The equity comprises all components of equity attributable to the owners of the Company. The net gearing ratio at the reporting date was as follows:

(HK\$ Million)	31/12/2025	31/12/2024
Bank and other borrowings	7,973.2	8,546.6
Notes payable	2,765.1	3,065.7
	<b>10,738.3</b>	11,612.3
Less: bank deposits, cash and cash equivalents	(4,978.1)	(5,007.2)
Net debts	<b>5,760.2</b>	6,605.1
Equity attributable to owners of the Company	<b>22,338.2</b>	21,147.5
Net gearing ratio	<b>25.8%</b>	31.2%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 46. Financial Risk Management

Risk is inherent in the financial service business and sound risk management is a cornerstone of prudent and successful financial practice. That said, the Group acknowledges that a balance must be achieved between risks control and business growth. The principal financial risks inherent in the Group's business are market risk (includes equity risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's risk management objective is to enhance shareholders' value while retaining exposure within acceptable thresholds.

The Group's risk management governance structure is designed to cover all business activities and to ensure all relevant risk classes are properly managed and controlled. The Group has adopted a sound risk management and organisational structure equipped with policies and procedures which are reviewed regularly and enhanced when necessary in response to changes in markets, the Group's operating environment and business strategies. The Group's independent control functions including Internal Audit, play an important role in the provision of assurance to the Board and senior management that a sound internal risk management mechanism is implemented, maintained and adhered to.

### (a) Market Risk

#### (i) Equity Risk

There are many asset classes available for investment in the marketplace. One of the Group's key business undertakings is investing in equity. Market risk arising from any equity investments is driven by the daily fluctuations in market prices or fair values. The ability to mitigate such risk depends on the availability of any hedging instruments and the diversification level of the investment portfolios undertaken by the Group. More importantly, the knowledge and experience of the trading staff managing the risk are also vital to ensure exposure is being properly hedged and rebalanced in the most timely manner. Proprietary trading across the Group is subject to limits approved by senior management. Valuation of these instruments is measured on a "mark-to-market" and "mark-to-fair-value" basis depending on whether they are listed or unlisted.

The Group's market-making and proprietary trading positions and their financial performance are reported daily to senior management for review.

The table below summarises the overall financial impact on the Group arising from market movements in global equity prices. The analysis is based on the assumption that equity prices move  $\pm 20\%$  with all other variables being held constant and all equity instruments undertaken by the Group moving simultaneously. Declines in the profit/other components of equity are expressed as negatives.

(HK\$ Million)	At 31 December 2025				At 31 December 2024			
	Potential impact on profit or loss for the year		Potential impact on other components of equity		Potential impact on profit or loss for the year		Potential impact on other components of equity	
	20%	-20%	20%	-20%	20%	-20%	20%	-20%
Local equity price	24.9	(30.8)	8.0	(8.0)	29.6	(37.3)	6.6	(6.6)
Overseas equity price	2,735.3	(2,773.7)	61.4	(61.4)	2,370.0	(2,444.0)	51.0	(51.0)

## 46. Financial Risk Management (Continued)

### (a) Market Risk (Continued)

#### (ii) Interest Rate Risk

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from private credit, mortgage loans as well as loans and advances to consumer finance customers. Interest spreads are managed with the objective of maximising spreads to ensure consistency with liquidity and funding obligations.

At 31 December 2025, regarding the cash flow interest rate risk, assuming that market interest rates moved by  $\pm 50$  basis points (31/12/2024:  $\pm 50$  basis points), the profit before tax for the year for the Group would have been HK\$31.1 million lower or HK\$33.2 million higher respectively (2024: HK\$36.2 million lower or HK\$36.2 million higher respectively).

The exposures of the Group's financial assets (liabilities) bearing variable interest rate to cash flow interest rate risks and the earlier of their contractual repricing dates and contractual maturity dates are as follows:

(HK\$ Million)	On demand or less than 3 months	3 months to 1 year	1 year to 5 years	Total
<b>At 31 December 2025</b>				
Loans and advances to consumer finance customers	39.0	–	–	39.0
Mortgage loans	311.4	–	–	311.4
Amounts due from associates	–	167.6	–	167.6
Bank deposits, cash and cash equivalents	1,909.8	–	–	1,909.8
Bank and other borrowings	(7,672.6)	–	–	(7,672.6)
<b>At 31 December 2024</b>				
Loans and advances to consumer finance customers	53.0	–	–	53.0
Mortgage loans	642.4	–	–	642.4
Term loans	–	–	42.2	42.2
Amounts due from associates	–	–	138.8	138.8
Bank deposits, cash and cash equivalents	1,827.1	–	–	1,827.1
Loans receivable included in financial assets at fair value through profit or loss	138.7	–	–	138.7
Bank and other borrowings	(8,230.8)	–	–	(8,230.8)
Notes payable	(100.3)	–	–	(100.3)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**46. Financial Risk Management (Continued)****(a) Market Risk (Continued)****(ii) Interest Rate Risk (Continued)**

The exposures of the Group's financial assets (liabilities) bearing fixed interest rate to fair value interest rate risks and the earlier of their contractual repricing dates and contractual maturity dates are as follows:

(HK\$ Million)	On demand or less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
<b>At 31 December 2025</b>						
Loans and advances to consumer finance customers	2,862.8	4,125.9	3,904.1	112.5	–	11,005.3
Mortgage loans	554.4	192.8	–	–	–	747.2
Bonds and notes included in financial assets at fair value through profit or loss	9.2	15.6	–	–	272.4	297.2
Term loans	144.8	11.1	248.6	–	–	404.5
Amounts due from associates	–	–	–	–	65.0	65.0
Bank deposits, cash and cash equivalents	2,466.1	433.9	–	–	168.3	3,068.3
Loans receivable included in financial assets at fair value through profit or loss	71.0	–	–	–	–	71.0
Bank and other borrowings	(294.8)	–	–	–	(5.8)	(300.6)
Lease liabilities	(18.9)	(48.2)	(85.0)	(27.6)	–	(179.7)
Notes payable	–	(2,765.1)	–	–	–	(2,765.1)
<b>At 31 December 2024</b>						
Loans and advances to consumer finance customers	2,518.3	4,244.4	3,579.5	133.2	–	10,475.4
Mortgage loans	930.5	405.9	–	–	–	1,336.4
Bonds and notes included in financial assets at fair value through profit or loss	1.1	–	–	–	244.9	246.0
Term loans	109.4	74.8	–	–	–	184.2
Amounts due from associates	–	–	–	–	65.0	65.0
Bank deposits, cash and cash equivalents	2,099.1	679.8	–	–	401.2	3,180.1
Loans receivable included in financial assets at fair value through profit or loss	–	182.8	–	–	–	182.8
Bank and other borrowings	(291.7)	–	–	–	(24.1)	(315.8)
Lease liabilities	(29.4)	(78.1)	(81.1)	(36.2)	–	(224.8)
Notes payable	–	(56.1)	(2,909.3)	–	–	(2,965.4)

**(iii) Foreign Exchange Risk**

Foreign exchange risk is the risk to earnings or capital arising from movements in foreign exchange rates.

The Group's foreign exchange risk primarily arises from currency exposures originating from proprietary trading positions, private equity investments, loans and advances and bank and other borrowings denominated in foreign currencies, mainly in Australian dollars, British pounds, Euro and RMB. Foreign exchange risk is managed and monitored by senior management. The risk arises from open currency positions are subject to ratios that are monitored and reported weekly.

At 31 December 2025, assuming that the foreign exchange rates moved  $\pm 5\%$  (31/12/2024:  $\pm 5\%$ ) with all other variables held constant, the profit before tax for the year for the Group would be HK\$105.0 million (2024: HK\$96.8 million) higher/lower.

## 46. Financial Risk Management (Continued)

### (b) Credit Risk

#### Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2025, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum exposure to credit risk (which for financial assets is represented by their carrying amounts) and the related impairment assessment are summarised in the tables below. In addition, the Group is also exposed to credit risk arising from loan commitments for which the maximum exposure to credit risk is as disclosed in Note 44(b) to the consolidated financial statements. The maximum exposure to credit risk of the investment securities at FVTPL which are exposed to credit risk is their carrying amount, which amounts to HK\$1,060.0 million at 31 December 2025 (2024: HK\$1,549.3 million), and is monitored by management according to their geographical locations and industries. Generally, the Group considers that the credit risks associated with loans and advances to consumer finance customers, mortgage loans and term loans are mitigated for those secured over properties and other securities. For those remaining items that do not have any collateral or other credit enhancements to cover its credit risks associated with its financial assets and loan commitments, are exposed to credit risk.

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Group evaluates the credit risk for each loan application on the basis of the repayment abilities of the customers having regard to their financial position, employment status, past due record and credit reference checking result (if applicable).

The Group takes into consideration forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables, which is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting, along with a representative range of other possible forecast scenarios. The process involves developing two or more additional economic scenarios which represent more optimistic and more pessimistic outcomes, and

considering the relative probabilities of each forecast scenarios. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the International Monetary Fund (IMF), and selected private-sector and academic forecasters. The economic scenarios included the forecast of key macroeconomic indicators variables such as Hong Kong Gross Domestic Product (GDP) growth rate and Hong Kong inflation rate, which are expected to be at 2.12% and 2.1% in the next 12 months in the base case scenario in 2025. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not changed the estimation techniques or significant assumptions during the reporting period.

Credit limits are granted according to the hierarchy of approval authorities within the Group, including the front-line approval officers, central credit officers, the Credit Committee and the Boards of Directors of the respective companies within the Group (if applicable).

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions and interviews with customers to update the credit risk of customers. Credit review checking and approval processes are properly segregated to ensure effective internal control over credit risk and monitoring in the respective companies within the Group. Dedicated teams of operations staff independent from the credit approval authorities are assigned for recovery of overdue debts. The credit quality review process enables the Group to assess the potential loss as a result of the risk to which it is exposed and take appropriate corrective actions.

The Group adopts a prudent approach to credit risk management framework. Its credit policy is timely revised to align with the prevailing credit environment which is continuously affected by changes in business, economy, regulatory requirements, money market, and social conditions.

Internal Audit Department and Risk Management Department of respective companies within the Group periodically conducts internal control reviews and compliance checking over all aspects of credit processes to ensure that the established credit policies and procedures are complied with and sufficient controls are in place to mitigate credit risk.

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## 46. Financial Risk Management (Continued)

### (b) Credit Risk (Continued)

#### Credit risk and impairment assessment (Continued)

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Loans and advances to consumer finance customers, mortgage loans and term loans consist of a large number of customers who are spread across diverse industries.

Concentration risk of loans and advances to consumer finance customers is managed by reference to individual customers. The aggregate credit exposure in relation to the ten largest outstanding consumer finance customers, including corporate entities and individuals, after taking into account any collateral held or other credit enhancements, net of ECL, at 31 December 2025 was HK\$484.5 million (2024: HK\$587.4 million) of which 28.6% (2024: 57.4%) was secured by collateral.

Concentration risk of mortgage loans is managed by reference to individual mortgage finance customers. The aggregate credit exposure in relation to the ten largest outstanding mortgage finance customers, including corporate entities and individuals, after taking into account any collateral held or other credit enhancements, net of ECL, at 31 December 2025 was HK\$483.1 million (2024: HK\$778.6 million) of which 100% (2024: 100%) was secured by collateral.

Concentration risk of term loans is managed by reference to individual term loan customers. The aggregate credit exposure in relation to the ten largest outstanding term loan customers, including corporate entities and individuals, after taking into account any collateral held or other credit enhancements, net of ECL, at 31 December 2025 was HK\$404.5 million (2024: HK\$210.1 million) of which 92.1% (2024: 92.8%) was secured by collateral.

The Group's internal credit risk assessment for loans and advances to consumer finance customers and mortgage loans comprises the following categories:

Internal credit risk categories	Description	Loans and receivables at amortised costs	Loan commitments
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL	12-month ECL
Watch list	Debtor usually settles overdue balances after due date	12-month ECL	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition based on information from internal or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not 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 that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of debts	Amount is written off against the allowance account	N/A

## 46. Financial Risk Management (Continued)

### (b) Credit Risk (Continued)

#### Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets (including loans and advances to consumer finance customers, mortgage loans, term loans, amounts due from associates, amounts due from brokers, short-term pledged bank deposits and bank balances, bank deposits, cash and cash equivalents and other receivables) and loan commitments, which are subject to ECL assessment:

	Notes	Internal credit risk categories	12-month or lifetime ECL	Gross carrying amount	
				31/12/2025	31/12/2024
				HK\$ Million	HK\$ Million
<b>Loans and receivables at amortised costs and maximum exposure to credit risk without taking into account of any collateral and other credit enhancements</b>					
Loans and advances to consumer finance customers	30	Low risk/watch list	12-month ECL	<b>11,244.8</b>	10,574.0
		Doubtful	Lifetime ECL (not credit impaired)	<b>384.1</b>	487.6
		Loss	Lifetime ECL (credit-impaired)	<b>181.2</b>	80.1
				<b>11,810.1*</b>	11,141.7*
Mortgage loans	31	Low risk/watch list	12-month ECL	<b>498.3</b>	1,051.8
		Doubtful	Lifetime ECL (not credit impaired)	<b>134.1</b>	218.0
		Loss	Lifetime ECL (credit-impaired)	<b>600.6</b>	876.4
				<b>1,233.0*</b>	2,146.2*
Term loans	32	Note 2	12-month ECL	<b>248.9</b>	111.2
		Loss	Lifetime ECL (credit-impaired)	<b>701.4</b>	621.9
				<b>950.3*</b>	733.1*
Amounts due from associates	29	Low risk/watch list	12-month ECL	<b>238.8</b>	210.8
		Loss	Lifetime ECL (credit-impaired)	<b>16.7</b>	16.7
				<b>255.5</b>	227.5
Amounts due from brokers		Low risk/watch list	12-month ECL	<b>398.1</b>	418.7
Fixed deposits with banks with an original maturity between 4 to 12 months	34	Low risk/watch list	12-month ECL	<b>513.4</b>	679.8
Bank balances and deposits	34	Low risk/watch list	12-month ECL	<b>4,464.7</b>	4,327.4
Deposits and other receivables	33	Low risk/watch list	12-month ECL	<b>241.8</b>	210.3
		Loss	Lifetime ECL (credit-impaired)	<b>0.8</b>	8.1
				<b>242.6</b>	218.4
<b>Other items</b>					
Loan commitments (Note 1)	44	Low risk/watch list	12-month ECL	<b>3,644.9</b>	2,694.5
		Doubtful	Lifetime ECL (not credit impaired)	<b>10.7</b>	5.2
				<b>3,655.6</b>	2,699.7

\* The gross carrying amounts disclosed above include the relevant interest receivables.

Notes:

1. Loan commitments represent undrawn loan commitments to consumer finance customers and mortgage customers granted by the Group under revolving loan facility arrangement.
2. The ECL is assessed by reference to the probability of default and loss given default for the relevant credit rating grades published by external credit rating agencies, and adjusted for forward-looking factors that are available.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**46. Financial Risk Management (Continued)****(b) Credit Risk (Continued)****Impairment assessment**

To assess the impairment loss on loans and advances to consumer finance customers, the Group groups together all outstanding loan balances, not subject to individual assessment, with common risk characteristics which are ascertained by categories of loan products and are further categorised then into different past due days brackets. ECL is calculated using methodology prescribed under HKFRS 9 (details refer to Note 3 Financial assets – impairment of financial assets) and the resultant impairment loss rate for loans balances which are assessed are shown below:

Gross carrying amount being assessed based on collective assessment:

Loans and advances to consumer finance customers	Average loss rate	31/12/2025 HK\$ Million	Average loss rate	31/12/2024 HK\$ Million
Current (not past due)	4.2%	8,907.6	4.0%	8,379.7
1 to 30 days past due	20.9%	567.4	18.9%	560.1
31 to 60 days past due	65.3%	90.1	59.4%	91.4
61 to 90 days past due	74.5%	62.8	74.6%	67.1
		<b>9,627.9</b>		<b>9,098.3</b>

Debtors with significant outstanding balances or credit-impaired debts with gross carrying amounts of HK\$2,001.0 million and HK\$181.2 million respectively (2024: HK\$1,950.5 million and HK\$92.9 million respectively) on 31 December 2025 were assessed individually for impairment loss allowances.

## 46. Financial Risk Management (Continued)

### (b) Credit Risk (Continued)

The following tables show reconciliation of loss allowances that have been recognised for loans and advances to consumer finance customers, mortgage loans, term loans, amounts due from associates, loan commitments and deposits and other receivables.

#### Loans and advances to consumer finance customers

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>As at 1 January 2024</b>	377.7	176.9	15.2	569.8
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	(44.9)	44.9	–	–
– Transfer from lifetime ECL to 12-month ECL	4.3	(4.3)	–	–
– Transfer from 12-month ECL to credit-impaired	(15.3)	–	15.3	–
– Transfer from lifetime ECL to credit-impaired	–	(337.9)	337.9	–
– Net remeasurement of ECL	35.9	386.6	610.8	1,033.3
– Repayment and derecognition	(568.0)	(70.5)	(7.0)	(645.5)
New financial assets originated	619.8	–	–	619.8
	31.8	18.8	957.0	1,007.6
Movement without impact on profit or loss:				
Written off (Note)	–	–	(962.8)	(962.8)
Exchange adjustments	(0.9)	(0.4)	–	(1.3)
	(0.9)	(0.4)	(962.8)	(964.1)
<b>As at 31 December 2024</b>	<b>408.6</b>	<b>195.3</b>	<b>9.4</b>	<b>613.3</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Transfer from 12-month ECL to lifetime ECL	(48.3)	48.3	–	–
– Transfer from lifetime ECL to 12-month ECL	6.8	(6.8)	–	–
– Transfer from 12-month ECL to credit-impaired	(17.6)	–	17.6	–
– Transfer from lifetime ECL to credit-impaired	–	(441.5)	441.5	–
– Net remeasurement of ECL	16.7	479.3	633.4	1,129.4
– Repayment and derecognition	(610.6)	(65.1)	(17.2)	(692.9)
New financial assets originated	696.7	–	–	696.7
	43.7	14.2	1,075.3	1,133.2
Movement without impact on profit or loss:				
Written off (Note)	–	–	(982.5)	(982.5)
Exchange adjustments	1.2	0.4	0.2	1.8
	1.2	0.4	(982.3)	(980.7)
<b>As at 31 December 2025</b>	<b>453.5</b>	<b>209.9</b>	<b>102.4</b>	<b>765.8</b>

Note: Amount of HK\$982.5 million (2024: HK\$962.8 million) that were written off during the year are still subject to enforcement activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**46. Financial Risk Management (Continued)****(b) Credit Risk (Continued)****Mortgage loans**

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>As at 1 January 2024</b>	–	–	100.4	100.4
Changes due to financial instruments recognised as at 1 January 2024:				
– Net remeasurement of ECL	1.8	2.7	71.8	76.3
	1.8	2.7	71.8	76.3
Movement without impact on profit or loss:				
Written off (Note)	–	–	(9.3)	(9.3)
	–	–	(9.3)	(9.3)
<b>As at 31 December 2024</b>	<b>1.8</b>	<b>2.7</b>	<b>162.9</b>	<b>167.4</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Transfer from 12-month ECL to lifetime ECL	<b>(0.1)</b>	<b>0.1</b>	–	–
– Transfer from 12-month ECL to credit-impaired	<b>(0.1)</b>	–	<b>0.1</b>	–
– Transfer from lifetime ECL to credit-impaired	–	<b>(0.8)</b>	<b>0.8</b>	–
– Net remeasurement of ECL	<b>(0.7)</b>	<b>0.7</b>	<b>110.9</b>	<b>110.9</b>
	<b>(0.9)</b>	–	<b>111.8</b>	<b>110.9</b>
Movement without impact on profit or loss:				
Written off (Note)	–	–	<b>(103.9)</b>	<b>(103.9)</b>
	–	–	<b>(103.9)</b>	<b>(103.9)</b>
<b>As at 31 December 2025</b>	<b>0.9</b>	<b>2.7</b>	<b>170.8</b>	<b>174.4</b>

Note: Amount of HK\$103.9 million (2024: HK\$9.3 million) that were written off during the year are still subject to enforcement activities.

## 46. Financial Risk Management (Continued)

### (b) Credit Risk (Continued)

#### Term loans

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>As at 1 January 2024</b>	2.7	32.7	488.2	523.6
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to credit-impaired	–	(30.0)	30.0	–
– Net remeasurement of ECL	2.2	(2.7)	32.2	31.7
	2.2	(32.7)	62.2	31.7
Movement without impact on profit or loss:				
Written off (Note)	–	–	(48.6)	(48.6)
	–	–	(48.6)	(48.6)
<b>As at 31 December 2024</b>	<b>4.9</b>	<b>–</b>	<b>501.8</b>	<b>506.7</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Transfer from 12-month ECL to Lifetime ECL	(1.4)	–	1.4	–
– Repayment and derecognition	–	–	(0.5)	(0.5)
– Net remeasurement of ECL	(3.2)	–	42.5	39.3
	(4.6)	–	43.4	38.8
Movement without impact on profit or loss:				
Exchange adjustments	–	–	0.3	0.3
	–	–	0.3	0.3
<b>As at 31 December 2025</b>	<b>0.3</b>	<b>–</b>	<b>545.5</b>	<b>545.8</b>

Note: No amounts of written off during the year are still subject to enforcement activities (2024: HK\$48.6 million).

#### Amounts due from associates

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>As at 1 January 2024</b>	5.5	–	17.1	22.6
Changes due to financial instruments recognised as at 1 January 2024:				
– Net remeasurement of ECL	1.5	–	(0.4)	1.1
	1.5	–	(0.4)	1.1
<b>As at 31 December 2024</b>	<b>7.0</b>	<b>–</b>	<b>16.7</b>	<b>23.7</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Net remeasurement of ECL	(0.8)	–	–	(0.8)
	(0.8)	–	–	(0.8)
<b>As at 31 December 2025</b>	<b>6.2</b>	<b>–</b>	<b>16.7</b>	<b>22.9</b>

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For the year ended 31 December 2025

**46. Financial Risk Management (Continued)****(b) Credit Risk (Continued)****Loan commitments**

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>As at 1 January 2024</b>	25.4	5.2	–	30.6
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	(0.2)	0.2	–	–
– Net remeasurement of ECL	(0.5)	3.5	–	3.0
– Expiry and derecognition	(27.0)	(6.0)	–	(33.0)
New loan commitments originated	28.5	–	–	28.5
<b>As at 31 December 2024</b>	<b>26.2</b>	<b>2.9</b>	<b>–</b>	<b>29.1</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Transfer from 12-month ECL to lifetime ECL	(0.3)	0.3	–	–
– Net remeasurement of ECL	3.1	4.9	–	8.0
– Expiry and derecognition	(27.5)	(3.1)	–	(30.6)
New loan commitments originated	28.6	–	–	28.6
<b>As at 31 December 2025</b>	<b>30.1</b>	<b>5.0</b>	<b>–</b>	<b>35.1</b>

**Deposits and other receivables**

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>As at 1 January 2024</b>	0.3	–	–	0.3
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	(4.0)	4.0	–	–
– Transfer from lifetime ECL to credit-impaired	–	(4.0)	4.0	–
– Net remeasurement of ECL	3.7	–	0.5	4.2
	(0.3)	–	4.5	4.2
Movement without impact on profit or loss:				
Written off (Note)	–	–	(0.5)	(0.5)
	–	–	(0.5)	(0.5)
<b>As at 31 December 2024</b>	<b>–</b>	<b>–</b>	<b>4.0</b>	<b>4.0</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Repayment and derecognition	–	–	(3.7)	(3.7)
– Net remeasurement of ECL	–	–	0.4	0.4
	–	–	(3.3)	(3.3)
<b>As at 31 December 2025</b>	<b>–</b>	<b>–</b>	<b>0.7</b>	<b>0.7</b>

Note: No amounts written off during the year are still subject to enforcement activities (2024: HK\$0.5 million).

## 46. Financial Risk Management (Continued)

### (b) Credit Risk (Continued)

Changes in the loss allowance for loans and advances to consumer finance customers, mortgage loans, term loans, amounts due from associates, loan commitments and deposits and other receivables are mainly due to changes in expected credit loss rate at each stage and changes in gross carrying amounts of respective loans and receivables are as follows:

#### Loans and advances to consumer finance customers

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>Gross carrying amount as at 1 January 2024</b>	10,691.0	428.0	78.0	11,197.0
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	(900.7)	900.7	–	–
– Transfer from lifetime ECL to 12-month ECL	32.0	(32.0)	–	–
– Transfer from 12-month ECL to credit-impaired	(383.4)	–	383.4	–
– Transfer from lifetime ECL to credit-impaired	–	(591.5)	591.5	–
– Repayment and derecognition	(15,620.8)	(214.6)	(10.0)	(15,845.4)
New financial assets originated	16,795.7	–	–	16,795.7
Written off	–	–	(962.8)	(962.8)
Exchange adjustments	(39.8)	(3.0)	–	(42.8)
<b>Gross carrying amount as at 31 December 2024</b>	<b>10,574.0</b>	<b>487.6</b>	<b>80.1</b>	<b>11,141.7</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Transfer from 12-month ECL to lifetime ECL	(760.5)	760.5	–	–
– Transfer from lifetime ECL to 12-month ECL	55.8	(55.8)	–	–
– Transfer from 12-month ECL to credit-impaired	(426.3)	–	426.3	–
– Transfer from lifetime ECL to credit-impaired	–	(678.4)	678.4	–
– Repayment and derecognition	(15,480.8)	(132.3)	(21.3)	(15,634.4)
New financial assets originated	17,234.8	–	–	17,234.8
Written off	–	–	(982.5)	(982.5)
Exchange adjustments	47.8	2.5	0.2	50.5
<b>Gross carrying amount as at 31 December 2025</b>	<b>11,244.8</b>	<b>384.1</b>	<b>181.2</b>	<b>11,810.1</b>

As at 31 December 2025, loans and advances to consumer finance customers with a gross carrying amount of HK\$131.5 million (with an impairment allowance of HK\$62.2 million recognised) (2024: HK\$79.1 million (with an impairment allowance of HK\$8.7 million recognised)) classified as lifetime ECL (credit-impaired) is covered by collateral and other credit enhancement measures.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**46. Financial Risk Management (Continued)****(b) Credit Risk (Continued)****Mortgage loans**

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>Gross carrying amount as at 1 January 2024</b>	1,867.0	117.0	585.1	2,569.1
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	(203.9)	203.9	–	–
– Transfer from 12-month ECL to credit-impaired	(504.8)	–	504.8	–
– Transfer from lifetime ECL to 12-month ECL	0.4	(0.4)	–	–
– Transfer from lifetime ECL to credit-impaired	–	(10.9)	10.9	–
– Repayment and derecognition	(1,324.0)	(91.6)	(215.1)	(1,630.7)
New financial assets originated	1,217.2	–	–	1,217.2
Written off	–	–	(9.3)	(9.3)
Exchange adjustments	(0.1)	–	–	(0.1)
<b>Gross carrying amount as at 31 December 2024</b>	<b>1,051.8</b>	<b>218.0</b>	<b>876.4</b>	<b>2,146.2</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Transfer from 12-month ECL to lifetime ECL	<b>(117.0)</b>	<b>117.0</b>	–	–
– Transfer from 12-month ECL to credit-impaired	<b>(240.0)</b>	–	<b>240.0</b>	–
– Transfer from lifetime ECL to credit-impaired	–	<b>(50.8)</b>	<b>50.8</b>	–
– Repayment and derecognition	<b>(1,139.5)</b>	<b>(150.1)</b>	<b>(462.7)</b>	<b>(1,752.3)</b>
New financial assets originated	<b>942.9</b>	–	–	<b>942.9</b>
Written off	–	–	<b>(103.9)</b>	<b>(103.9)</b>
Exchange adjustments	<b>0.1</b>	–	–	<b>0.1</b>
<b>Gross carrying amount as at 31 December 2025</b>	<b>498.3</b>	<b>134.1</b>	<b>600.6</b>	<b>1,233.0</b>

As at 31 December 2025, mortgage loans with a gross carrying amount of HK\$600.6 million (with an impairment allowance of HK\$170.8 million recognised) (2024: HK\$876.4 million (with an impairment allowance of HK\$162.9 million recognised)) classified as lifetime ECL (credit-impaired) is covered by collateral.

## 46. Financial Risk Management (Continued)

### (b) Credit Risk (Continued)

#### Term loans

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>Gross carrying amount as at 1 January 2024</b>	43.9	89.4	598.2	731.5
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	(0.9)	0.9	–	–
– Transfer from 12-month ECL to credit-impaired	(16.0)	–	16.0	–
– Transfer from lifetime ECL to credit-impaired	–	(75.8)	75.8	–
– Repayment and derecognition	–	(14.5)	(19.5)	(34.0)
New financial assets originated	84.7	–	–	84.7
Written off	–	–	(48.6)	(48.6)
Exchange adjustments	(0.5)	–	–	(0.5)
<b>Gross carrying amount as at 31 December 2024</b>	<b>111.2</b>	<b>–</b>	<b>621.9</b>	<b>733.1</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Transfer from 12-month ECL to lifetime ECL	<b>(106.3)</b>	–	<b>106.3</b>	–
– Repayment and derecognition	<b>(46.5)</b>	–	<b>(28.4)</b>	<b>(74.9)</b>
New financial assets originated	<b>275.1</b>	–	–	<b>275.1</b>
Exchange adjustments	<b>15.4</b>	–	<b>1.6</b>	<b>17.0</b>
<b>Gross carrying amount as at 31 December 2025</b>	<b>248.9</b>	<b>–</b>	<b>701.4</b>	<b>950.3</b>

As at 31 December 2025, term loans with a gross carrying amount of HK\$620.5 million (with an impairment allowance of HK\$464.6 million recognised) (2024: HK\$561.9 million (with an impairment allowance of HK\$441.8 million recognised)) classified as lifetime ECL (credit-impaired) is covered by collateral and other credit enhancement measures.

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**46. Financial Risk Management (Continued)****(b) Credit Risk (Continued)****Amounts due from associates**

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>Gross carrying amount as at 1 January 2024</b>	223.6	–	17.1	240.7
Changes due to financial instruments recognised as at 1 January 2024:				
– Repayment and derecognition	(12.8)	–	(0.4)	(13.2)
<b>Gross carrying amount as at 31 December 2024</b>	<b>210.8</b>	<b>–</b>	<b>16.7</b>	<b>227.5</b>
New financial assets originated	8.5	–	–	8.5
Exchange adjustments	19.5	–	–	19.5
<b>Gross carrying amount as at 31 December 2025</b>	<b>238.8</b>	<b>–</b>	<b>16.7</b>	<b>255.5</b>

**Deposits and other receivables**

(HK\$ Million)	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
<b>Gross carrying amount as at 1 January 2024</b>	181.4	–	–	181.4
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	(8.1)	8.1	–	–
– Transfer from 12-month ECL to credit-impaired	(0.5)	–	0.5	–
– Transfer from lifetime ECL to credit-impaired	–	(8.1)	8.1	–
– Repayment and derecognition	(8.4)	–	–	(8.4)
New financial assets originated	45.9	–	–	45.9
Written off	–	–	(0.5)	(0.5)
<b>Gross carrying amount as at 31 December 2024</b>	<b>210.3</b>	<b>–</b>	<b>8.1</b>	<b>218.4</b>
Changes due to financial instruments recognised as at 1 January 2025:				
– Repayment and derecognition	(19.3)	–	(7.4)	(26.7)
New financial assets originated	103.2	–	–	103.2
Exchange adjustments	0.1	–	–	0.1
<b>Gross carrying amount as at 31 December 2025</b>	<b>294.3</b>	<b>–</b>	<b>0.7</b>	<b>295.0</b>

## 46. Financial Risk Management (Continued)

### (c) Liquidity Risk

The goal of liquidity management is to mitigate risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or make the required profit. Another goal is to enable the Group, even under adverse market conditions, to actively manage and match funds inflow against all maturing repayment obligations to achieve maximum harmony on cash flow management.

The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group involving Executive Directors (including the Group CFO).

The exposure of the Group's contractual undiscounted cash flows for financial liabilities and lease liabilities and their contractual maturity dates are as follows:

(HK\$ Million)	On demand or less than 90 days	91 days to 1 year	1 year to 5 years	Over 5 years	Total
<b>At 31 December 2025</b>					
Bank and other borrowings <sup>+</sup>	4,656.4	1,041.2	2,563.0	62.1	8,322.7
Creditors	468.6	–	–	–	468.6
Amounts due to brokers	221.6	–	–	–	221.6
Amount due to a holding company	1.7	–	–	–	1.7
Lease liabilities	21.2	53.4	97.2	29.9	201.7
Notes payable	68.1	2,792.2	–	–	2,860.3
Loan commitments <sup>#</sup>	3,655.6	–	–	–	3,655.6
Other liabilities	185.6	–	–	–	185.6
<b>Total</b>	<b>9,278.8</b>	<b>3,886.8</b>	<b>2,660.2</b>	<b>92.0</b>	<b>15,917.8</b>
<b>At 31 December 2024</b>					
Bank and other borrowings <sup>+</sup>	6,570.0	311.6	1,819.6	62.1	8,763.3
Creditors	252.6	0.2	0.2	–	253.0
Amounts due to brokers	88.5	–	–	–	88.5
Amount due to a holding company	1.7	–	–	–	1.7
Lease liabilities	31.3	83.6	93.8	51.2	259.9
Notes payable	74.9	174.6	3,067.1	–	3,316.6
Loan commitments <sup>#</sup>	2,699.7	–	–	–	2,699.7
Other liabilities	55.0	–	–	29.9	84.9
<b>Total</b>	<b>9,773.7</b>	<b>570.0</b>	<b>4,980.7</b>	<b>143.2</b>	<b>15,467.6</b>

<sup>+</sup> Bank and other borrowings with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

<sup>#</sup> The amount represents the maximum undrawn loan commitments under the loan facilities arrangement and the Group could be required to provide loan disbursements upon demand from the consumer finance customers. Based on the expectation at the end of the reporting period, the Group considers that it is remote for such whole loan commitments to be fully drawn down in any significant respect.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**47. Reconciliation of Liabilities Arising from Financing Activities**

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

(HK\$ Million)	Bank and other borrowings (Note 35)	Other liabilities (Note 39)	Lease liabilities (Note 40)	Notes payable (Note 41)	Total
<b>At 1 January 2025</b>	<b>8,546.6</b>	<b>84.9</b>	<b>224.8</b>	<b>3,065.7</b>	<b>11,922.0</b>
Financing cash flows:					
Bank and other borrowings repaid	<b>(5,884.7)</b>	–	–	–	<b>(5,884.7)</b>
Bank and other borrowings raised	<b>5,311.6</b>	–	–	–	<b>5,311.6</b>
Repayment of notes	–	–	–	<b>(100.0)</b>	<b>(100.0)</b>
Repurchase of notes	–	–	–	<b>(201.4)</b>	<b>(201.4)</b>
Accrued interest	<b>474.5</b>	–	<b>10.8</b>	<b>142.4</b>	<b>627.7</b>
Interest paid	<b>(416.8)</b>	–	<b>(10.8)</b>	<b>(146.9)</b>	<b>(574.5)</b>
Lease payments	–	–	<b>(112.6)</b>	–	<b>(112.6)</b>
New lease entered/lease modified	–	–	<b>67.5</b>	–	<b>67.5</b>
Contribution from third-party interests	–	<b>122.9</b>	–	–	<b>122.9</b>
Distribution to third-party interests	–	<b>(38.8)</b>	–	–	<b>(38.8)</b>
Changes in net assets attributable to other holders of consolidated structured entities	–	<b>14.5</b>	–	–	<b>14.5</b>
Payments of loan arrangement fee	<b>(51.2)</b>	–	–	–	<b>(51.2)</b>
Unamortised arrangement fee classified as prepayment	<b>41.4</b>	–	–	–	<b>41.4</b>
Unamortised arrangement fee reclassified from prepayment	<b>(63.1)</b>	–	–	–	<b>(63.1)</b>
Gain on repurchase of notes	–	–	–	<b>(2.2)</b>	<b>(2.2)</b>
Effect on foreign exchange rate changes	<b>14.9</b>	<b>2.1</b>	–	<b>7.5</b>	<b>24.5</b>
<b>At 31 December 2025</b>	<b>7,973.2</b>	<b>185.6</b>	<b>179.7</b>	<b>2,765.1</b>	<b>11,103.6</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**47. Reconciliation of Liabilities Arising from Financing Activities (continued)**

(HK\$ Million)	Bank and other borrowings (Note 35)	Other liabilities (Note 39)	Lease liabilities (Note 40)	Notes payable (Note 41)	Total
<b>At 1 January 2024</b>	9,041.9	63.9	273.8	5,863.2	15,242.8
Financing cash flows:					
Bank and other borrowings repaid	(3,821.4)	–	–	–	(3,821.4)
Bank and other borrowings raised	3,295.4	–	–	–	3,295.4
Repayment of notes	–	–	–	(2,448.5)	(2,448.5)
Repurchase of notes	–	–	–	(294.7)	(294.7)
Accrued interest	598.2	–	15.2	275.7	889.1
Interest paid	(544.1)	–	(15.2)	(299.4)	(858.7)
Lease payments	–	–	(117.9)	–	(117.9)
New lease entered/lease modified	–	–	69.2	–	69.2
Contribution from third-party interests	–	34.6	–	–	34.6
Distribution to third-party interests	–	(21.7)	–	–	(21.7)
Changes in net assets attributable to other holders of consolidated structured entities	–	8.7	–	–	8.7
Payments of loan arrangement fee	(69.4)	–	–	–	(69.4)
Unamortised arrangement fee classified as prepayment	63.1	–	–	–	63.1
Unamortised arrangement fee reclassified from prepayment	(24.3)	–	–	–	(24.3)
Gain on repurchase of notes	–	–	–	(5.0)	(5.0)
Effect on foreign exchange rate changes	7.2	(0.6)	(0.3)	(25.6)	(19.3)
<b>At 31 December 2024</b>	8,546.6	84.9	224.8	3,065.7	11,922.0

**48. Interests in Unconsolidated Structured Entities**

Interests in unconsolidated structured entities held by the Group include investment funds. The nature and purpose of these unconsolidated structured entities is to hold interest in investment funds managed by third parties, and they are financed through issue of units to investors. The interests held by the Group in these unconsolidated structured entities mainly involve the investments held by the Group or revenue shared from third parties.

As at 31 December 2025, the carrying amounts of interests held by the Group from unconsolidated structured entities managed by third parties were HK\$11,512.7 million (2024: HK\$9,547.8 million). The amounts were classified as financial assets at fair value through profit or loss. The carrying amounts approximate to the maximum loss exposure.

During the year ended 31 December 2025, revenue shared from investment funds managed by third parties was HK\$54.6 million (2024: HK\$28.8 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 49. Statement of Financial Position of the Company

(HK\$ Million)	31/12/2025	31/12/2024
<b>Non-current Assets</b>		
Property and equipment	12.6	17.6
Intangible assets	8.8	9.0
Right-of-use assets	131.8	100.3
Interests in subsidiaries	4,294.0	4,051.2
Other receivable	8.9	8.9
Deferred tax assets	1.5	–
Amounts due from subsidiaries	4,957.0	3,822.0
Amounts due from associates	59.9	59.9
	<b>9,474.5</b>	8,068.9
<b>Current Assets</b>		
Amounts due from subsidiaries	4,353.3	4,912.5
Other receivables	8.8	10.8
Cash and cash equivalents	1,434.7	978.5
	<b>5,796.8</b>	5,901.8
<b>Current Liabilities</b>		
Amounts due to subsidiaries	221.3	1,368.6
Amount due to holding company	1.7	1.8
Creditors and accruals	132.3	82.1
Lease liabilities	21.5	23.9
	<b>376.8</b>	1,476.4
<b>Net Current Assets</b>	<b>5,420.0</b>	4,425.4
<b>Total Assets less Current Liabilities</b>	<b>14,894.5</b>	12,494.3
<b>Capital and Reserves</b>		
Share capital	8,731.0	8,731.0
Reserves	6,074.5	3,683.5
Equity attributable to owners of the Company	<b>14,805.5</b>	12,414.5
<b>Non-current Liabilities</b>		
Deferred tax liabilities	0.8	–
Lease liabilities	87.9	79.6
Provisions	0.3	0.2
	<b>89.0</b>	79.8
	<b>14,894.5</b>	12,494.3

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 19 March 2026 and are signed on its behalf by:

**Lee Seng Huang**  
Director

**Brendan James McGraw**  
Director

## 50. Reserves of the Company

(HK\$ Million)	2025	2024
<b>Retained earnings</b>		
Balance at 1 January	3,683.5	4,143.9
Profit and total comprehensive income for the year	2,901.9	51.0
Dividends paid	(510.9)	(510.9)
Shares repurchased and cancelled	–	(0.5)
<b>Balance at 31 December</b>	<b>6,074.5</b>	3,683.5

The distributable reserves of the Company at 31 December 2025 amounted to HK\$6,074.5 million (31/12/2024: HK\$3,683.5 million), being its net realised profits calculated under Section 291 of the Hong Kong Companies Ordinance.

## 51. Events after the Reporting Period

Subsequent to 31 December 2025, the Group has entered into below transactions:

In January 2026, the Company completed the issuance of US\$250.0 million of the Notes due in 2029 and a tender offer to purchase for cash the outstanding 2026 Notes. US\$152.0 million in principal amount was purchased and redeemed by the Company. There is no material impact on the profit or loss at the time of transaction.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Lee Seng Huang (*Group Executive Chairman*)  
 Antony James Edwards (*appointed on 21 March 2025*)  
 Brendan James McGraw

### Non-Executive Directors

Simon Chow Wing Charn  
 Peter Anthony Curry

### Independent Non-Executive Directors

Evan Au Yang Chi Chun  
 David Craig Bartlett  
 Alan Stephen Jones  
 Vivian Alexa Kao  
 Jacqueline Alee Leung  
 Wayne Robert Porritt  
 William Thomas Royan (*appointed on 21 March 2025*)

## EXECUTIVE COMMITTEE

Lee Seng Huang (*Chairman*)  
 Brendan James McGraw

## NOMINATION COMMITTEE

Lee Seng Huang (*Chairman*)  
 Evan Au Yang Chi Chun  
 David Craig Bartlett  
 Alan Stephen Jones  
 Jacqueline Alee Leung

## REMUNERATION COMMITTEE

Evan Au Yang Chi Chun (*Chairman*)  
 David Craig Bartlett  
 Alan Stephen Jones  
 Jacqueline Alee Leung

## AUDIT COMMITTEE

Alan Stephen Jones (*Chairman*)  
 Evan Au Yang Chi Chun  
 David Craig Bartlett  
 Peter Anthony Curry  
 Jacqueline Alee Leung

## RISK MANAGEMENT COMMITTEE

Wayne Robert Porritt (*Chairman*)  
 Evan Au Yang Chi Chun  
 Vivian Alexa Kao  
 William Thomas Royan (*appointed on 19 March 2026*)  
 Antony James Edwards  
 Brendan James McGraw  
 Wong Kin Wing  
 Phoebe Yuen Oi Ying

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Wayne Robert Porritt (*Chairman*)  
 (*appointed as Chairman on 21 March 2025*)  
 David Craig Bartlett  
 Vivian Alexa Kao  
 Antony James Edwards  
 Brendan James McGraw  
 Gary Chan Ming Tak  
 Samantha Che Chi Wing  
 Shek Cheuk Man (*appointed on 26 January 2026*)  
 Yeung Mei  
 Phoebe Yuen Oi Ying

## COMPANY SECRETARY

Lee Sze Wai

## INVESTOR RELATIONS

investor.relations@shkco.com

## CORPORATE INFORMATION

### AUDITOR

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

### BANKERS

Standard Chartered Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
Mizuho Bank, Ltd., Hong Kong Branch  
Bank of China (Hong Kong) Limited  
Bank of Communications (Hong Kong) Limited  
China CITIC Bank International Limited  
OCBC Bank (Hong Kong) Limited  
China Construction Bank (Asia) Corporation Limited  
Chong Hing Bank Limited  
Dah Sing Bank, Limited  
Fubon Bank (Hong Kong) Limited  
Public Bank (Hong Kong) Limited  
Taipei Fubon Commercial Bank Co., Ltd.  
CMB Wing Lung Bank Limited  
Taishin International Bank Co., Ltd.  
Cathay United Bank Company, Limited, Hong Kong Branch  
China Minsheng Banking Corp. Ltd., Hong Kong Branch  
Shanghai Pudong Development Bank Co., Ltd. Hong Kong Branch  
Chiyu Banking Corporation Limited  
Tai Fung Bank Limited  
Mega International Commercial Bank Co., Ltd, Offshore Banking Branch  
Ping An Bank Co., Ltd., Hong Kong Branch  
Bank SinoPac  
China Everbright Bank Co., Ltd, Hong Kong Branch  
East West Bank  
EnTie Commercial Bank  
KGI Bank Co., Limited  
Nanyang Commercial Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
China Zheshang Bank Co., Ltd., Hong Kong Branch

### REGISTRAR

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### WEBSITES

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[www.shkcapital.com](http://www.shkcapital.com)  
[www.shkcredit.com.hk](http://www.shkcredit.com.hk)  
[www.uaf.com.hk](http://www.uaf.com.hk)  
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